

Tennessee Student Assistance Corporation

Thursday September 24, 2015

DECISION ITEM C: Proposed 2016-2017 Budget Request

Staff Recommendation

(1) That the TSAC Board of Directors approve the recommended 2016-2017 funding levels as presented in the document entitled *Tennessee Student Assistance Corporation Estimated 2015-16 and Base 2016-17 Budgets*.

(2) That the TSAC Board of Directors recommend a \$28.6 million budget improvement for fiscal year 2016-17 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 October 1, 2015.

In addition to the base budget, staff recommends a budget improvement as detailed on the following page.

Also, the Department of Finance and Administration has requested that state agencies submit a 3.5 percent reduction to state appropriations for the 2016-17 fiscal year. TSAC will submit the reduction plan from administrative expenses in Division 332.05 in the amount of \$51,700. No budget reductions will be made to any of TSAC's grant programs.

Supporting Documents

Tennessee Student Assistance Corporation, Estimated 2015-16 and Base 2016-17 Budgets and TSAC Recommended Budget Improvement

**Tennessee Student Assistance Corporation
Recommended Budget Improvement
2016-17**

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. Funding for the TSAA program in Fiscal Year 2015-2016 includes state appropriations of \$67,762,500 and \$6,800,000 from lottery funds for a total of \$74,562,500. This amount reflects an increase of \$10 million awarded in the 2015-16 Governor's recommended budget and approved by the General Assembly.

Although the total available funding is projected to serve approximately 41,100 students, there remained about 118,000 eligible applicants in 2015 who were not awarded due to funding limits.

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.

TSAC's goal is to fully fund eligible student applicants over a five year period. To accomplish this, TSAC is recommending \$28.6 million, which, based on projected acceptance rates, will serve approximately 15,800 students.

Tennessee Student Assistance Corporation
Estimated 2015-16 and Base 2016-17 Budgets

		Estimated 2015-2016	Base 2016-2017
TN Student Assistance Awards 332.03	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	74,562,500	74,562,500
	Total	74,562,500	74,562,500
	State	67,762,500	67,762,500
	Lottery	6,800,000	6,800,000
FFELP 332.04	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	158,900,000	158,900,000
	Total	158,900,000	158,900,000
	Federal	150,000,000	150,000,000
	Current Services	8,900,000	8,900,000
Administration * 332.05	Salaries & Benefits	\$ 4,128,600	\$ 3,528,600
	Operational Expenditures	25,036,900	25,036,100
	Total	29,165,500	28,564,700
	State	2,076,700	1,476,300
	Federal	2,523,600	2,523,400
	Current Services	21,963,800	21,963,600
	Lottery	2,601,400	2,601,400
Academic Scholars 332.06	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	790,500	790,500
	Total	790,500	790,500
	State	411,800	411,800
	Current Services	378,700	378,700
Loan/Scholarships 332.07	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	3,416,700	3,416,700
	Total	3,416,700	3,416,700
	State	1,220,800	1,220,800
	Federal	-	-
	Non-Governmental	700,000	700,000
	Current Services	141,000	141,000
	Lottery	1,354,900	1,354,900
Lottery for Education Account 332.19	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	333,100,000	331,600,000
	Total	333,100,000	331,600,000
	Lottery	333,100,000	331,600,000
TOTAL TSAC	Salaries & Benefits	\$ 4,128,600	\$ 3,528,600
	Operational Expenditures	595,806,600	594,305,800
	Total	599,935,200	597,834,400
	State	\$ 71,471,800	\$ 70,871,400
	Federal	152,523,600	152,523,400
	Non-Governmental	700,000	700,000
	Current Services	31,383,500	31,383,300
	Lottery	343,856,300	342,356,300

* TSAC will submit a 3.5% base budget reduction to Finance & Administration. This reduction will impact only TSAC's administration.