



Tennessee Student Assistance Corporation

March 21, 2013
Board of Directors Meeting

A G E N D A
TENNESSEE STUDENT ASSISTANCE CORPORATION
BOARD OF DIRECTORS MEETING
THEC Board Room, 18th Floor, Parkway Towers
March 21, 2013, 1:00 P.M.

Adoption of Agenda

Approval of Minutes: September 27, 2012
December 3, 2012

Chairman's Report

Executive Director's Report

TASFAA President's Report

I. Decision Items

- A. Selection of 2013-14 Officers and Committee Members
- B. Adoption of Rules – Tennessee Student Assistance Awards

II. Discussion Items

- A. Federal Family Education Loan Program Update
- B. Grants and Scholarship Programs Status Report
- C. 2013 General Assembly Legislative Report
- D. 2013-14 Budget Update
- E. Internal Audit Update
- F. Communications Services Update

III. Other Business

**Tennessee Student Assistance Corporation
Board of Directors Meeting Minutes
September 27, 2012
1:00 p.m. CDT**

The Board of Directors of the Tennessee Student Assistance Corporation met on Thursday, September 27, 2012. The meeting was called to order by Mr. Mark Cate at 1:00 p.m.

ROLL CALL

The following board members/alternate representatives were present:

Gary Adcox
Morgan Branch, representing Commissioner Kevin Huffman
Keith Carver, representing President Joe DiPietro, via conference call
Mark Cate, representing Governor Haslam
LaSimba Gray, via conference call
Jeff Gerkin
David Gregory, representing Chancellor John Morgan
Joy Harris, representing Treasurer David Lillard
Will Pinkston
Claude Pressnell
Richard Rhoda
Sammy Stuard
Greg Turner, representing Commissioner Mark Emkes
Faye Weaver, representing Comptroller Justin Wilson
Gary Weedman, representing Betty Sue McGarvey

OPENING REMARKS

Mr. Mark Cate welcomed all to the meeting. He stated that since there are two members participating by phone, all action items require a roll call vote.

ADOPTION OF AGENDA

Mr. Cate called for a motion to adopt the agenda with one amendment which is to move item III to the top of the action items. Dr. Richard Rhoda made a motion to approve. Dr. Claude Pressnell seconded the motion; the motion was adopted by the following roll call vote:

Gary Adcox - Aye
Morgan Branch- Aye
Keith Carver- Aye
Mark Cate- Aye
Jeff Gerkin- Aye
David Gregory - Aye
Joy Harris- Aye
Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Sammy Stuard - Aye

Greg Turner- Aye
Faye Weaver- Aye
Gary Weedman- Aye

APPROVAL OF MINUTES FOR THE MARCH 15, 2012 MEETING

Mr. Cate called for a motion to approve the minutes from the March 15, 2012 meeting. Dr. Pressnell made a motion to approve. Ms. Faye Weaver seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Morgan Branch- Aye
Keith Carver- Aye
Mark Cate- Aye
Jeff Gerkin- Aye
David Gregory - Aye
Joy Harris- Aye
Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Sammy Stuard - Aye
Greg Turner- Aye
Faye Weaver- Aye
Gary Weedman- Aye

CHAIRMAN'S REPORT

Mr. Cate commented on the progress of the strategic planning initiative involving the executive committee and the staff. He stated that every resource was reviewed to ensure the proper usage of those resources. Mr. Cate thanked the staff for their diligent work to provide the results of the review.

EXECUTIVE DIRECTOR'S REPORT

Dr. Rhoda was recognized to provide his report. He welcomed all to the meeting. Dr. Rhoda then commented on the top to bottom review, stating that it was a good exercise and has already provided noticeable benefits of direction and focus. He then welcomed Mr. Jeff Gerkin, the interim TASFAA president and assistant dean/director of grants and scholarships at the University of Tennessee and former TASFAA president. Dr. Rhoda then called for introduction of new staff members. Ms. Jane Pennington introduced the new staff in the loan division; Deborah Caruso, Mary Ethel Elam, John Helms, Cherry Johnson, Debbie Nuchols, Jill Vickers, and Terri Parchment. Mr. Jason Seay introduced the new staff member in the communication service division, Stephen Moten. Dr. Rhoda then welcomed Dr. Gary Weedman, designee for Dr. Betty Sue McGarvey, president of Johnson University.

Dr. Rhoda called on Joy Harris to provide information about the new college savings plan. Ms. Harris stated that the new program was launched on September 18 at the Adventure Science Museum. She commented on the incentives being offered: if one puts in \$50, the state will match it or if one rolls their entire account over from an out-of-state 529 Plan, the state will match

\$100 until December 31. She noted that there are brochures available with more information about the program.

Dr. Rhoda then commented on the work TSAC, THEC, and others have been doing to conserve the needs of adults with little to no college experience, including student debt reduction and default aversion.

TASFEE PRESIDENT'S REPORT

Mr. Cate recognized Mr. Jeff Gerkin to provide his report. Mr. Gerkin stated that John Brandt resigned as president of TASFEE last month and noted that on September 21, he was elected to serve the rest of Mr. Brandt's term. He recognized the TSAC staff that serve on the TASFEE executive board: Naomi Derryberry, historical chair; Terri Parchment, training chair; and Tim Phelps, state program liaison. Mr. Gerkin then announced the fall training programs that will occur November 7-9, 2012. Mr. Gerkin discussed the spring conference and noted that Dr. Rhoda and others will be asked to provide a report on TSAC's efforts around the state regarding their programs, including the default aversion program. Mr. Gerkin then discussed the federal Pell grant lifetime eligibility use (LEU) and noted that some students have reached their limit or are approaching their limit, which will impact their ability to pay for their education. He noted that programs are being researched to provide additional means of financial assistance for those students. Mr. Gerkin then discussed the policy of the LEU and clarified which students this would impact the most. In closing, he discussed the summer Hope scholarship and noted that staff have provided much assistance to students and institutions during the transition process.

TNAchieves

Mr. Cate then recognized Ms. Krissy DeAlejandro, executive director of TNAchieves. Ms. DeAlejandro briefly reviewed the TN Achieves program, which is a last-dollar and mentoring program designed to ensure student success in low and middle income communities with first-generation college students. She noted that the program began in 2008 at the direction of Mayor Ragsdale. Ms. DeAlejandro stated that the KnoxAchieves program had universal acceptance with no minimum high school GPA or ACT requirement with the caveat that the students participating in the program gave back eight hours of community service each semester, maintained a 2.0 GPA, and filed FAFSA by February 1. She commented on the success of the program, including: 25 counties participating in the program, over 23,000 hours of community service by the students, a 75 percent fall to fall retention rate, the 3-year graduation rate of 21 percent, 2-year graduation rate of 17 percent, and the community college graduation rate of 4.5 percent. Ms. DeAlejandro then commented on the summer Bridge programs and the success of each, with 100 percent participation at the first one and will host three in the summer of 2013. In closing, she discussed the expansion plan and noted that some counties were unable to participate due to funding complications.

