

MISSISSIPPI POST-SECONDARY EDUCATION FINANCIAL ASSISTANCE BOARD



IHL Executive Offices, Room 218
3825 Ridgewood Road, Jackson, MS 39211

January 14, 2025, 10:30 a.m.

Zoom:

<https://itsmsgov.zoom.us/j/88049447181?pwd=JVEramELKcWEgzMIWJt3uNTjdUymfa.1>

Teleconference: 1-888-822-7517, Access code: 2791682#

Agenda

CALL TO ORDER

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September 27, 2024 Regular Board Meeting Minutes.....2

ITEMS FOR CONSIDERATION

1. Review and Approve the 2024 Annual Report of the State-Supported Student Financial Aid Programs for Submission to the Mississippi Legislature.....23
2. Discuss Changing the Definition of Full-Time for State Aid from 15 Credit Hours to 12 Credit Hours.....25
3. Revise FY26 Budget Request26

ADDITIONAL AGENDA ITEMS IF NECESSARY

EXECUTIVE SESSION

ADJOURNMENT

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BE IT REMEMBERED, that the Mississippi Postsecondary Education Financial Assistance Board held a regular meeting on Friday, September 27, 2024 at 10:00 a.m. Members of the Board participated in the meeting in person. Members of the media and public were invited to attend the meeting in Room 218 of the Education and Research Center, 3825 Ridgewood Road, Jackson, Mississippi, 39211.

The following member(s) participated:

- Ben Burnett, MAICU institutional appointee
- Barney Daly, Lt. Governor's appointee
- Jason Dean, MAICU association appointee
- Mark Keenum, IHL institutional appointee
- Dewayne Middleton, MCCB institutional appointee
- Sue Stedman, Governor's appointee
- Jim Turcotte, Governor's appointee and Chairman
- Dianne Watson, MCCB Board appointee

The following member(s) did not participate:

- Steven Cunningham, IHL Board appointee

Also in attendance in person were:

- Jennifer Rogers, Director of Student Financial Aid and Postsecondary Board Director
- Meg Harris, Assistant Director of Operations, Student Financial Aid
- Shirley Mitchell, Program Administrator, Student Financial Aid
- Adele Russell, Student Service Representative, Student Financial Aid
- Frances West, Program Administrator, Student Financial Aid
- George Martinez, Southeastern Baptist College
- Laura Hipp Mayer, IHL
- John Sewell, IHL
- Natasa Novicevic, University of Mississippi (remote)

The meeting was called to order at 10:02 a.m. by Chairman Turcotte.

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On motion by Ben Burnett and seconded by Barney Daly, all Board Members legally present and participating voted unanimously to approve the minutes of the board meeting held on June 28, 2024, as originally drafted.

ITEMS FOR CONSIDERATION

Item 1: Jennifer Rogers asked the Board to consider naming Southeastern Baptist College as an eligible institution to participate in the state-supported student financial aid programs. On motion by Ben Burnett and seconded by Jason Dean, all Board Members legally present and participating voted unanimously to approve the Southeastern Baptist College as an eligible institution.

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1. Consider Naming Southeastern Baptist College an Eligible Institution

Summary:

On July 15, 2024, Southeastern Baptist College submitted a letter requesting to be considered an eligible institution for participation in the state's student financial aid programs.

The letter is included as Exhibit 1 on page 34.

APA Part 605 General Administration Rules and Regulations Section II, D, 10 defines Eligible Institutions as follows:

All state financial aid programs require recipients to attend an eligible institution. Some state financial aid programs are not available to students at all "eligible" institutions. An eligible institution for state aid purposes is an institution of higher learning, public or private, located in Mississippi, which is accredited by the Southern Association of Colleges and Secondary Schools, or its equivalent, or a business, vocational, technical or other specialized school recognized and approved by the Board. In keeping with the Legislative intent established in Miss. Code Ann. § 37-101-241, the Board hereby approves any community, junior, or senior college or university with the main campus in Mississippi that was chartered, authorized, or approved by the Mississippi Commission on College Accreditation prior to July 1, 1988.

Southeastern Baptist College is a private, not-for-profit, institution located in Laurel, Mississippi and fully accredited with national accreditation by the Association for Biblical Higher Education (ABHE) since 1988. The college was chartered in 1948 and was first authorized by the Mississippi Commission on College Accreditation in 1963. Southeastern Baptist College is also approved to participate in the National Council for State Authorization Reciprocity Agreements (NC-SARA). The college graduated 12 students in 2021-2022

Request:

SFA requests approval of the following updates to APA Part 605: General Administration Rules and Regulations to include Southeastern Baptist College as an eligible institution.

Title 10: Education Institutions and Agencies
Part 605: General Administration Rules and Regulations

II. DETERMINING ELIGIBILITY

D. Special Issues Related to Determining Eligibility

10. Eligible Institutions - All state financial aid programs require recipients to attend an eligible institution. Some state financial aid programs are not available to students at all "eligible" institutions. An eligible institution for state aid purposes is an institution of higher learning, public or private, located in Mississippi, which is accredited by the Southern Association of Colleges and Secondary Schools, or its equivalent, or a business, vocational, technical or other specialized school recognized and approved by the Board. In keeping with the Legislative intent established in Miss. Code Ann. § 37-101-241, the Board hereby approves any community, junior, or senior college or university with the main campus in Mississippi that was chartered, authorized, or approved by the Mississippi Commission on College Accreditation prior to July 1, 1988. Eligible institutions for the SREB Regional Contract Program are not in Mississippi.

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a) Eligible In-State Institutions:

Alcorn State University
Delta State University
Jackson State University
Mississippi State University
Mississippi University for Women
Mississippi Valley State University
University of Mississippi
University of Mississippi Medical Center
University of Southern Mississippi
Coahoma Community College
Copiah-Lincoln Community College
East Central Community College
East Mississippi Community College
Hinds Community College
Holmes Community College
Itawamba Community College
Jones County Junior College
Meridian Community College
Mississippi Delta Community College
Mississippi Gulf Coast Community College
Northeast Mississippi Community College
Northwest Mississippi Community College
Pearl River Community College
Southwest Mississippi Community College
Belhaven University
Blue Mountain Christian University
Millsaps College
Mississippi College
Rust College
<u>Southeastern Baptist College</u>
Tougaloo College
William Carey University

b) Eligible Out-of-State Institutions (for certain programs)

Southern College of Optometry (TN)
University of Alabama Birmingham (AL)

Recommendation:

Board staff recommends approval of this item, contingent upon completion of the Administrative Procedures Act process.

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Exhibit 1



July 15, 2024

Jennifer Rogers
Director of Student Financial Aid
3825 Ridgewood Road
Jackson, MS 39211

Dear Ms. Rogers,

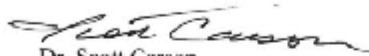
Southeastern Baptist College in Laurel, Mississippi, is a private 501(c)3 school serving students, primarily from Mississippi, for over 75 years. Though we participate in Title IV funding; the school is supported primarily by private donors whose goal is to continue the education and ministry of our students.

Southeastern Baptist College (SBC) is nationally accredited by the Association for Biblical Higher Education (ABHE); members of the National Council for State Reciprocity Agreements (NC-SARA); the Mississippi Commission on College Accreditation (MCCA); as well as the Council for Higher Education Accreditation (CHEA). Our college reports three times yearly to the Integrated Postsecondary Education Data System (IPEDS), a collection of interrelated surveys required by the National Center for Education Statistics (www.nces.ed.gov/ipeds). As you see, we report to the same entities as many other colleges and universities across the United States.

