

Tennessee Student Assistance Corporation

Wednesday, September 27th 2017

DECISION ITEM D

Proposed 2018-2019 Budget Request

Staff Recommendation

(1) That the TSAC Board of Directors approve the recommended 2018-2019 funding levels as presented in the document entitled *Tennessee Student Assistance Corporation Estimated 2017-18 and Base 2018-19 Budgets*.

(2) That the TSAC Board of Directors recommend an \$20.5 million increase in fiscal year 2018-19 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 29, 2017. The budget request will include a proposed 2.5 percent reduction, or approximately \$46,500, from TSAC's administrative code, as required by the Department of Finance and Administration.

Appropriations for the TSAA program have increased more than \$40 million in the past five years. TSAC's requests for increases have focused on the number of eligible students who are not awarded each year due to program financial limits. Details on this year's request are on the following page.

Supporting Documents

Tennessee Student Assistance Corporation, Estimated 2017-18 and Base 2018-19 Budgets and TSAC Recommended Budget Improvement

Tennessee Student Assistance Corporation
Recommended Budget Increase
2018-2019

Funding For 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 2017-18, funding for the TSAA program includes \$90,962,500 from state appropriations and \$6,800,000 from lottery funds, for a total of \$97,762,500. This amount reflects an increase of \$10 million over the prior fiscal year.

TSAC staff recommends an increase of \$20.5 million in the TSAA program, derived from the following components:

First, the recommendation would eliminate the \$6.8 million of lottery funding and offset this amount with state appropriations. This will allow the \$6.8 million lottery funding to remain in the lottery program and ultimately strengthen the Tennessee Promise Reserve.

Second, the recommendation includes an increase of \$13.7 million to serve an additional 7,600 students. In spite of increased appropriations over recent years, approximately 46,000 eligible applicants are unfunded due to limited program funding. TSAC's goal is to fully fund these eligible student applicants over a four year period. The increase of \$13.7 million over the current funding level would bring the total number of awarded students to approximately 61,400.

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 constraints.

Tennessee Student Assistance Corporation
Estimated 2017-18 and Base 2018-19 Budgets

		Estimated 2017-2018	Base 2018-2019
TN Student Assistance Awards 332.03	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	97,762,500	97,762,500
	Total	<u>97,762,500</u>	<u>97,762,500</u>
	State	90,962,500	90,962,500
	Lottery	6,800,000	6,800,000
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Administration 332.05	Salaries & Benefits	\$ 4,596,100	\$ 4,596,100
	Operational Expenditures	1,923,000	1,923,600
	Total	<u>6,519,100</u>	<u>6,519,700</u>
	State	1,859,900	1,859,900
	Current Services	2,058,000	2,058,000
	Lottery	2,601,200	2,601,200
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Academic Scholars 332.06	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	1,590,500	1,590,500
	Total	<u>1,590,500</u>	<u>1,590,500</u>
	State	1,211,800	1,211,800
	Current Services	378,700	378,700
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Loan/Scholarships 332.07	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	2,974,100	2,069,200
	Total	<u>2,974,100</u>	<u>2,069,200</u>
	State	778,200	778,200
	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	332,100,000	332,100,000
	Total	<u>332,100,000</u>	<u>332,100,000</u>
	Lottery	332,100,000	332,100,000
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TOTAL TSAC	Salaries & Benefits	\$ 4,596,100	\$ 4,596,100
	Operational Expenditures	436,350,100	435,445,800
	Total	<u>440,946,200</u>	<u>440,041,900</u>
	State	\$ 94,812,400	\$ 94,812,400
	Non-Governmental	700,000	700,000
	Current Services	2,577,700	2,577,700
	Lottery	342,856,100	341,951,200

* TSAC will submit a 2.5% base budget reduction to Finance & Administration. This reduction will impact only TSAC's administration.