TOP TO BOTTOM REVIEW

Mr. Peter Abernathy was recognized to present the Top to Bottom review. He stated that the Tennessee Student Assistance Corporation (TSAC) seeks to support the Completion Agenda by supporting increased degree production and timely degree attainment. Mr. Abernathy commented on the fundamental change in the way TSAC views its role and noted they will continue to assist with access to higher education. He highlighted the goals of the review: lowering student debt, improving FAFSA completer rates, maintaining a low student loan default rate, maximize assistance to underserved students, extent outreach to underserved students, establish the most effective methods for using the TSAA reserve, and establishing an endowment for need-based financial aid funded from the operating fund.

Mr. Cate stated that this is a good start for showing notable improvements. He did state that a vote on this plan would not be taken today; however, the board will meet again before the end of the calendar year in a called meeting and will act on the plan at that time.

DECISION ITEMS

Adoption of Rules-Procedures Affecting Professional Licenses

Mr. Peter Abernathy was recognized to present the proposed rules for the Procedures Affecting Professional Licenses. Mr. Abernathy reviewed T.C.A. §§ 56-1-312 and 63-1-141 that requires TSAC to notify the Department of Commerce and Insurance and the Department of Health, respectively, when a license holder is in default on a Federal Family Education Loan Program loan or any other state or federal educational loan or service-conditional scholarship program. He stated that Tennessee 2012 Public Chapter 519 expands the notification requirement to other state licensing authorities, including the State Board of Education, Ethics Commission, Secretary of State, and Supreme Court. Mr. Abernathy briefly reviewed the changes in the rules that outline the steps to be taken in this notification process. The rules will be submitted to the Tennessee Attorney General and Secretary of State upon approval by the TSAC Board of Directors.

Ms. Faye Weaver proposed adding a definition to the term regularly to clarify a specific time period when TSAC would generate the list of defaulted borrowers, such as once a year. Mr. Cate called for a motion on the proposed amendment. Dr. David Gregory made a motion to approve the amendment. Dr. LaSimba Gray seconded the motion; the motion passed with the following roll call vote:

Gary Adcox - Aye
Morgan Branch- Aye
Keith Carver- Aye
Mark Cate- Aye
LaSimba Gray- Aye
Jeff Gerkin- Aye
David Gregory - Aye
Joy Harris- Aye

Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Sammy Stuard - Aye
Greg Turner- Aye
Faye Weaver- Aye
Gary Weedman- Aye

Mr. Cate then called for a motion to approve the proposed rules. Dr. Gregory made a motion to approve staff recommendations for the proposed rules. Mr. Sammy Stuard seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Morgan Branch- Aye
Keith Carver- Aye
Mark Cate- Aye
LaSimba Gray- Aye
Jeff Gerkin- Aye
David Gregory - Aye
Joy Harris- Aye
Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Sammy Stuard - Aye
Greg Turner- Aye
Faye Weaver- Aye
Gary Weedman- Aye

Proposed Budget Request for 2013-14

Mr. Abernathy then briefly reviewed the proposed budget recommendations which includes \$33.6 million for the TSAA program in fiscal year 2013-14 and noted that it is anticipated this request would be the first of five years of similar recurring requests in order to attain funding for all unfunded eligible applicants. Mr. Abernathy then commented on the Department of Finance and Administration's request that state agencies identify a 5 percent reduction to state appropriations for the 2013-14 fiscal year and TSAC will comply with this request by submitting a reduction plan of \$62,500 from administrative expenses but no budget reductions will be made in any of TSAC's grant programs.

Mr. Abernathy stated that staff recommends the TSAC Board of Directors recommend 2012-2013 funding levels as presented in the document, recommend a \$33.6 million budget improvement for fiscal year 2013-14 for the Tennessee Student Assistance Award program and authorize its Executive Director to make any necessary technical corrections.

Dr. Gray made a motion to approve the staff recommendations for the proposed budget request for 2013-14. Dr. Claude Pressnell seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Morgan Branch- Aye
Keith Carver- Aye
Mark Cate- Aye
LaSimba Gray- Aye
Jeff Gerkin- Aye
David Gregory - Aye
Joy Harris- Aye
Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Sammy Stuard - Aye
Greg Turner- Abstain
Faye Weaver- Aye
Gary Weedman- Aye

Adoption of 2013-14 TSAA Over-commitment Ratio

Mr. Phelps reviewed the staff recommendation of 153 percent over-commitment ratio for FY 2012-13. He stated that the recommendation was based on the amount of funds awarded in past years. After discussion, Dr. Rhoda made a motion approve staff recommendations. Mr. Branch seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Morgan Branch- Aye
Keith Carver- Aye
Mark Cate- Aye
LaSimba Gray- Aye
Jeff Gerkin- Aye
David Gregory - Aye
Joy Harris- Aye
Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Greg Turner- Aye
Faye Weaver- Aye
Gary Weedman- Aye

DISCUSSION ITEMS

Federal Family Education Loan Program Update

Ms. Jane Pennington was recognized to provide the update on the Federal Family Education Loan Program. Ms. Pennington stated that as of August 31, 2012, TSAC's loan portfolio included over 539,000 loans with an estimated value over \$3.3 billion.

She commented on the U.S. Department of Education's one-day site visit, conducted in April, to review controls over data security and stated that a

recommendation was for TSAC not to use the Access database for tracking information. Ms. Pennington noted that the Loan Division is in the process of converting the Access database to SQL, which is more secure and stable for the amount of monitored volume.

In closing, Ms. Pennington briefed the board on new technology upgrades and the decreased 2-year cohort default rates, specifically noting that TSAC has moved from fifteenth to twelfth in rehabilitating defaulted borrowers.

Grants and Scholarship Programs Update

Mr. Phelps provided an update on the Grants and Scholarship Programs. He stated that about \$95 million was awarded to 48,000 students for the 2012-13 award year to students who applied through February 9, 2012. Mr. Phelps noted that total funding available for the TSAA program for 2012-13 is approximately \$62 million and with the over-commitment ratio, resulted in awards of \$95 million; of this amount and estimation of approximately \$58.5 million will be utilized.

In conclusion, he reviewed the year-end figures for 2011-12, indicating 91.5% actual expenditures, representing about 28,800 students receiving \$53.5 million and the Tennessee Education Lottery Scholarship (TELS) providing awards to about 103,000 students totaling \$313 million.

Communication Services Update

Mr. Jason Seay was recognized to provide the update on communication and outreach services. He discussed the outreach statistics such as college fairs, visits to administrators, financial aid presentations, personal finance classes offered in a student's junior year of high school, and school visits to educate students on financial aid. He also provided information on call center statistics, the THEC High School Counselor Survey, and the social media outreach. Mr. Seay briefly discussed the College Goal Tennessee, an annual event held by TSAC to aid students with filling out the FAFSA and distribute financial aid and grant program information.

Internal Audit Update

Ms. Ann Collett was recognized to provide an audit update. She briefed the board the US Department of Education's program review of TSAC the week of September 10-13, 2012 in order to assess TSAC's administration of the Federal Family Education Loan Program. She stated that the team conducted interviews and examined financial and program records and an exit conference was held where preliminary observations were discussed. Ms. Collett also discussed the U.S. Department of Education Information Security Review Executive Report from FSA and noted the purpose of the review was to evaluate certain operational controls related to the data security environment to raise the level of information security awareness of their partners. The report contained recommendations based on their observations; TSAC provided a written response to that report on August 17, 2012.