Southeastern Baptist College works with students transferring in from other colleges and universities by accepting comparable credits to apply toward their degrees. Likewise, we have obtained Memorandums of Understandings from many of our state colleges and universities stating they will accept from SBC students' comparable credits to transfer toward a degree. The Mississippi Tuition Assistance Grant (MTAG), Mississippi Eminent Scholars Grant (MESG), and the Higher Education Legislative Plan (HELP) are financial grants set aside for and to help students who live in Mississippi. Students from Mississippi are whom we primarily serve, and these students would benefit by being allowed to participate in these financial aid programs. Our administration is interested in fulfilling all requirements to participate in the MTAG, MESG, and HELP programs. Southeastern Baptist College is requesting to be added to the list of participating colleges so that our students could benefit from the support these programs offer.

Thank you for your consideration in this matter. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,


Dr. Scott Carson
President

4229 Highway 15 North, Laurel, Mississippi 39440

Phone: 601.426.6346

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Item 2: Jennifer Rogers presented information on HELP Grant applications and award trends.

2023-24 HELP awards were down considerably from 2022-23 and from projections. This is difficult to explain because applications by the deadline were up by 404. The number of applicants meeting all academic requirements was up by 252. The number of applicants meeting the EFC eligibility as Pell-eligible was up by 198. The number of applicants meeting the AGI threshold was down by 76, and the number of first-year recipients was down by 133. SFA believes this is due to fewer applicants meeting the AGI threshold and enrolling full-time. The decline in first-year recipients doesn't explain the overall decline in awards. 2023-24 HELP awards were down by 367 recipients. The raw numbers of recipients in all other classifications were down as well, even though year over year retention rates were stable. It is important to note that the loss of students in the HELP Grant program does not mean these students are no longer enrolled. It only means they no longer meet all the requirements to receive HELP. Unfortunately, the findings are not very helpful for projecting and budgeting, because it is difficult to know in advance what students are going to do, since the enrollment and retention rates don't vary much from year to year.

The Board did not take any action.

2. Presentation on HELP Grant Applications and Award Trends

Summary:

During the June 28, 2024, meeting of the Postsecondary Board, Dr. Rogers shared with the Board that HELP awards were down considerably during the 2023-2024 aid year. She committed to researching the situation and reporting back to the Board.

Request:

This agenda item is for information only. No action is requested of the Board.

Item 3.A.: Jennifer Rogers asked the Board if there is any interest in moving the application deadlines for the HELP Grant from March 31 (MAAPP deadline) and April 30 (FAFSA and supporting document deadline) to April 30 (MAAPP deadline) and May 31 (FAFSA and supporting document deadline).

The Board did not take any action but asked Rogers to try to collect more data regarding the potential increase in applications. Rogers also committed to speaking with high school counselors and other stakeholders about whether a later deadline would benefit students and counselors or discourage timely college planning.

3.A Discussion: Extend HELP Grant Application Deadlines

Summary:

Whereas the application deadlines for MTAG and MESG are established in law, the application deadlines for the HELP Grant are not. Instead, the HELP deadlines are established in the Rules and Regulations. MTAG and MESG both have a MAAPP deadline of September 15 and a document deadline of October 15. The HELP deadlines are six months earlier with a MAAPP deadline of March 31 and document deadline of April 30. Ideally, all undergraduate grant deadlines would be the same. However, the MTAG and MESG deadlines cannot be changed, and pushing the HELP deadline back six months could have the unintended impact of decreasing

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students' sense of urgency to complete their aid applications and make college-going plans in a timely manner. Nevertheless, access could be expanded by extending the HELP deadlines by one or two months. SFA has not completed an evaluation of the previous three years to determine the impact such a change would have on the number of recipients or the cost of the program.

Request:

This agenda item is for discussion only. SFA requests guidance from the Board regarding the continuation of this discussion and the need for additional data.

Item 3.B.: Jennifer Rogers presented a request to seek legislation during the 2025 Legislative Session to amend the HELP Grant code section to: (1) remove the curriculum requirement; (2) utilize the family size derived from the FAFSA; and (3) remove outdated language from the code. The Board opted to vote separately on each aspect of the request.

- (1) On motion by Ben Burnett, seconded by Barney Daly, all Board Members legally present and participating voted unanimously to approve the request to eliminate the curriculum requirement.
- (2) On motion by Barney Daly, seconded by Jason Dean, all Board Members legally present and participating voted unanimously to approve the request to utilize the family size derived from the FAFSA.
- (3) On motion by Ben Burnett, seconded by Dewayne Middleton, all Board Members legally present and participating voted unanimously to approve the request to remove the outdated language from the code.

3.B. Legislative Request: Amend Miss. Code Section §37-106-75 HELP Grant to Remove Curriculum Requirement; Utilize the Family Size Derived from the FAFSA; and Remove Outdated Language

Purpose:

SFA seeks approval from the Board to request legislation to amend the HELP code to remove the HELP core curriculum requirement, utilize the family size derived from the FAFSA, and remove outdated language.

Reason for Request:

1. Remove the HELP Core Curriculum requirement that appears in Section 1(3)(c).

The HELP Grant requires students to complete a high school curriculum that is equal to the IHL Required College Prep Curriculum. Students must also have a minimum score of 20 on the ACT and a 2.5 or higher high school GPA. The IHL Required CPC is a requirement for graduation at most public and private high schools. It is also required for admission to all IHL institutions. Therefore, the curriculum requirement does not serve as a meaningful indicator of merit to separate students who are "college-ready" and therefore worthy of receiving the HELP Grant from those who are not.

Under the current rules, a high school counselor must certify completion of the HELP Core Curriculum for each HELP Grant applicant. The student information systems used by the schools do not have the capacity to evaluate a student's transcript and determine whether the curriculum meets the requirements or not. Therefore, the high school counselors must complete the transcript review and curriculum certification process for each student individually and manually. This places a heavy administrative burden on counselors, many of whom are already serving far more students than is recommended and have many other

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responsibilities beyond college advising. For homeschooled students, the SFA staff must manually review each student’s transcript.

SFA evaluated the last three aid years to determine the impact this change would have on the total number of recipients and the cost of the program. Only 2.5% of all HELP applicants failed to qualify due to the curriculum requirement. In addition, about 43% of applicants who were denied HELP due to failure to meet the HELP Core Curriculum requirement did so because their counselor never reported their certification.

	2021-2022	2022-2023	2023-2024
Recipients	4,249	4,505	4,138
Amount Received	\$27,686,733	\$30,172,816	\$29,190,736
Ineligible due to Core	114 (2.6%)	113 (2.4%)	110 (2.6%)
Amount not Received	\$735,186	\$751,337	\$774,950
Did Not Complete Core	66 (57.9%)	64 (56.6%)	62 (56.4%)
Core Not Reported	48 (42.1%)	49 (43.4%)	48 (43.6%)

2. Change the language in Section 1(7) to utilize the family size derived from the FAFSA.

Currently, the HELP law defines financial need as having an adjusted gross income below a given threshold, but the income can be higher if the family has more children. The income is derived from the FAFSA, but the family size is defined by the number of children under 21, which is not the same definition for determining the family size that appears on the FAFSA. Therefore, SFA must ask each applicant to complete a Household Size Verification Worksheet as part of the application and we must derive the family size from that form and our own calculations. SFA often discovers discrepancies between what is submitted on the FAFSA and what is submitted on the form. When discrepancies occur, the student is required to submit additional documentation to resolve the discrepancy. This causes delays in the awarding process and places an additional application burden on the student. SFA also experiences a heightened administrative burden. SFA proposes to change the language in Section 1(7) of the HELP code to require an income below \$39,500 for a family size of three as reported on the FAFSA and add \$5,000 for each additional family member.

