

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.