In closing, Ms. Collett commented on the request submitted in 2011 to transfer the final amount for the last three years of the averted claims project, the internal audit report addressing borrowers affected during the FY05-10 time period, and a State Audit Financial and Compliance Audit for TSAC for the fiscal year ended June 30, 2012, currently in progress.

License Suspension Update

Mr. Abernathy discussed the license revocation program, which was identified in Performance audits conducted in 2002 and 2008 by the State Comptroller's office. He noted that TCA §§ 56-1-312 and 63-1-141 direct the TSAC to work with the Department of Commerce and Insurance and the Department of Health, respectively, to suspend the professional licenses or certificates of individuals who have defaulted on their federal student loans.

Mr. Abernathy stated that TSAC continues to send notices to defaulted borrowers encouraging them to contact TSAC to make payment arrangements or face the possibility of license suspension. TSAC first sends a notice to defaulted borrowers notifying them of their default status and that action may be taken against their professional license if they do not respond to TSAC within 90 days of receipt of the notice. To prevent a disciplinary action, the borrower must pay their balance in full, establish a reasonable payment plan, or request a hearing.

He also stated that if the borrower fails to contact TSAC within the statutory 90 day period, TSAC sends an Order of Default to the respective department requesting that the licensing board take administrative action against the license of the defaulted borrower. If, after the administrative action is taken against the license, the borrower enters into a payment plan or pays the balance in full, TSAC issues an Order to Rescind Suspension to the respective department asking for the administrative action to be lifted.

There being no further business, the meeting adjourned at 3:17 p.m.

Approved:

Dr. Claude O. Pressnell, Jr., Secretary

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Mr. Cate then called for a motion to approve the proposed rules. Dr. Gregory made a motion to approve staff recommendations for the proposed rules. Mr. Sammy Stuard seconded the motion; the motion was duly adopted by the following roll call vote:

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Dr. Gray made a motion to approve the staff recommendations for the proposed budget request for 2013-14. Dr. Claude Pressnell seconded the motion; the motion was duly adopted by the following roll call vote:

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Mark Cate- Aye
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David Gregory - Aye
Joy Harris- Aye
Will Pinkston- Aye
Claude Pressnell- Aye
Richard Rhoda- Aye
Greg Turner- Aye
Faye Weaver- Aye
Gary Weedman- Aye

DISCUSSION ITEMS

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She commented on the U.S. Department of Education's one-day site visit, conducted in April, to review controls over data security and stated that a

recommendation was for TSAC not to use the Access database for tracking information. Ms. Pennington noted that the Loan Division is in the process of converting the Access database to SQL, which is more secure and stable for the amount of monitored volume.

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Internal Audit Update

Ms. Ann Collett was recognized to provide an audit update. She briefed the board the US Department of Education's program review of TSAC the week of September 10-13, 2012 in order to assess TSAC's administration of the Federal Family Education Loan Program. She stated that the team conducted interviews and examined financial and program records and an exit conference was held where preliminary observations were discussed. Ms. Collett also discussed the U.S. Department of Education Information Security Review Executive Report from FSA and noted the purpose of the review was to evaluate certain operational controls related to the data security environment to raise the level of information security awareness of their partners. The report contained recommendations based on their observations; TSAC provided a written response to that report on August 17, 2012.

In closing, Ms. Collett commented on the request submitted in 2011 to transfer the final amount for the last three years of the averted claims project, the internal audit report addressing borrowers affected during the FY05-10 time period, and a State Audit Financial and Compliance Audit for TSAC for the fiscal year ended June 30, 2012, currently in progress.

License Suspension Update

Mr. Abernathy discussed the license revocation program, which was identified in Performance audits conducted in 2002 and 2008 by the State Comptroller's office. He noted that TCA §§ 56-1-312 and 63-1-141 direct the TSAC to work with the Department of Commerce and Insurance and the Department of Health, respectively, to suspend the professional licenses or certificates of individuals who have defaulted on their federal student loans.

Mr. Abernathy stated that TSAC continues to send notices to defaulted borrowers encouraging them to contact TSAC to make payment arrangements or face the possibility of license suspension. TSAC first sends a notice to defaulted borrowers notifying them of their default status and that action may be taken against their professional license if they do not respond to TSAC within 90 days of receipt of the notice. To prevent a disciplinary action, the borrower must pay their balance in full, establish a reasonable payment plan, or request a hearing.

He also stated that if the borrower fails to contact TSAC within the statutory 90 day period, TSAC sends an Order of Default to the respective department requesting that the licensing board take administrative action against the license of the defaulted borrower. If, after the administrative action is taken against the license, the borrower enters into a payment plan or pays the balance in full, TSAC issues an Order to Rescind Suspension to the respective department asking for the administrative action to be lifted.

There being no further business, the meeting adjourned at 3:17 p.m.

Approved:

Dr. Claude O. Pressnell, Jr., Secretary

Tennessee Student Assistance Corporation

Thursday March 21, 2013

DECISION ITEM A: Selection of 2013-14 Officers and Committee Members

Staff Recommendation: The board elects its 2013-14 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, 2013-14 officers and committee members will be selected. A list of current (2012-13) officers and committee members follows.

Supporting Document: *Tennessee Student Assistance Corporation: 2012-13 Officers and Committees*

Tennessee Student Assistance Corporation
2012-13 Officers and Committees

Officers

Governor Bill Haslam, Chairman
Richard Rhoda, Vice Chair
David Lillard, Treasurer
Claude Pressnell, Secretary

Executive Committee

Governor Bill Haslam, Chair
Mark Emkes
David Lillard
Claude Pressnell
Richard Rhoda
Justin Wilson

Appeals Committee

John Morgan, Chair
Joe DiPietro
Gary Adcox
Richard Rhoda
Justin Wilson

Audit Committee

Mark Emkes
Claude Pressnell
Sammy Stuard

Tennessee Student Assistance Corporation

Thursday March 21, 2013

DECISION ITEM B: Proposed Rule Changes
Tennessee Student Assistance Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-1 as proposed rules (Tennessee Student Assistance Award).

(2) That the TSAC Board of Directors authorize the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General.

Background: The proposed rule change clarifies the current definition of a postsecondary educational institution and provides for inclusion of regionally-accredited online institutions.

These rules will be implemented at the earliest possible time after they have been approved by the TSAC Board of Directors and the Tennessee Attorney General and have been filed with the Secretary of State.

Supporting Document: *Draft Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-1, Tennessee Student Assistance Award,*
March 21, 2013.

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION
CHAPTER 1640-01-01
TENNESSEE STUDENT ASSISTANCE PROGRAM**

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1640-01-01-.01 DEFINITIONS.

- (1) Academic Term: A semester, trimester, quarter, or 300 clock hours of training.
- (2) Academic Year: A period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of two semesters, two trimesters, or three quarters at an eligible postsecondary institution using credit hours, or at least 900 clock hours of training for a program using clock hours. A clock hour is a 50 to 60 minute class, lecture, recitation, or a faculty supervised laboratory, shop training, or internship.
- (3) Application: The Free Application for Federal Student Aid (FAFSA).
- (4) Contribution Index: The Expected Family Contribution (EFC), which is a measure of parental and/or student ability to contribute toward payment of educational expenses.
- (5) Eligible Postsecondary Institution: Those institutions which are entitled to enroll student assistance award recipients as provided in T.C.A. § 49-4-301.
- (6) Financially Independent Student: A person who meets the conditions established by the U.S. Department of Education as used in the administration of student assistance programs authorized by the Higher Education Act of 1965, as amended.
- (7) Incarcerated: Currently confined to a local, state, or federal correctional institution, which would include work release or educational release facilities.