SFA evaluated the last three aid years to determine the impact this change would make on the total number of recipients and the cost of the program. Some students would have lost eligibility, but others would have gained eligibility. The net impact would have been as follows:

	2021-2022	2022-2023	2023-2024
Additional Recipients	69	7	81
Additional Amount	\$335,319	\$(18,755)	\$504,998

3. Remove outdated language in Section 1(4) and (6)(c).

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The ability to award the grant to an applicant who fails to meet the requirements by an amount of 10% or less has never been utilized and should be removed. There is no need for the language to establish a waiver of the curriculum requirement through the 1996-1997 academic year.

Suggested Legislation:

AN ACT TO AMEND SECTION 37-106-75, MISSISSIPPI CODE OF 1972, TO REVISE THE AWARD CRITERIA OF THE HIGHER EDUCATION LEGISLATIVE PLAN GRANT PROGRAM; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 37-106-75, Mississippi Code of 1972, is amended as follows:

37-106-75. Higher Education Legislative Plan Grant Program.

(1) The Legislature hereby establishes the Higher Education Legislative Plan Grant Program.

(2) For purposes of this section:

(a) "Institution of higher education" shall mean any state institution of higher learning or public community or junior college, or any regionally accredited, state-approved, nonprofit two-year or four-year college or university located in the State of Mississippi approved by the board.

(b) "Tuition" shall mean the semester or trimester or term charges and all required fees imposed by an institution of higher education as a condition of enrollment by all students. However, for a two-year nonpublic institution of higher education defined in paragraph (a), the tuition payments shall not exceed the average charges and fees required by all of the two-year public institutions of higher education defined in paragraph (a), and for a four-year nonpublic institution of higher education defined in paragraph (a), the tuition payments shall not exceed the average charges and fees required by all of the four-year public institutions of higher education defined in paragraph (a).

(3) Subject to the availability of funds, the state may pay the tuition of students who enroll at any state institution of higher education to pursue an academic undergraduate degree who apply for the assistance under the program and who meet all of the following qualifications:

(a) Resident of the State of Mississippi. Resident status for the purpose of receiving assistance under this chapter shall be determined in the same manner as resident status for tuition purposes in Sections 37-103-1 through 37-103-29, with the exception of Section 37-103-17;

(b) Graduate from high school within the two (2) years preceding the application with a minimum cumulative grade point average of 2.5 calculated on a 4.0 scale;

~~(c) Successfully complete, as certified by the high school counselor or other school official, high school course work which includes the College Preparatory Curriculum (CPC) approved by the Board of Trustees of State Institutions of Higher Learning and required for admission into a state university;~~

(d) Have a composite score on the American College Test of at least twenty (20) on the 1989 version or an equivalent concordant value on an enhanced version of such test;

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- (e) Have no criminal record, except for misdemeanor traffic violations; and
 - (f) Be in financial need.
- (4) ~~Subject to the availability of funds, t~~The state ~~may shall pay the tuition of~~make awards to students who enroll at any state institution of higher education to pursue an academic undergraduate degree or associate degree who apply for assistance under the program and who meet the qualifications in ~~paragraphs (a), (e) and (f) of subsection (3) but who fail to meet one (1) of the particular requirements established by paragraph (b), (c) or (d) of subsection (3) by an amount of ten percent (10%) or less.~~
- (5) To maintain continued state payment of tuition, once enrolled in an institution of higher education, a student shall meet all of the following requirements:
- (a) Make steady academic progress toward a degree, earning not less than the minimum number of hours of credit required for full-time standing in each academic period requiring such enrollment;
 - (b) Maintain continuous enrollment for not less than two (2) semesters or three (3) quarters in each successive academic year, unless granted an exception for cause by the board;
 - (c) Have a cumulative grade point average of at least 2.5 calculated on a 4.0 scale at the end of the first academic year and thereafter maintain such a cumulative grade point average as evaluated at the end of each academic year;
 - (d) Have no criminal record, except for misdemeanor traffic violations; and
 - (e) Be in financial need.
- (6) The provisions of this section shall be administered by the board. The board may promulgate rules for all matters necessary for the implementation of this section. By rule, the board shall provide for:
- (a) A mechanism for informing all students of the availability of the assistance provided under this section early enough in their schooling that a salutary motivational effect is possible;
 - (b) Applications, forms, financial audit procedures, eligibility and other program audit procedures and other matters related to efficient operation;
 - ~~(c) A procedure for waiver through the 1996-1997 academic year of the program eligibility requirement for successful completion of a specified core curriculum upon proper documentation by the applicant that failure to comply with the requirement is due solely to the fact that the required course or courses were not available to the applicant at the school attended.~~
- (7) An applicant shall be found to be in financial need if:
- (a) The family ~~has one (1) child under the age of twenty one (21), and the size is three (3) or less~~ and the annual adjusted gross income of the family is less than or equal to Forty-two Thousand Five Hundred Dollars (\$42,500.00); or
 - (b) The family has an annual adjusted gross income of less than or equal to Forty-two Thousand Five Hundred Dollars (\$42,500.00) plus Five Thousand Dollars (\$5,000.00) for each additional family member ~~child under the age of twenty one (21)~~. The annual adjusted gross income of the

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family and the family size/number in family shall be verified by completion of the Free Application for Federal Student Aid (FAFSA) and the completion of the verification process if the applicant is selected for it.

~~As used in this subsection, the term “family” for an unemancipated applicant means the applicant, the applicant’s parents and other children under age twenty one (21) of the applicant’s parents. The term “family” for an emancipated applicant means the applicant, an applicant’s spouse, and any children under age twenty one (21) of the applicant and spouse.~~

(8) No student shall receive a grant under this section in an amount greater than the tuition charged by the school. The student must ~~apply be deemed eligible~~ for a federal Pell grant prior to receiving state funds.

Fiscal Note:

The combination of the proposed changes could result in an increase in the cost of making awards, ranging from an estimated \$750,000 to \$1,500,000, because more students will be able to complete the application process and meet the income threshold. However, HELP recipients graduate at higher rates and in less time than similar students who do not receive HELP, so the changes will pay for themselves in increased educational attainment. The proposed changes will also result in a reduction of administrative costs at the school level and within SFA.

Recommendation:

Board staff recommends approval.

Item 3.C.: Jennifer Rogers presented a request to seek legislation during the 2025 Legislative Session to adopt the State Aid Redesign Task Force proposal to amend MTAG to increase award amounts and expand access. Rogers shared a PowerPoint presentation developed by a working group of the State Aid Redesign Task Force. On motion by Mark Keenum, seconded by Ben Burnett, all Board Members legally present and participating voted unanimously to approve the request to seek legislation to amend MTAG as proposed by the State Aid Redesign Task Force.

3.C. Legislative Request: Adopt State Aid Redesign Task Force Proposal to Amend MTAG to Increase Award Amounts and Expand Access

Purpose:

SFA seeks approval from the Board to request legislation to amend the MTAG code section to increase award amounts for some recipients and expand access to approximately 38,000 students.

Reason for Request:

Mississippi does not have enough skilled or educated workers for today’s jobs or the jobs of the future, but Mississippi has an educational attainment goal—Ascent to 55%--to increase the percentage of working age adults with a credential of value beyond high school. Mississippi cannot meet the goal without educating, training, or upskilling adults and part-time students as well as traditional high school graduates. Lack of affordability is the primary reason why students stop-out or never pursue education after high school. To meet the goal, Mississippi must make postsecondary education more affordable. Need-based financial aid is the most effective and efficient type of financial aid.

