

MINUTES

TENNESSEE STUDENT ASSISTANCE CORPORATION

Monday, March 11, 2019

2:30 pm CST

The special called board meeting was called to order by Dr. Claude Pressnell.

Board members present*:

Claude Pressnell	Ashley Nabors, for Treasurer Lillard
Kristina Podesta, for Comptroller Wilson	Tiffany Summers
Keri McInnis	

Board members on the phone:

Greg Turner, for Commissioner McWhorter	Cyrus Vatandoost
Linda Martin, for President Boyd	John Smarrelli
Tom Hughes	Sabrina Washington
Sharon Hayes	

Board members absent:

Governor Lee	Commissioner Schwinn
Chancellor Tydings	Charles Layne

* one citizen member slot remained unfilled on the date of this meeting

Special Board Meeting /Adopted Agenda

Dr. Pressnell opened the meeting explaining this was a special called board meeting. He asked Peter Abernathy to explain the necessity to establish a quorum by electronic means.

Mr. Abernathy explained that pursuant to TCA § 8-44-108(b)(2), the board could make a determination that a necessity existed to allow for a quorum to be established electronically. The matters considered were the board's request to meet early in 2019 to establish expenditure limits for TSAA during the 2019-20 academic year and that scheduling conflicts among the board members existed to the extent that prevented a physical quorum.

Dr. Pressnell asked for a motion to approve the special board meeting / telephone quorum. Keri McInnis seconded it. A roll call was taken and the motion passed unanimously, as follows:

Claude Pressnell	Kristina Podesta
Greg Turner	Linda Martin
Cyrus Vatandoost	Tiffany Summer
Keri McInnis	Tom Hughes
John Smarrelli	Sharon Hayes
Sabrina Washington	Ashley Nabors

Executive Director Report

Mike Krause reported the Governor’s proposed budget includes a \$12.3M improvement for TSAA, which would bring the total TSAA appropriation to \$113.3M.

Decision Item

Tim Phelps reported on TSAA for the current academic year. TSAC estimates expenditures of \$84.5M with approximately 50,000 recipients. This will place \$16.5M in the TSAA reserve increasing the total reserve balance to \$17.3M at the end of the 2018-19 academic year. TSAC intentionally underspent this year to build up the reserve as discussed at the August board meeting.

Also, for the current academic year, TSAC used analysis by THEC, which considered take-up rates and a projected cost per student by looking at student demographics and FAFSA filing information to anticipate potential changes in the take up rate from year to year.

Historically, the board has approved an over award percentage (153 percent in the last 5-6 years) but given the variance in the past two years, this percentage seems arbitrary.

Therefore, the recommendation to the TSAC Board is that staff be given authority, for 2019-20 and on a continuing basis, to fully expend 100 percent of TSAA appropriation each academic year, to establish a threshold of maintaining a reserve balance of 10 percent of state appropriations, and make spring awards if total expenditures in the fall semester are below the total appropriation.

This recommendation will give staff the necessary flexibility to make awards on a weekly or monthly basis rather than setting a single over award percentage or a date.

Given the changing landscape of financial aid with new programs like TN Promise and TN Reconnect, the population of students receiving TSAA is changing and requires TSAC to be flexible. This recommendation allows staff to do that. Staff will also update the TSAC Board on at least an annual basis regarding expenditures and recipients as is currently done.

Claude Pressnell made a motion to adopt the recommendation of expending 100 percent of appropriations, to set a target reserve balance of 10 percent, and to notify the board anytime the reserve would drop to 5 percent. Keri McInnis amended the motion that in addition to the target of 10 percent reserve balance, TSAC would reconvene the board for approval of higher expenditures if TSAC

determined that such higher expenditures would take the reserve balance below 7 percent. The amendment was adopted and the motion, as amended, was approved unanimously, as follows:

Claude Pressnell	Kristina Podesta
Greg Turner	Linda Martin
Cyrus Vatandoost - aye	Tiffany Summer
Keri McInnis	Tom Hughes
John Smarrelli	Sharon Hayes
Sabrina Washington	Ashley Nabors

Mike Krause asked when to expect the next meeting of the board. Mr. Abernathy responded that the usual spring meeting fell near the end of the legislative session. Therefore, the board would likely meet in late April or May.

With no further business, the meeting was adjourned.