~~(8) Institution of Higher Education: A public or non-profit educational institution in Tennessee that:~~

~~(a) Admits as regular students only persons who have a high school diploma, the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in Tennessee and who have the ability to benefit from the training offered;~~

~~(b) Is legally authorized to provide an educational program beyond secondary education in Tennessee; and~~

~~(c) Provides an educational program for which it awards an associate or baccalaureate degree, or provides at least a two-year program which is acceptable for full credit toward a baccalaureate degree, or provides at least a one-year training program which leads to a certificate or degree and prepares students for gainful employment in a recognized occupation.~~

~~The term "educational institution" as used in this definition shall be construed to include a hospital school of nursing which offers a diploma nursing program accredited by the~~

(Rule 1640-01-01-.01, continued)

~~National School of Nursing. Provided, however, that any postsecondary educational institution which is accredited by the Southern Association of Colleges and Schools, the Accrediting Council for Independent Colleges and Schools, or by the Council on Occupational Education or by the Accrediting Commission of Career Schools and Colleges of Technology and which meets standards specified in (a), (b), and (c) shall be deemed to be an institution of higher education, and has been authorized to operate by the Tennessee Higher Education Commission (THEC) pursuant to the Postsecondary Education Authorization Act of 1974.~~

(8) Institution of Higher Education: A postsecondary educational institution in Tennessee which:

(a) Is a public university, community college or technology center; a private business, trade, or technical school; or a nonprofit institution as defined in these rules;

(b) Admits as regular students only persons who have a high school diploma, the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in Tennessee and who have the ability to benefit from the training offered;

(c) Is legally authorized to provide an educational program beyond secondary education in Tennessee;

(d) Provides an educational program for which it awards an associate or baccalaureate degree, or provides at least a two-year program which is acceptable for full credit toward a baccalaureate degree, or provides at least a one-year training program which leads to a certificate or degree and prepares students for gainful employment in a recognized occupation; and

(e) Is accredited by:

1. The Southern Association of Colleges and Schools; or

2. The Accrediting Council for Independent Colleges and Schools, the Council on Occupational Education, or the Accrediting Commission of Career Schools and Colleges of Technology; and is authorized to operate by the Tennessee Higher Education Commission pursuant to the Postsecondary Education Authorization Act of 1974; or

3. A regional accrediting agency if the institution is a private, nonprofit institution providing exclusively competency-based education through predominantly on-line degree programs.

(9) Nonprofit Institution of Higher Education: An institution of higher education owned and operated by one or more nonprofit corporations or associations whose net earnings do not benefit, and cannot lawfully benefit any private shareholder or entity.

(10) Pell Grant Program: The program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.

(11) TSAC: Tennessee Student Assistance Corporation (TSAC).

(12) Undergraduate student: Those persons enrolled in an eligible postsecondary institution as defined in T.C.A. § 49-4-301 and who have not received a baccalaureate degree.

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(Rule 1640-01-01-.01, continued)

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed July 12, 1990; effective October 29, 1990. Amendment filed March 5, 1992; effective June 29, 1992. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed June 30, 2000; effective October 28, 2000.

1640-01-01-.02 STUDENT ELIGIBILITY-AWARD USE.

- (1) A person shall be eligible for a student assistance award upon submission of an application and when TSAC determines:
 - (a) The applicant is a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents.
 - (b) The applicant has financial need.
 - (c) The applicant is enrolled or intends to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis as established by federal financial aid minima.
 - (d) The applicant has applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and has been assigned an Expected Family Contribution (EFC) by the U.S. Department of Education or its contractor, and has that EFC on file at the postsecondary institution to be attended.
 - (e) If previously enrolled in the eligible postsecondary institution, that the applicant remains in good standing and is making satisfactory progress according to the standards and practices of the institution.
 - (f) The applicant does not owe a refund or repayment on any grant, and is not in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (g) The applicant is not incarcerated as defined in rule 1640-01-01-.01(07).
- (2) Award recipients must use student assistance awards for educationally related expenses. A recipient to whom credit has been extended during the enrollment process should give first priority to the liquidation of that obligation before using the proceeds of the awards to defray other educational expenses. All state financial aid granted to students shall be first applied to tuition and fees, room and board, and the excess, if any, shall be distributed to the recipient according to Title IV of the Higher Education Act of 1965, as amended.
- (3) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term will have a portion of the award paid in accordance with the institution's published refund policies.
- (4) Award recipients who desire to transfer their student assistance award from one eligible postsecondary institution to another must make a request in writing to TSAC or transmit the information by updating their FAFSA.
- (5) Award recipients may receive awards to a maximum for:

(Rule 1640-01-01-.02, continued)

- (a) A four-year program, up to 8 semesters or 12 quarters;
- (b) A three-year program, up to 6 semesters or 9 quarters;
- (c) A two-year program, up to 4 semesters or 6 quarters;
- (d) A one-year program, up to 2 semesters or 3 quarters; and
- (e) A six-month program, up to 1 semester or 2 quarters or until completion of the program of study, whichever comes first, assuming all other eligibility requirements are met.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, 49-4-209, 49-4-301, and 49-4-302. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed December 5, 1986; effective March 31, 1987. Amendment filed January 20, 1987; effective April 29, 1987. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed May 7, 1991; effective August 28, 1991. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed October 26, 1993; effective March 1, 1994. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed August 28, 2002; effective December 27, 2002.

1640-01-01-.03 FINANCIAL NEED.

- (1) The parents' or students' ability to contribute to educational expenses shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program, as those guidelines may be changed or amended.
- (2) The maximum award paid each year shall be based on available funds and shall be determined by the TSAC Board of Directors. TSAC shall develop and publish the payment table annually.
- (3) TSAC will establish a maximum contribution index level based on anticipated appropriations. Students with a contribution index equal to or less than the maximum amount will receive award commitments on a first-come, first-served basis until appropriated funds are exhausted.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed December 27, 1979; effective March 30, 1980. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed November 30, 1981; effective March 1, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed May 7, 1991; effective August 28, 1991.

1640-01-01-.04 REPORTS AND RECORD ACCESS.