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The State Aid Redesign Task Force was first convened in 2022 by the Woodward Hines Education Foundation with the singular goal of proposing a redesign of the state's student financial aid programs to align state aid with the state's college attainment goal, Ascent to 55%.

The Mississippi Resident Tuition Assistance Grant (MTAG) was created nearly 30 years ago in 1995, and it has served this state well, with nearly $\frac{3}{4}$ of a million Mississippians benefitting over the years. Over that time, tuition has more than tripled and the other costs of housing, food, and books have increased by more than five times due to inflation and other pressures. MTAG has not changed at all. The award amount remains the same as it was in 1995, and the state's neediest students remain excluded.

1. Remove the Pell Exclusion - MTAG currently excludes all Mississippians who qualify for a maximum Federal Pell grant. These are our neediest students. Pell no longer covers full tuition at any of our four-year schools, and while Pell does cover tuition at a community college, it doesn't cover housing, meals, books, and all the other costs associated with going to college. Even students who are already receiving federal assistance still have big gaps in affordability. The proposed change would remove the Pell exclusion from MTAG and open MTAG up to tens of thousands of students who have always been excluded.
2. Allow Part-time Enrollment - MTAG currently requires full-time enrollment, which is defined by the state as not just 12 hours a term but 15 credit hours a term. The proposed change would allow students to receive partial MTAG awards for part-time enrollment (minimum of 6 hours/semester).
3. Remove Initial Academic Requirements - MTAG currently requires high school graduation, a high school GPA and an ACT requirement. The proposed change would eliminate the initial academic eligibility requirements. If a student has been admitted to a postsecondary program, he or she would be eligible initially. Students would still need to meet maintenance academic criteria of a 2.5 GPA to continue to receive an award.
4. Expand Access to Adult Learners - The combined impact of the current academic eligibility requirements of high school graduation, high school GPA, and the ACT score, combined with full-time enrollment is that 98% of current MTAG recipients are traditional age college students. Eliminating the initial academic requirements and allowing part-time enrollment will expand access to thousands of adults and working age Mississippians who want to go back to school to earn a new credential to upskill or start a new career.
5. Increase Award Amounts - MTAG currently awards \$500/year to freshmen and sophomores and \$1,000/year to juniors and seniors. The proposal would create a scaled award system. The lowest income students with incomes at or less than 50% of median family income (about \$45,000/year for a family of 4) would see their MTAG awards doubled - \$1,000/year for freshmen and sophomores and \$2,000/year for juniors and seniors. Students with incomes between 51 and 100% of median family income (between \$45K and \$90K) would receive slightly smaller awards, but still more than the current award amount- \$750 for freshmen and sophomores and \$1,500 for juniors and seniors. Students making over 100% of median family income would continue to receive MTAG at the current award amounts.
6. Require the FAFSA - The FAFSA would be required as part of the application process to determine award amounts. Currently, students can opt out of the FAFSA by submitting a waiver.

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No one that is currently receiving MTAG would lose eligibility or receive less aid under the proposal. MESHG and the HELP Grant would not change.

Currently, about 18,000 students receive MTAG each year. With the changes, an estimated 38,000 additional students who are not currently receiving aid would receive MTAG for a total of 56,000 recipients annually thereby tripling the size of the program.

Of the 38,000 new aid recipients, about 98% are currently enrolled and 2% would be new students not currently enrolled in higher education.

In addition to new enrollees, graduation rates are anticipated to increase by 2.5%, resulting in an additional 4,700 graduates per impacted cohort and progress toward the state's attainment goal.

Every institution would receive more state grant aid on behalf of students. The estimated breakdown of additional funding by institution is provided under separate cover.

Fiscal Note:

The proposed changes would require an estimated \$31.5 million investment per year but would ultimately yield an estimated \$63 million per year (2:1) return on investment through increased taxes and decreased demand for social services. The 2:1 return is a modest estimation. California experienced a 3:1 return for a similar financial aid investment.

The initial budgetary increase would need to begin in Fiscal Year 2027.

Suggested Legislation:

AN ACT TO AMEND SECTION 37-106-29, MISSISSIPPI CODE OF 1972, TO REVISE THE CRITERIA OF THE MISSISSIPPI RESIDENT TUITION ASSISTANCE GRANT PROGRAM; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 37-106-75, Mississippi Code of 1972, is amended as follows:

§ 37-106-29. Mississippi Resident Tuition Assistance Grant Program for college or university undergraduate students.

(1) There is established the Mississippi Resident Tuition Assistance Grant Program for college or university freshmen, sophomores, juniors and seniors to be administered by the Mississippi Postsecondary Education Financial Assistance Board established under Section 37-106-9, Mississippi Code of 1972, which shall set the dates and deadlines for applying for an award under this section. The board shall establish such rules and regulations as it deems necessary and proper to carry out the purposes and intent of this section.

(2) To receive an MTAG award, a student must meet the following qualifications:

(a) Be a resident of the State of Mississippi. Resident status for the purpose of receiving assistance under this chapter shall be determined in the same manner as resident status for tuition purposes in Sections 37-103-1 through 37-103-29, with the exception of Section 37-103-17.

(b) Complete the Free Application for Federal Student Aid (FAFSA) every year for which the student wishes to be considered for aid by the deadline established by the Board.

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(c) Complete the Mississippi Aid Application (MAAPP) every year for which the student wished to be considered for aid by the deadline established by the Board.

(b)d) Acceptance for enrollment at any state institution of higher learning or public community or junior college located in Mississippi, or any regionally accredited, state-approved, nonprofit two-year or four-year college or university located in Mississippi and approved by the board.

~~(23) The board shall approve Mississippi Resident Tuition Assistance Grants to full-time freshmen, sophomore, junior and senior Mississippi residents who enroll at least half-time at any state institution of higher learning in Mississippi or four-year regionally accredited, state-approved, nonprofit college or university in Mississippi ~~meet the general requirements for student eligibility as provided in subsection (4) of this section.~~~~

~~(34) Mississippi Resident Tuition Assistance Grants shall be for Mississippi resident students from any Mississippi family whose prior year adjusted gross income (AGI) exceeds the maximum allowed to qualify for full Pell Grant eligibility and campus-based federal aid. Those Mississippi students qualifying for less than the full Pell Grant award shall receive a Mississippi Resident Tuition Assistance Grant in an amount not to exceed the maximum Pell Grant allowable for that individual student. The award shall be applied to tuition, rooms and meals, books, materials and fees not to exceed the student's total Cost of Attendance. Awards will be scaled based on the Adjusted Gross Income as determined by completion of the Free Application for Federal Student Aid (FAFSA).~~

(a) For students from families making at or above 100% of the median family income for a family of four in Mississippi, the award will not exceed One Thousand Dollars (\$1,000.00) for junior and senior students attending state institutions of higher learning in Mississippi or public community or junior colleges in Mississippi, or four-year regionally accredited, state-approved, nonprofit colleges and universities in Mississippi, and Five Hundred Dollars (\$500.00) for freshmen and sophomores attending state institutions of higher learning or public community or junior colleges in Mississippi, or regionally accredited, state-approved, nonprofit two-year or four-year colleges in Mississippi, which will be prorated per term, semester or quarter of the academic year for costs of attendance, ~~calculated according to the formula specified in subsection (8) of this section.~~

(b) For students from families making between 51 and 99% of the median family income for a family of four in Mississippi, the award will not exceed One Thousand Five Hundred Dollars (\$1,500.00) for junior and senior students attending state institutions of higher learning in Mississippi or public community or junior colleges in Mississippi or four-year regionally accredited, state-approved, nonprofit colleges and universities in Mississippi, and Seven Hundred Fifty Dollars (\$750.00) for freshmen and sophomores attending state institutions of higher learning or public community or junior colleges in Mississippi, or regionally accredited, state-approved, nonprofit two-year or four-year colleges in Mississippi, which will be prorated per term, semester or quarter of the academic year for costs of attendance.

(c) For students from families making at or below 50% of the median family income for a family of four in Mississippi, the award will not exceed Two Thousand Dollars (\$2,000.00) for junior and senior students attending state institutions of higher learning in Mississippi or public community or junior colleges in Mississippi or four-year regionally accredited, state-approved, nonprofit colleges and universities in Mississippi, and One Thousand Dollars (\$1,000.00) for freshmen and sophomores attending state institutions of higher learning or public community or junior colleges in Mississippi, or regionally accredited, state-approved,

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nonprofit two-year or four-year colleges in Mississippi, which will be prorated per term, semester or quarter of the academic year for costs of attendance.

(65) Eligibility for renewal of Mississippi Resident Tuition Assistance Grants shall be evaluated at the end of each semester, or term, of each academic year. As a condition for renewal, a student shall:

(a) Make steady academic progress toward a certificate or degree, as outlined in the school Satisfactory Academic Progress Standards and certified by the institution's registrar.

(cb) Have a cumulative grade point average of at least 2.50 calculated on a 4.0 scale at the end of each semester or trimester or term.

(46) No student may receive a Mississippi Resident Tuition Assistance Grant for more than the equivalent semesters or quarters required to complete one (1) baccalaureate degree or one (1) certificate or associate degree program per institution.

~~(4) The general requirements for initial eligibility of students for Mississippi Resident Tuition Assistance Grants consist of the following:~~

~~(a) Member of a Mississippi family whose prior year adjusted gross income (AGI) exceeds the maximum allowed to qualify for Pell Grant eligibility and campus-based federal aid.~~

~~(b) Acceptance for enrollment at any state institution of higher learning or public community or junior college located in Mississippi, or any regionally accredited, state-approved, nonprofit two-year or four-year college or university located in Mississippi and approved by the board.~~

~~(c) Completion of a secondary education as follows:~~

~~(i) Graduation from high school verified by the institution before disbursement of award with a minimum grade point average of 2.5 calculated on a 4.0 scale after seven (7) semesters as certified by the high school counselor or other authorized school official on the application; or~~

~~(ii) Attendance at a home education program during grade levels 9 through 12; or~~

~~(iii) Satisfactory completion of the High School Equivalency Diploma; or~~

~~(iv) Successful completion of the International Baccalaureate Program.~~

~~(d) A minimum score of fifteen (15) on the ACT test except that any student entering a vocational or technical program of study, or who has satisfactorily completed the High School Equivalency Diploma Test and attends a community or junior college will not be required to have a test score under the ACT unless a student enrolls in courses of academic study.~~

~~(e) Any student currently enrolled in any qualified institution shall have to only meet the same requirements as students who are applying for a renewal award.~~

(57) By accepting a Mississippi Resident Tuition Assistance Grant, the student is attesting to the accuracy, completeness and correctness of information provided to demonstrate the student's eligibility. Falsification of such information shall result in the denial of any pending grant and revocation of any award currently held to the extent that no further payments shall be made. Any student knowingly making false statements in order to receive a grant shall be guilty of a

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misdemeanor punishable, upon conviction thereof, by a fine of up to Ten Thousand Dollars (\$10,000.00), a prison sentence of up to one (1) year in the county jail, or both, and shall be required to return all Mississippi Resident Tuition Assistance Grants wrongfully obtained.

~~(6) Eligibility for renewal of Mississippi Resident Tuition Assistance Grants shall be evaluated at the end of each semester, or term, of each academic year. As a condition for renewal, a student shall:~~

~~(a) Make steady academic progress toward a certificate or degree, as outlined in the school Satisfactory Academic Progress Standards and certified by the institution's registrar.~~

~~(b) Maintain continuous enrollment for not less than two (2) semesters or three (3) quarters in each successive academic year, unless granted an exception for cause by the administering board; examples of cause may include student participation in a cooperative program, internship program or foreign study program. If a student fails to maintain continuous enrollment, and is not granted an exception for cause by the administering board, the student is ineligible to receive the Mississippi Resident Tuition Assistance Grant during the following semester or trimester or term of the regular academic year.~~

~~(c) Have a cumulative grade point average of at least 2.50 calculated on a 4.0 scale at the end of each semester or trimester or term.~~

~~(7) Each student, each year, must complete a Free Application for Federal Student Aid form or a Statement of Certification as designed by the administering board to determine his/her eligibility for a Mississippi Resident Tuition Assistance Grant.~~

~~(8)~~

~~(a) The amount of the Mississippi Resident Tuition Assistance Grant awarded to any one (1) student, up to the maximum amount provided in subsection (3) of this section, shall be the difference of the student's cost of attendance at his accredited college of choice and the amount of federal aid such student may receive, not to supplant but to supplement the amount of any federal aid awarded to the student. Cost of attendance is the tuition and fees of the applicable institution plus an allowance for room and meals and books and materials.~~

~~(b) Payment of the Mississippi Resident Tuition Assistance Grant shall be made payable to the recipient and the educational institution and mailed directly to the institution, to be applied first to tuition.~~

(9) In order for an institution to remain eligible for its students to participate in the Mississippi Resident Tuition Assistance Grant Program, the institution shall comply with the following requirements:

(a) A complete and accurate roster of the eligibility status of each awarded student shall be made to the board for each term, semester or quarter of the academic year the student receives a Mississippi Resident Tuition Assistance Grant.

(b) The institution is required to make refunds to the Mississippi Resident Tuition Assistance Grant Fund for any funds which have not been disbursed to the recipient, in the case of students who have received a grant but who terminate enrollment during the academic term, semester or quarter of the academic year if an institution's refund policies permit a student to receive a refund in such instance. The recipient shall be responsible for the refund of any funds which have been disbursed by the institution in such instance.

~~(c) If a student drops below full-time status but does not terminate all enrollment during the term, semester or quarter of the academic year no refund will be required for that term.~~

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~~However, that student is ineligible to receive the Mississippi Resident Tuition Assistance Grant during the following term, semester or quarter of the regular academic year.~~

(d) The board may conduct its own annual audits of any institution participating in the Mississippi Resident Tuition Assistance Grant Program. The board may suspend or revoke an institution's eligibility to receive future monies under the program if it finds that the institution has not complied with the provisions of this section. In determining a student's initial eligibility, the number of prior semesters enrolled will not be counted against the student.

~~(10) No student may receive a Mississippi Resident Tuition Assistance Grant for more than the equivalent semesters or quarters required to complete one (1) baccalaureate degree or one (1) certificate or associate degree program per institution.~~

~~(11)~~ No student receiving a Mississippi Eminent Scholars Grant as provided in Section 37-106-31 shall be eligible to receive the Mississippi Resident Tuition Assistance Grant pursuant to this section unless he is eligible for such award after the Mississippi Eminent Scholars Grant has been considered by the board when conducting an assessment of the financial resources available to the student. In no case shall any student receive any combination of student financial aid that would exceed the cost of attendance, ~~as defined in subsection (8)(a).~~

~~(11)~~ For purposes of this section, certificated shall mean, but not be limited to, all postsecondary vocational programs in eligible institutions approved by the board.

Recommendation:

Board staff recommends approval.