- (1) Postsecondary institutions enrolling student assistance award recipients shall certify and report the following information to TSAC before payments of assistance are made:

(Rule 1640-01-01-.04, continued)

- (a) That the student is or was enrolled for the appropriate academic term for half-time, three-fourths, or full-time enrollment.
 - (b) That the student is in good standing and making satisfactory progress according to the standards and practices of the institution, under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (c) That the student does not owe a refund on any grant or is not in default on any loan received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (d) The student's current Expected Family Contribution.
 - (e) That the student's total resources which when combined with payments by TSAC will not result in the student receiving funds in excess of his or her cost of education as determined by criteria employed by the institution in administration of other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.
 - (f) That the student has on file with the institution a Statement of Registration Compliance for periods of instruction beginning on or after July 1, 1983 certifying that he or she is registered with Selective Service or that he or she is not required to be registered.
 - (g) That the student has on file with the institution a statement for the periods of instruction beginning on or after July 1, 1989 certifying that he or she is in compliance with the Anti-Drug Abuse Act.
- (2) Postsecondary institutions enrolling student assistance award recipients shall furnish such reports as may be required by TSAC concerning the recipients and shall, during regular office hours, make institutional records available to TSAC concerning the recipients and shall, during regular office hours, make institutional records available to TSAC staff for the purpose of validating any information which affects the recipients' eligibility or the amount of assistance they would receive.
 - (3) The confidential relationship of the student shall not be violated. Student files shall be utilized only by the TSAC staff. Confidential information will not be released without written approval from the applicant. Statistical data may be released provided such reports do not identify individuals. Outside research projects may utilize reported statistical information, other requests will require approval by the TSAC Board of Directors; and should such requests require special computer programming, care shall be taken to protect the student's confidentiality and any expense generated by special requests shall be paid by the outside research project, provided; however, student records shall be accessible to the Comptroller of the Treasury for audit purposes.
 - (4) Persons applying for awards of student assistance shall be required to furnish to TSAC or the postsecondary institution such data as is necessary to validate the information on their application. An applicant's social security number shall be furnished in all cases and is required for identity of the applicant and as an account number in order to record necessary data accurately.
 - (5) A student assistance award recipient who is discovered to have willingly provided false reports or information to TSAC or the postsecondary institution shall, upon evidence, have the award revoked and shall not thereafter be entitled to further payment of benefits.

(Rule 1640-01-01-.04, continued)

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repealed and refiled July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed February 9, 1984; effective May 15, 1984. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed August 25, 1986; effective November 29, 1986. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed April 28, 1993; effective July 28, 1993.

1640-01-01-.05 STANDARDS FOR INSTITUTIONAL REVIEWS AND ERROR RESOLUTION.

- (1) TSAC shall conduct periodic program reviews to evaluate the general operation of the financial aid office relative to the institution's management of the Tennessee Student Assistance Award Program:
 - (a) The Chief Executive Officer of the institution typically will be notified of the visit two to three weeks in advance; the exact date for the visit usually will be scheduled with the Director of Financial Aid. Extenuating circumstances such as a request from the U.S. Department of Education or the school's regulatory board may preclude TSAC from scheduling the review in advance.
 - (b) At the conclusion of the visit, the reviewer shall meet with the Chief Executive Officer, or his or her representative(s), and the Director of Financial Aid to discuss the preliminary findings and recommendations resulting from the visit.
 - (c) Following the exit interview, a preliminary report shall be sent to the Chief Executive Officer of the institution requesting a response within thirty (30) days. One extension of up to thirty (30) days may be requested in writing by the institution.
 - (d) The final report of findings incorporating the institution's response shall be transmitted to the institution's Chief Executive Officer within thirty (30) days of receipt of the institution's response or within thirty (30) days of the date the response should have been received. The final report shall, when necessary, request restitution and/or corrective action.
- (2) TSAC shall resolve disputes related to the final report of an institution's Program Review as noted below:
 - (a) The institution shall be allowed an additional thirty (30) day period to request a hearing and/or to provide additional documentation for review by TSAC's Executive Director.
 1. If the Executive Director's review of the additional documentation does not resolve the dispute, the institution may request a hearing within thirty (30) days of the Executive Director's decision.
 2. If a hearing is requested, such hearing shall be requested in writing and sent to the Executive Director. The hearing shall be conducted in accordance with Chapter 1360-04-01, Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, Rules of Secretary of State, by the Tennessee Student Assistance Corporation Appeals Committee. Such Appeals Committee, composed of five (5) members of the Tennessee Student Assistance Corporation Board of Directors, appointed annually by the Chairman, shall within a reasonable period of time, set a date for the hearing. The Appeals Committee

(Rule 1640-01-01-.05, continued)

shall, in consultation with U.S. Department of Education officials, when necessary, render a decision within thirty (30) days of the hearing.

- (b) Final resolution, which may include financial restitution and/or a plan for corrective action to prevent recurrence, must be made within thirty (30) days of the Appeals Committee's decision.
- (c) Should the institution fail to respond within forty-five (45) days of the final report or to take corrective action or to make restitution within thirty (30) days after the decision from the Appeals Committee hearing, TSAC shall begin proceedings to suspend the institution from participation in TSAC programs for sixty (60) days. This suspension will be effective twenty (20) days from receipt by the school of TSAC's notification of suspension. Notification of suspension, along with copies of all findings and responses, will be sent to the U.S. Department of Education.
- (d) Should the school fail to take corrective action or to make restitution within forty-five (45) days of the suspension, TSAC shall terminate the institution by informing the institution that within twenty (20) days from receipt of notification, the institution is terminated from all TSAC programs.
- (e) If an institution is suspended or terminated during a term, all enrolled students attending that institution who received Tennessee Student Assistance Award Program award letters or on whose behalf TSAC endorsed an educational loan before the effective date of the suspension or termination will be paid:
 - (1) For that term, as in the case of a grant, or
 - (2) For "the period of the loan," as in the case of an educational loan.
- (f) Reinstatement of eligibility may be requested of the Tennessee Student Assistance Corporation Board after a period of one (1) year after date of termination, but only if the institution is eligible for other Title IV programs.

Authority: T.C.A. §§ 49-4-201 and 49-4-204. **Administrative History:** Original rule filed July 10, 1984; effective October 14, 1984. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed September 3, 1992; effective December 29, 1992.

Tennessee Student Assistance Corporation

Thursday, March 15, 2012

Discussion Item A: Federal Family Education Loan Program (FFELP) Update

Staff Recommendation: For discussion only

Work in Progress

The U.S. Department of Education completed an onsite audit in August 2012 and finalized the review with a Desk Audit in October 2012 of the loan Claims and Collections processes. The final report from the Department is expected in the near future.

The Default Aversion representatives are currently visiting schools statewide assisting them in preventing borrowers from going into default, presenting various workshops, and developing default management processes.

Based on a recommendation from the 2012 Federal Information Security Management Act (FISMA) review conducted at TSAC, the Loan Division has moved all of its monitoring and review processes from an ACCESS database to a more secure and robust SQL server.

Staff & Training

The Loan Division continues its efforts in training and cross-training of the entire staff. A team approach has been established and is proving to work more efficiently.

License Revocation

TSAC has recovered over \$12 million dollars from defaulted borrowers through the License Revocation Program. We have recently added the remaining license categories from the Department of Health and the Department of Commerce and Insurance, and are in the process of identifying and contacting defaulted borrowers who hold a license with the State Board of Education. Others to follow include the Tennessee Board of Professional Responsibility and the Secretary of State.

Default Prevention & Management

The TSAC Loan Default rate continues to decrease going from 8.4 percent in 2009, to 7.5 percent in the latest release for 2010. This compares to 9.1 percent for 2010 at the National level. This is because of the Loan Division's efforts to assist borrowers and schools in preventing defaults.

Collections & Rehabilitation

The Loan Division rankings at the national level continue to improve. TSAC now ranks seventh nationally in overall collections, and in the rehabilitation of defaulted loans.

Tennessee Student Assistance Corporation

Thursday, March 21, 2013

DISCUSSION ITEM B: Grant and Scholarship Programs Status Report

Staff Recommendation: For discussion only.