Item 3.D.: Jennifer Rogers presented a request to seek legislation during the 2025 Legislative Session to adopt the State Aid Redesign Task Force proposal to repeal the remaining forgivable loan programs or give the Board the authority to convert the programs to loan repayment programs. On motion by Barney Daly, seconded by Dewayne Middleton, all Board Members legally present and participating voted unanimously to approve the request to seek legislation to repeal all remaining forgivable loan programs, except the Critical Needs Dyslexia Therapy Forgivable Loan (CNDT). Recognizing the current need for dyslexia therapists in schools, the Board directed Rogers to work with the Lt. Governor's office and legislators to identify ways to possibly convert CNDT to a loan repayment program.

3.D. Legislative Request: Repeal Remaining Forgivable Loan Programs or Convert to Loan Repayment Programs

Purpose:

SFA requests approval from the Board to seek legislation to amend the section of code that authorizes the operation of forgivable loans and to repeal the following active forgivable loan programs: State Medical Education Forgivable Loan, State Dental Education Forgivable Loan, Graduate and Professional Forgivable Loan, Health Care Professions Forgivable Loan, Family Protection Specialist Social Worker Forgivable Loan, Critical Needs Dyslexia Therapy Forgivable Loan, and Speech-Language Pathologist Forgivable Loan,

Reason for Request:

SFA has worked diligently for years to move away from the administration and servicing of loans. About 10 years ago, SFA administered more than 25 loan programs. The Office now administers just 3. The Critical Needs Teacher and Alternate Route Teacher Forgivable Loans, William Winter

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Teacher and Alternate Route Teacher Forgivable Loans, and all Nursing Education Forgivable Loans have all been completely repealed in the code.

Forgivable loans are costly to administer, ineffective in driving students into specific majors or sectors of the workforce, and often carry high borrower default rates. Default is costly to both the state and the borrower. Loans with the State of Mississippi cannot be discharged for any reason other than death or permanent and total disability, so forgivable loans dating as far back as the late 1970s remain open and collectible on the books.

SFA supports the administration of grants, scholarships, or loan repayment programs instead of loans.

Suggested Legislation:

1. Section § 37-106-47 authorizes the Board to create and operate new forgivable loan programs similar to existing programs. The full section does not need to be repealed, because the section also authorizes the Board to administer existing programs and promulgate rules, which the Board should retain as long as any similar programs exist. Amending subsection (2) would allow the Board to convert the SREB Regional Contract Forgivable Loan Program to a loan repayment program if the board chooses and if annual funding continues for the program.

§ 37-106-47. Authorization to operate forgivable loan programs.

~~(1)(a) The board is authorized and empowered to operate the following forgivable loan programs of like character, operation and purpose to the foregoing enumerated programs to encourage the participation of eligible worthy persons in courses of instruction in its institutions: Graduate Teacher Forgivable Loan, Counselor and School Administrator Forgivable Loan, Southern Regional Education Board Doctoral Scholars Forgivable Loan, and Veterinary Medicine Minority Forgivable Loan.~~

~~(b) In addition to the authority granted to the board in paragraph (a) of this subsection, ¶~~The board is authorized and empowered to promulgate rules and regulations for the Southern Regional Education Board Contract ~~Forgivable Loan~~ Program, created through the regional education compact, as set forth in Section 37-135-1.

(2) In furtherance of such power and authority, the board is authorized to adopt and implement rules and regulations declaring and describing the goals and objectives of such forgivable loan programs; to establish the eligibility requirements for entry into such program and required for continuing participation for succeeding years; to determine the maximum amount to be made available to recipients; to delineate the terms and conditions of contracts with recipients and establish the service requirements for such contracts, if any; to enter into contracts pertaining to such programs with recipients; to enter into loan agreements and other contracts with financial institutions or other providers of loan monies for forgivable loan and loan repayment participants; and to allocate and utilize such funds as may be necessary for the operation of such forgivable loan programs from the annual appropriation for student financial aid. ~~In issuing rules and regulations governing the administration of the Graduate Teacher Summer Scholarship (GTSS) program, the board shall provide that certified teachers at the Oakley Youth Development Center under the jurisdiction of the Department of Human Services shall be fully eligible to participate in the program.~~

1. Repeal Section § 37-106-61. State medical forgivable loan program.

The annual SFA appropriation bill already includes language that prohibits the issuance of new loans through this program.

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2. Repeal Section § 37-106-63. State dental forgivable loan program.

The annual SFA appropriation bill already includes language that prohibits the issuance of new loans through this program.

3. Repeal Section § 37-106-65. Out-of-state graduate and professional school forgivable loan program.

The annual SFA appropriation bill already includes language that prohibits the issuance of new loans through this program.

4. Repeal Section § 37-106-67. Health care professions' forgivable loan program.

The annual SFA appropriation bill already includes language that prohibits the issuance of new loans through this program.

5. Repeal Section § 37-106-69. Family protection specialist social worker forgivable loan program.

The annual SFA appropriation bill already includes language that prohibits the issuance of new loans through this program.

6. Repeal Section § 37-106-71. Mississippi Dyslexia Education Forgivable Loan Program.

This program was created more recently in 2014 but funding has not been adequate on an annual basis to make awards.

7. Repeal Section § 37-106-73. Speech-Language Pathologists Forgivable Loan Program.

The annual SFA appropriation bill already includes language that caps funding at \$70,000 per year.

Fiscal Note:

The proposed changes would carry no cost but would ultimately result in savings from the administration and servicing of loans.

Recommendation:

Board staff recommends approval.

Item 3.E.: Jennifer Rogers asked the Board for guidance regarding the future of the Nurse Retention Loan Repayment Program following the 2026 expiration of ARPA funds and the 2027 sunset of the program. The Board did not take any action. The Board acknowledged the critical need for nurses in Mississippi but expressed concern that the creation and funding of niche programs for specific workforce sectors is beyond the scope of the Postsecondary Education Financial Assistance Board. The Board encouraged Rogers to work with the Deans and Directors of Nursing as well as the Board of Nursing to ensure those interest groups are aware that funding will expire and the current program will sunset without action.

3.E. Discussion: Future of Nurse Retention Loan Repayment Program Following 2026 Expiration of ARPA Funds

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Summary:

Prior to 2023-24, the state authorized the Nursing Education Forgivable Loan Program and the Nursing Teacher Stipend Forgivable Loan Program, which provided loans ranging from \$4,000 to \$12,000 per year to nursing students at the bachelor's, master's, and doctoral levels. Loans could be repaid with money or through service by working as a nurse in Mississippi or teaching nursing. These forgivable loan programs were repealed in the same legislation that created the new Nurse Retention Loan Repayment Program (NULR).

NULR offers loan repayment of up to \$6,000 per year for up to three years for RNs and LPNs who work full-time in a general acute care hospital or skilled nursing home in Mississippi.

The NULR Program is currently funded through State Coronavirus Relief (ARPA) funds, which expire at the end of December 2026. The NULR Program will stand repealed shortly thereafter.

Request:

This agenda item is for discussion only. SFA requests guidance regarding whether the Board supports the continuation of the program beyond December 2026, whether SFA should seek alternative funding for the program in the SFA FY2027 budget request, and if so, how much funding should be requested.

Item 3.F.: Jennifer Rogers asked the Board for guidance regarding funding challenges related to receiving line-item appropriations instead of block appropriations and the timing of appropriations. The Board did not take any action. The Board supports Rogers working with legislators and appropriators to try to alter funding language to allow additional flexibility while adhering to the funding limits established by the Legislature. The Board also encouraged Rogers and SFA to make processing changes needed to offer financial aid awards earlier in the award cycle before appropriations are finalized.