Background

For the 2013-2014 academic year, Tennessee Student Assistance Awards have been offered to students who completed the FAFSA by February 3rd. The amount awarded does not include the \$5 million additional appropriation in the Governor's recommended budget. If approved by the General Assembly, the \$5 million will fund an additional 2,700 students.

For the current 2012-2013 academic year, TSAC anticipates disbursing approximately \$61.7 million in TSAA funding to an estimated 33,000 students.

For the 2012-2013 academic year, Tennessee Education Lottery Scholarship expenditures are estimated to be about \$315 million. We will continue to monitor expenditures and, if needed, provide an updated number to the Funding Board at the next meeting in April.

Current 2012-2013 data for the Merit and Loan Forgiveness Programs indicate TSAC will make awards to about 900 students totaling around \$2.7 million.

Tennessee Student Assistance Corporation

Thursday March 21, 2013

DISCUSSION ITEM C: 2013 General Assembly Legislative Report

Staff Recommendation: For discussion only.

Background: The first session of the 108th General Assembly convened on January 8, 2013, with approximately 20 bills filed pertaining to the Tennessee Education Lottery Scholarship (TELS) Program and other student financial aid issues.

A brief summary of the significant bills now pending with the General Assembly is provided in the pages that follow.

Supporting Document: *Summary of Legislation Pending with the 108th General Assembly (2013) Relative to Postsecondary Education Student Financial Aid, March 2013.*

**Summary of Legislation Pending with the 108th General Assembly (2013)
Relative to Postsecondary Education Student Financial Aid**

- SB 0006** Requires students seeking a HOPE, HOPE Access, and HOPE for nontraditional students to pass the U.S. citizenship and immigration service's naturalization tests on English and civics to be eligible for the scholarship.
- SB 0019**
HB 0241 Establishes the STEM stipend from net lottery proceeds for Tennessee HOPE scholarship recipients who are majoring in STEM fields; sets the stipend at \$1,000 for the 2013-2014 academic year subject to appropriation.
- SB 0036**
HB 0021 Creates the "Tennessee STEP UP" scholarship program for postsecondary education for students with intellectual disabilities, funded by lottery revenues.
- SB 0043** Prohibits state funded scholarships, grants, loans or other financial aid from being awarded to students at public institutions of higher education based on race, ethnicity or gender.
- SB 0057**
HB 0427 Changes the requirement that, for purposes of eligibility for Tennessee HOPE scholarships as a dependent child of active military parent, the parent's home of record be Tennessee and the child must be eligible for in-state tuition at the time of enrollment.
- SB 0194**
HB 0188 Creates an endowment within TSAC for purposes of providing need-based financial aid to Tennesseans seeking an associate's degree or certificate from a two-year, public postsecondary institution.
- SB 0207**
HB 0245 Amended to provide that no reduction in the amount of a student's Tennessee HOPE scholarship shall be made, if the student attempted six or fewer courses with a dual enrollment grant.
- SB 0254**
HB 0426 Establishes a scholarship program for dependents of certain disabled veterans.
- SB 0538**
HB 1055 Changes the definition of "home school student" for purposes of the Tennessee HOPE scholarship to require that a student be home schooled the last year of high school instead of the last two years of high school.

- SB 0710** Adds eight full-time equivalent semesters as a terminating
HB 0402 event for receipt of the HOPE scholarship.
- SB 0719** Allows dependent children of certain workers assigned to
HB 0862 work full time in a foreign nation to be eligible for the HOPE lottery scholarship.
- SB 0810** Gives nontraditional students who receive a Wilder-Naifeh
HB 1016 technical skills grant and obtain a diploma from a Tennessee technology center a pathway to qualify for a HOPE scholarship.
- SB 0811** Allows a student receiving college credit for dual enrollment
HB 1017 or dual credit courses to include, at the student's discretion, the grades from such courses in the student's lottery grade point average.
- SB 0871** Permits bona fide Tennessee residents who attend certain
HB 0526 non-SACS accredited out-of-state boarding schools to qualify for HOPE scholarships.
- SB 1078** Amended to provide that beginning in 2013-2014, students
HB 0735 who are eligible for the ASPIRE award and a supplemental award as a General Assembly Merit Scholar (GAMS) to receive both awards.
- SB 1083** Increases the HOPE scholarship at eligible four-year and
HB 0424 two-year postsecondary institutions by at least the amount of the average increase over the previous academic year in in-state tuition and fees at public four-year and two-year institutions respectively.
- SB 1084** Makes the Tennessee rural health scholarships a
HB 0909 permanent lottery funded program and increases the award from \$12,000 to \$20,000 per year.
- SB 1134** Requires TSAC to annually prepare a status report for
governor and general assembly on the Tennessee HOPE foster child tuition grant program.

Tennessee Student Assistance Corporation

Thursday March 21, 2013

DISCUSSION ITEM D: Proposed Budget Request for 2013-2014

Staff Recommendation For discussion only.

Background

The Governor's recommended 2013-14 budget includes the following changes to the TSAC budget:

- 1) A \$5 million recurring increase in the base appropriation of the Tennessee Student Assistance Awards (TSAA) to serve approximately 2,700 additional students;
- 2) Funding to provide for a recommended state-wide 1.5% salary increase;
- 3) Additionally, state budget reductions include an approximate 2.4 percent (\$28,800) base reduction to TSAC's administrative code.

Item II D - Budget Update

**Tennessee Student Assistance Corporation
Estimated 2012-13 and Base 2013-14 Budgets**

		Estimated 2012-2013	Base 2013-2014
TN Student Assistance Awards 332.03	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	61,124,900	59,562,500
	Total	<u>61,124,900</u>	<u>59,562,500</u>
	* State	52,762,500	52,762,500
	Federal	1,562,400	-
	Current Services	-	-
	Lottery	6,800,000	6,800,000
FFELP 332.04	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	190,001,900	190,001,900
	Total	<u>190,001,900</u>	<u>190,001,900</u>
	State	-	-
	Federal	181,101,900	181,101,900
	Current Services	8,900,000	8,900,000
	Lottery	-	-
Administration 332.05	Salaries & Benefits	\$ 3,705,000	\$ 3,805,000
	Operational Expenditures	21,693,800	21,690,000
	Total	<u>25,398,800</u>	<u>25,495,000</u>
	** State	1,251,900	1,223,100
	Federal	9,489,100	9,614,100
	Current Services	12,076,200	12,076,200
	Lottery	2,581,600	2,581,600
Academic Scholars 332.06	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	780,500	780,500
	Total	<u>780,500</u>	<u>780,500</u>
	State	401,800	401,800
	Federal	-	-
	Current Services	378,700	378,700
	Lottery	-	-
Loan/Scholarships 332.07	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	4,842,700	3,565,100
	Total	<u>4,842,700</u>	<u>3,565,100</u>
	State	1,191,000	1,191,000
	Federal	178,200	178,200
	Non-Governmental	700,000	700,000
	Current Services	141,000	141,000
	Interdepartmental	2,632,500	1,354,900
Lottery for Education Account 332.19	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	331,200,000	322,900,000
	Total	<u>331,200,000</u>	<u>322,900,000</u>
	State	-	-
	Federal	-	-
	Non-Governmental	-	-
	Current Services	-	-
	Lottery	305,200,000	322,900,000
	Reserves	26,000,000	-
TOTAL TSAC	Salaries & Benefits	\$ 3,705,000	\$ 3,805,000
	Operational Expenditures	609,643,800	598,500,000
	Total	<u>613,348,800</u>	<u>602,305,000</u>
	State	\$ 55,607,200	\$ 55,578,400
	Federal	192,331,600	190,894,200
	Non-Governmental	700,000	700,000
	Current Services	21,495,900	21,495,900
	Lottery	317,214,100	333,636,500
	Reserves	26,000,000	-

* 2013-14 TSAA appropriation does not include \$5 million recommended in the Governor's base budget.