3.F. Discussion: Funding Challenges and Alternative Approaches to Funding

Summary:

SFA requests the Board discuss challenges the Office experiences with how funds are appropriated and the timing of appropriations.

1. Block funding versus line-item appropriations

For many years, SFA received a single appropriation of General Funds for expenditure on any program authorized by law. This block funding allowed SFA to move funds among programs as needed to ensure full awards for all eligible students in all programs. General Funds are still provided as block funding for most of the undergraduate grant programs, and this works very well. In recent years, the Legislature has started supplementing the General Fund appropriation with Education Enhancement Funds (EEF), which are earmarked for specific programs, namely the FAITH Scholarship for foster youth and the Winter-Reed Teacher Loan Repayment Program. SFA welcomes the additional funds and the source of funds has no bearing on their use. However, it would facilitate budgeting and the budget request process if all funds, regardless of source, were appropriated as block funding for any authorized program.

2. Timing of appropriations

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SFA receives its annual appropriation in early April or early May of each year and then creates a budget for the fiscal year in May or June. Only after the appropriation is received and budget is created can SFA begin to offer awards. This means that SFA is first making award offers to students in the June or July before they are scheduled to begin classes in August. Students began applying for these awards as early as October 1 of the previous year, so some students must wait nine or ten months from the time of application to the time of award. This delay makes it difficult for students to plan for college. When they do not know what state funding they will receive, they cannot make fully informed decisions about whether they can afford to go to college or which colleges they can afford.

Ideally, state financial aid would be forward funded, such that the appropriation received in a given year would be for the subsequent aid year instead of the immediate aid year. A transition to forward funding is improbable as it would require two years of funding in the initial year and would require a re-appropriation of funds every year. Alternatively, SFA could make award offers earlier with the understanding that appropriations may not be made available to fully fund all offers made. If that were to occur, SFA would need to request additional/deficit appropriations or pro-rate awards and issue revised award offers.

Request:

This agenda item is for discussion only. SFA requests guidance from the Board.

Item 4: On motion by Ben Burnett, seconded by Barney Daly, all Board Members legally present and participating voted unanimously to select Dr. Jim Turcotte to continue as Chairperson for 2024-2025.

4. Selection of Chairperson for 2024-25

Summary:

According to APA Part 601, Chapter 2, Rule 2.1, Section III, the board shall elect from its membership a chairman. Dr. Jim Turcotte was elected as chairman in September 2023. The Board should elect a chairperson to serve during 2024-2025 academic/aid year. The rules allow a chairperson to serve consecutive terms.

Item 5: Jennifer Rogers presented updates and announcements. MTAG Works will be presented to the Education Achievement Council on October 21. A joint legislative hearing on MTAG Works will be held at the Capitol on December 11. The next meeting of the Board will be in early January to approve the Annual Report.

5. Updates and Announcements

ADDITIONAL AGENDA ITEMS IF NECESSARY

The Board did not consider any additional agenda items.

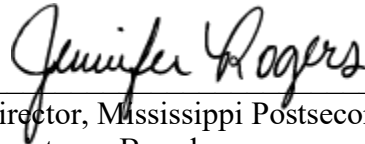
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EXECUTIVE SESSION IF DETERMINED NECESSARY

The Board did not determine the need for an Executive Session.

ADJOURNMENT

There being no further business to come before the Board, Chairman Turcotte adjourned the meeting.



Director, Mississippi Postsecondary Education Financial
Assistance Board

ITEMS FOR CONSIDERATION

1. **Review and Approve the 2024 Annual Report of the State-Supported Student Financial Aid Programs for Submission to the Mississippi Legislature**

Summary:

The 2024 Annual Report is submitted under separate cover as Exhibit 1. Some highlights of the report include the following:

Awards (p. 7):

- 32,678 state-supported awards (up 6,355 or 24.1%), totaling \$52.9 million (up about \$2.64 million or 5.3%) – increase due primarily to Dual Enrollment/Dual Credit Scholarship (DEDC)
- 32,262 individual recipients (up 6,460 students or 25%)
- \$1,619 average award amount (down \$291 or 15.2%) – decrease due primarily to low DEDC award amounts

Recipients (pp. 8-9):

- 32,262 individual recipients
- Every county represented
- 89% Dependent; 10% Independent
- 39% Male; 61% Female
- 96% aged 12-24
- 24% self-identify as African American; 67% as Caucasian; 9% other
- Income breakdown for dependent students:
 - 19% below \$40K; 25% below \$80K; 56% over \$80K (35% between \$100-\$250K)
- Income breakdown for independent students:
 - 54% earn below \$10K; 12% below \$20K; 34% over \$20K

Appropriation/Budget/Expenses (pp. 10-11):

- Governmental Appropriations totaled \$65.57 million (up \$11.9 million or 22.26%)
 - \$50.65 million appropriated in General Funds (up \$18K)
 - \$9.8 million additional General Funds for DEDC
 - \$5.1 million new and reappropriated Education Enhancement Funds (EEF) (up \$2.1 million to fund new FAITH Scholarship)
- Special Fund Support totaled \$1.74 million (down \$4.76 million or 73.23%)
- Other Appropriations totaled \$6 million to fund the Nurse Retention Loan Repayment Program (NULR)
- \$73.3 million total appropriation and operating budget
- \$54.9 million total expended (expenses)
 - \$52.9 million on current year awards
 - \$766K on prior year awards
 - \$1.42 million on administration (1.9% of budget; 2.5% of expenses)
 - \$787K salaries/benefits
 - \$5K travel

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- \$506K contractual services (\$253K to IHL, remaining \$253K to application, website, cybersecurity, ECSI, etc.)
- \$35K commodities
- \$88K capital outlay
- \$19 million balance
 - \$9.6 million reappropriated in FY 2025 (unspent EEF funds, unspent Special Funds, unspent ARPA funds for NULR)
 - \$1.7 million General Fund balance available for reappropriation in FY 2026
 - \$7.7 million DEDC General Funds lapsed and returned to State

Breakdown of Awards by Institution and Type (pp. 12-13):

- 4-Year Publics: 46% of awards, 71% of funds
- 2-Year Publics: 45% of awards, 18% of funds
- Privates: 8% of awards, 8% of funds
- Grants: 99% of awards; 96.4% of funds
- Undergraduate: 99% of awards; 96.4% of funds

Charts of Awards and Amounts by Program Over Time (pp. 14-17)

Loan Repayment (pp. 18-22)

- 2,023 accounts under management
 - 16% accounts in school/grace/deferment
 - 2% current service
 - 2% current money
 - 76% default (delinquent or in collections)
 - 4% closed current year
 - \$19.2 million principal balance outstanding
- \$713K net collections
 - \$821K collected
 - \$108K cost to service loans
- 5% overall default rate on accounts in tracked cohorts

Detailed program pages:

- Undergraduate grant programs
- Loan repayment programs
- Forgivable loan programs
 - Undergraduate
 - Graduate
 - Inactive (accounts not tracked by cohort for default rates)

Request:

The Office requests approval to submit the 2024 Annual Report of State-Supported Student Financial Aid Programs to the Legislature.

ITEMS FOR CONSIDERATION

2. Consider Changing the Definition of Full-Time for State Aid from 15 Credit Hours to 12 Credit Hours

Summary:

In June 2016, the Board voted to change the definition of full-time from 12 credit hours to 15 credit hours per term for purposes of receiving state aid. The change was prompted in part by a \$10 million budget deficit for the 2016-2017 academic year. The change also coincided with a statewide and national push for students to “Take 15” and “Finish in Four”. The Office has been asked to provide data to inform a discussion about reverting to the standard definition of full-time as 12 credit hours.