** 2013-14 does not reflect a base budget reduction of approximately 2.4 percent (\$28,800), which was submitted to the Department of Finance and Administration separately from the base recommended budget.

Tennessee Student Assistance Corporation
Thursday, March 21, 2013

DISCUSSION ITEM E: **Audit Update**

Staff Recommendation: For discussion only.

Background: An update will be provided on audit issues
and related matters.

Supporting Document *Audit Update;*
March 2013

Audit Update

Sunset Performance Audit

The performance auditors have conducted interviews of THEC and TSAC staff in order to determine the scope of the review. An update will be provided on the areas of focus.

State Audit Financial and Compliance Audit of TSAC for the fiscal year ended June 30, 2012

The audit is complete and at this time there are not any findings to be reported. Changes have been made in the presentation of the financial statements for the Federal Family Education Loan Program in the state's Comprehensive Annual Financial Report and in the TSAC audit report. The financial statements for the report are under modification and review. The board will be notified when the report is released by State Audit.

U.S. Department of Education Program Review

In December 2012, the Department conducted a desk review on FFELP claims and collections, another facet of the review started on site in September. TSAC has not yet received a report from these reviews and will update the Board when a report is released.

Tennessee Student Assistance Corporation
Office of Communication Services

TSAC Board Meeting
Thursday, March 21, 2013

Communication Services Update

A. Outreach

1. Presentations and Workshops Offered
2. Snapshot of Statistics
3. Breakdown of Outreach Activity

B. TSAC Call Center Update

C. High School Counselor Update

D. TN Stars College Savings 529 Program

E. New Scholarship Program Posters



TSAC Outreach Presentations and Workshops Offered

Outreach presentations are tailored to the needs of the organization where presentations are requested. We offer to assist with the following types of events as well:

- * College Fairs
- * Financial Aid Nights
- * PTO Meetings
- * YMCA College Nights
- * ACT Training Sessions
- * FAFSA Nights
- * Focusing on Seniors
- * College Goal Sunday Events
- * Career Fairs
- * Scholarship Award Presentations
- * Leadership Summit
- * Preparing For College
- * Middle School Presentation - TN Diploma Project
- * Junior/Underclassmen Presentations

2012-13 Snapshot of Outreach Statistics

	2012-13	2011-12	2010-11	2009-10	2008-09
College Fairs					
# of college fairs:	210	200	176	169	122
Attendance:	19,803	31,676	24,657	28,961	25,767
Courtesy Visits to Administrators					
# of courtesy visits:	1,321	1,084	1,230	1,159	1,104
Administrators reached:	1,850	1,700	1,718	2,327	1,655
Financial Aid Presentations					
# of presentations:	670	350	344	317	310
Attendance:	31,104	25,602	25,002	28,114	23,871
FAFSA Nights					
# of presentations:	208	105	70	n/a	n/a
Attendance:	4,380	2,272	1,978	n/a	n/a
Number of Visits					
High Schools:	1,546	1,041	928	882	997
Middle Schools:	232	81	127	177	97
Postsecondary:	246	274	288	366	307
Other:	385	343	477	220	135

Breakdown of Outreach Activity

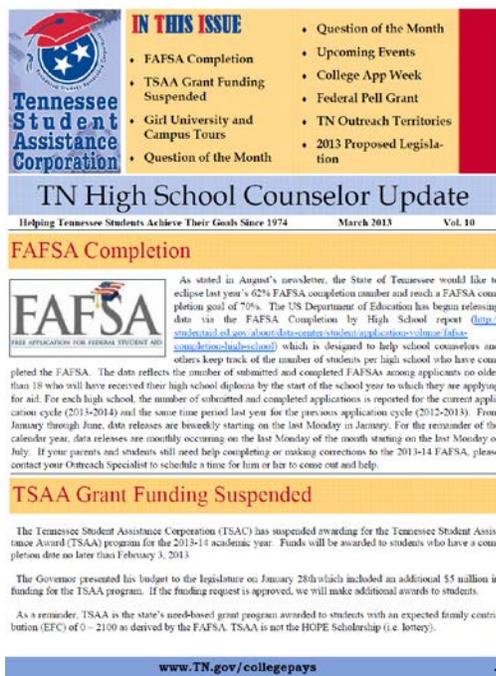
	2012-13	2011-12	2010-11	2009-10	2008-09
Boys and Girls Clubs	42	10	7	6	4
Chambers of Commerce	14	40	41	23	3
Churches	10	19	6	11	10
Colleges	246	274	288	366	307
High Schools	1,546	1,041	928	882	997
Libraries	50	125	120	30	31
Middle Schools	232	81	127	177	97
School District Offices	5	23	103	34	15
Legislative	12	6	72	4	1
YMCA	31	7	17	26	3
Other	221	113	111	86	68

TSAC Call Center Stats

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Telephone calls received:	40,681	44,320	46,757	41,977
Live Chat conversations:	3,474	2,606	1,748	1,499
Aid Info Emails:	1,735	n/a	n/a	n/a

We receive calls about the HOPE scholarship programs, application deadlines, FAFSA completion, transfer school forms, student loan questions, e*GRandS log-in resets, TSAA awards information requests, College Goal Tennessee locations, and brochure orders – just to name a few.

Tennessee High School Counselor Update



IN THIS ISSUE

- Question of the Month
- Upcoming Events
- College App Week
- Federal Pell Grant
- TN Outreach Territories
- 2013 Proposed Legislation

FAFSA Completion

As stated in August's newsletter, the State of Tennessee would like to eclipse last year's 62% FAFSA completion number and reach a FAFSA completion goal of 70%. The US Department of Education has begun releasing data via the FAFSA Completion by High School report (<http://studentaid.ed.gov/about/data-center/studentsaid/collection-volume-fafsa-completion-high-school/>) which is designed to help school counselors and others keep track of the number of students per high school who have completed the FAFSA. The data reflects the number of submitted and completed FAFSAs among applicants no older than 18 who will have received their high school diplomas by the start of the school year to which they are applying for aid. For each high school, the number of submitted and completed applications is reported for the current application cycle (2013-2014) and the same time period last year for the previous application cycle (2012-2013). From January through June, data releases are biweekly starting on the last Monday in January. For the remainder of the calendar year, data releases are monthly occurring on the last Monday of the month starting on the last Monday of July. If your parents and students will need help completing or making corrections to the 2013-14 FAFSA, please contact your Outreach Specialist to schedule a time for him or her to come out and help.

TSAA Grant Funding Suspended

The Tennessee Student Assistance Corporation (TSAC) has suspended awarding for the Tennessee Student Assistance Award (TSAA) program for the 2013-14 academic year. Funds will be awarded to students who have a completion date no later than February 3, 2013.

The Governor presented his budget to the Legislature on January 28th which included an additional \$5 million in funding for the TSAA program. If the funding request is approved, we will make additional awards to students.

As a reminder, TSAA is the state's need-based grant program awarded to students with an expected family contribution (EFC) of 0 - 2100 as derived by the FAFSA. TSAA is not the HOPE Scholarship (i.e. lottery).

www.tn.gov/collegepays .1

This month, we distributed the TN High School Counselor Update to the high school counselors in all 95 counties across the state via email. Topics that were covered include:

- ❖ FAFSA Completion
- ❖ TSAA Grant Funding Suspension
- ❖ Girl University and Campus Tours
- ❖ Upcoming Events
- ❖ College Application Week in September, 2013
- ❖ Federal Pell Grant Changes
- ❖ TN Outreach Territory Map
- ❖ 2013 Proposed TN Legislation

You can view the entire newsletter and all articles at:

http://tn.gov/tsac/About_Us/counselor_update/2013/HS%20Newsletter%20Mar%202013.pdf

TN Stars College Savings 529 Program

This past school year, we started working more closely with the staff who promote the TN Stars College Savings 529 Plan for Tennessee families. This is a program of the Tennessee Treasure Department. We now have a direct link to their website (<http://tnstars.com/>) from our homepage on the TSAC website (<http://www.tn.gov/collegepays/>).



New Publications for Grants and Scholarship Division

TSAC's Student Financial Aid Portal

It's the One-Stop Shop for All Your Financial Aid Needs



YOUR 1st STEP? Create an online account today!

<https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>



COLLEGE PAYS

We can get you there.

Have access to:

- Apply for Grants and Scholarship administered by TSAC such as the Tennessee HOPE Scholarship and Tennessee Student Assistance Award
- Manage your Financial Aid Account online
- View your Financial Aid Summary and Payments
- View Frequently Asked Questions for the HOPE Scholarship
- Email TSAC with questions regarding TSAC's Grant, Scholarship, Loan Forgiveness or Student Loan programs
- Check the status of recently completed applications and state awards

For more information contact TSAC at 1-800-342-1663, or at www.tn.gov/collegepays

Tennessee Student Assistance Corporation, Authorization No. 33284, 1,500 copies, December 2010. This public document was promulgated at a cost of \$1.7 per copy.

DEPENDENT CHILDREN SCHOLARSHIP PROGRAM



To be Eligible an applicant must be:

- A dependent of a Tennessee law enforcement officer, fireman, or an emergency medical service technician killed or permanently disabled in the line of duty
- A Tennessee resident and a U.S. Citizen
- Enrolled as a full-time student at an eligible Tennessee college or university
- Maintaining institutional satisfactory academic progress, and
- Complete a Free Application for Federal Student Aid (FAFSA) and have a valid EPC

TO APPLY A STUDENT MUST:

- Complete an online application located on the TSAC Student Financial Aid Portal @ <https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>
- Submit documentation detailing that the parent who was a law enforcement officer, fireman, or emergency medical service technician was killed or is now retired and permanently disabled while performing duties within the scope of such employment

Tennessee Student Assistance Corporation, Authorization No. 33284, 800 copies, December 2010. This public document was promulgated at a cost of \$1.7 per copy.

TSAC must receive completed applications by July 15 for consideration.

Online applications for the Dependent Children Scholarship Program will be available January 1 at the Student Financial Aid Portal. <https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>

For more information contact TSAC at 1-800-342-1663, or at www.tn.gov/collegepays

Minority Teaching Fellows Program

Are you a Minority student Considering a Career in Teaching?



TO BE ELIGIBLE FOR THIS \$5,000 SCHOLARSHIP, AN APPLICANT MUST BE:

- A minority Tennessee resident and a U.S. Citizen
- A high school senior who achieves at least a 2.75 high school cumulative grade point average and scores a minimum composite score of 18 on the ACT or 860 SAT (math and critical reading only) OR
- A continuing college student who achieves at least a 2.5 college cumulative grade point average

TO APPLY A STUDENT MUST:

- Complete an online application located on the TSAC Student Financial Aid Portal @ <https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>
- Submit a 200 word essay detailing "Why I Chose Teaching as a Profession" and
- Submit a letter of recommendation from a school official and a letter of recommendation from a community member, and
- Submit a list detailing involvement in extracurricular activities

High School Students

- Submit an official high school transcript with official ACT/SAT scores

Continuing College Students

- Submit an official college transcript

Service Obligation Students selected for the program are required to sign a preliminary note and to doing so incur an obligation to teach Pre-K-12 in a Tennessee public school one year for each year an award is received. Candidates must be employed as a full-time teacher to fulfill the service obligation associated with the program. Candidates, who do not meet this obligation, must repay the award to the Tennessee Student Assistance Corporation (TSAC) at 9% interest accruing from the date of disbursement.

TSAC must receive completed applications by April 15 for consideration.

Tennessee Student Assistance Corporation, Authorization No. 33284, 1,500 copies, December 2010. This public document was promulgated at a cost of \$1.7 per copy.

ONLINE APPLICATIONS FOR THE MINORITY TEACHING FELLOWS PROGRAM WILL BE AVAILABLE JANUARY 1 ON THE TSAC STUDENT FINANCIAL AID PORTAL. <https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>

For more information contact TSAC at 1-800-342-1663, or at www.tn.gov/collegepays

Tennessee Teaching Scholars Program

Are you pursuing a career in the teaching field? Let us help you.



TO BE ELIGIBLE AN APPLICANT MUST:

- Be a Tennessee resident and a U.S. Citizen
- Possess at least a 2.75 cumulative grade point average
- Be enrolled full-time as an undergraduate student or at least half-time as a graduate student enrolled in a Teacher Education Program
- Not be a licensed teacher
- Not be employed or previously employed in a teaching position

TO APPLY A STUDENT MUST:

- Complete an online application located on the TSAC Student Financial Aid Portal @ <https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>
- Submit a letter of recommendation from an official of a state-approved teacher education program, attesting to the student's commitment to teaching and potential for success as a teacher, and
- Submit official copies of all college or university transcripts, and
- Submit documentation to verify the standardized test scores used for admission to the teacher education program

Service Obligation Students selected for the program are required to sign a preliminary note and to doing so incur an obligation to teach Pre-K-12 in a Tennessee public school one year for each year an award is received. Candidates must be employed as a full-time teacher to fulfill the service obligation associated with the program. Candidates, who do not meet this obligation, must repay the award to the Tennessee Student Assistance Corporation (TSAC) at 9% interest accruing from the date of disbursement.

TSAC must receive completed applications by April 15 for consideration.

Tennessee Student Assistance Corporation, Authorization No. 33284, 500 copies, December 2010. This public document was promulgated at a cost of \$1.7 per copy.

ONLINE APPLICATIONS FOR THE TENNESSEE TEACHING SCHOLARS PROGRAM WILL BE AVAILABLE JANUARY 1 ON THE TSAC STUDENT FINANCIAL AID PORTAL. <https://clipslink.guarantorsolutions.com/StudentSignon/Default.aspx>

For more information contact TSAC at 1-800-342-1663, or at www.tn.gov/collegepays

These posters can be found on the TSAC website – tab: Newsroom @ <http://www.tn.gov/collegepays/newsroom.htm>.