For federal aid eligibility, full-time is defined as 12 credit hours per semester, so the alternate state aid eligibility requirement often creates confusion and establishes differing standards. Since changing the definition, many more students are taking dual enrollment and dual credit courses in high school. Such courses allow students to take fewer courses each term and still complete a degree “on time” in the standard two- or four-year time frame. Heavy course load requirements can also discourage students from pursuing high demand STEM majors that often require students to take multiple science, mathematics, and engineering courses in a single term.

IPEDS data is not yet available to determine what impact the 15-credit requirement has had on 6-year graduation rates. The most recent IPEDS data is for 2022, but the Board’s credit-hour rule wasn’t implemented until the 2016-17 aid year. The first year of data would be 2024.

The anticipated cost of changing the definition would be approximately \$2.5 million annually, per the chart below.

	Cancelled Less than Full-time				Cancelled Continuous FTime		Total	
Fund	Count	Amount	Count	Amount	Count	Amount	Count	Amount
	Fall 2023		Spring 2024		Spring 2024		AY 2023-24	
HELP	45	\$148,036	81	\$ 274,390	187	\$ 741,528	313	\$ 1,163,954
MESG	27	\$ 33,750	66	\$ 82,500	35	\$ 43,750	128	\$ 160,000
MTAG	864	\$318,124	1,424	\$ 525,075	893	\$ 293,225	3,181	\$ 1,136,424
All	936	\$499,910	1,571	\$ 881,965	1,115	\$1,078,503	3,622	\$ 2,460,378
	Fall 2022		Spring 2023		Spring 2023		AY 2022-23	
HELP	55	\$155,205	93	\$ 294,438	188	\$ 697,300	336	\$ 1,146,943
MESG	40	\$ 50,000	74	\$ 92,500	78	\$ 97,500	192	\$ 240,000
MTAG	1,038	\$372,575	1,531	\$ 554,150	961	\$ 324,500	3,530	\$ 1,251,225
All	1,133	\$577,780	1,698	\$ 941,088	1,227	\$1,119,300	4,058	\$ 2,638,168
	Fall 2021		Spring 2022		Spring 2022		AY 2021-22	
HELP	40	\$121,985	64	\$ 213,884	214	\$ 830,647	318	\$ 1,166,516
MESG	36	\$ 45,000	73	\$ 91,250	61	\$ 76,250	170	\$ 212,500
MTAG	887	\$323,825	1,399	\$ 513,525	1,003	\$ 328,550	3,289	\$ 1,165,900
All	963	\$490,810	1,536	\$ 818,659	1,278	\$1,235,447	3,777	\$ 2,544,916

ITEMS FOR CONSIDERATION

Recommendation:

Board staff provides the information for consideration and discussion but makes no recommendation at this time.

3. **Revise the FY 2026 Budget Request**

Request:

The Office requests the Board revise the FY 2026 Budget Request to reflect new award trends, to request re-appropriation of FY 2025 funds for use in FY 2026, and to contribute cash on hand (collections).

Summary:

The FY 2026 Budget Request was approved by the Board in June 2024. The request included relatively static year-over-year funding for MTAG and HELP. The request acknowledged that MTAG program eligibility could be impacted by the 2024-2025 changes to the FAFSA and Pell formula, but the anticipated impact of the changes was unclear, hence the static request. The request also acknowledged that HELP recipient numbers were down in 2023-2024 but expected to rebound in 2024-2025.

MTAG awards are down considerably due to the federal changes, and HELP awards have not rebounded. Further investigation has revealed that family incomes have risen just enough to put otherwise HELP-eligible students just above the \$39,500+ income threshold. MTAG and HELP recipient numbers for 2024-2025 as shown in the chart below.

Program	FY25 AOB Awards	FY25 AOB Amounts	FY25 Updated Awards	FY25 Updated Amounts
MTAG	18,060	\$ 10,473,044	13,500	\$ 8,617,122
MESG	3,600	\$ 8,222,790	3,690	\$ 8,749,110
HELP	<u>4,693</u>	<u>\$ 33,135,780</u>	<u>3,919</u>	<u>\$ 30,222,327</u>
Total	26,353	\$ 51,831,614	21,109	\$ 47,588,559

To fully fund these award levels in FY 2025, SFA will not spend any cash on hand (collections) and will lapse about \$2.7 million in General Funds by the end of the current fiscal year.

The FY26 Budget Request should be adjusted to reflect the following:

- Decreased award levels anticipated in FY 2026
- Additional funds available from FY 2025 for reappropriation in FY 2026
- Contribution of cash on hand (collections)

Two revised FY 2026 Budget Requests are provided for consideration. Budget A assumes no changes to the 15-hour credit requirement for full-time. Budget B assumes the full-time credit hour requirement is reduced from 15 to 12.

Recommendation:

Board staff recommends approval of this item and submission of an explanatory letter to legislative leadership.

ITEMS FOR CONSIDERATION

2025-26 Program Allocation for Revised MBR - Budget A									
Expenditures by Program	FY25 Updated Awards	FY25 Updated Amounts	FY26 MBR Awards	FY26 MBR Amounts	FY26 Revised Awards	FY26 Revised Amounts	(+/-) FY26 MBR Awards	(+/-) FY26 MBR Amounts	Change
	1- Administration								
Salaries, Wages and Fringes		\$ 814,116		\$ 841,680		\$ 841,680		\$ -	
Travel		\$ 8,000		\$ 8,000		\$ 8,000		\$ -	
Contractual Service		\$ 550,000		\$ 620,000		\$ 550,000		\$ (70,000)	
Commodities		\$ 10,000		\$ 10,000		\$ 10,000		\$ -	
Equipment		\$ 10,000		\$ 10,000		\$ 10,000		\$ -	
Total Administration		\$ 1,392,116		\$ 1,489,680		\$ 1,419,680		\$ (70,000)	-4.7%
2- MTAG/MESG and HELP									
MTAG	13,550	\$ 7,926,750	18,060	\$ 10,473,044	13,686	\$ 8,006,018	(4,375)	\$ (2,467,027)	
MESG	3,690	\$ 8,579,250	3,636	\$ 8,305,018	3,727	\$ 8,665,043	91	\$ 360,025	
HELP	3,959	\$ 28,702,750	4,693	\$ 33,715,656	3,999	\$ 29,497,099	(694)	\$ (4,218,557)	
Total MTAG/MESG/HELP	21,199	\$45,208,750	26,389	\$52,493,718	21,411	\$46,168,159	-4,978	\$ (6,325,559)	-12.1%
3 - Loan & Repayment Prgs									
Teacher Programs:									
CNDT (Graduate)	4	\$ 31,000	5	\$ 50,000	5	\$ 50,000	0	\$ -	
Winter-Reed Loan Repay	450	\$ 2,000,000	425	\$ 2,000,000	425	\$ 2,000,000	0	\$ -	
Health/Science Programs:									
SLPL (Graduate)	6	\$ 70,000	6	\$ 70,000	6	\$ 70,000	0	\$ -	
SREB (Graduate)	34	\$ 692,546	36	\$ 762,624	36	\$ 762,624	0	\$ -	
Total Loan & Repay Programs	494	\$ 2,793,546	472	\$ 2,882,624	472	\$ 2,882,624	0	\$ -	0.0%
4 - Other									
LAW	9	\$ 139,000	10	\$ 100,000	10	\$ 150,000	0	\$ 50,000	
Nissan	0	\$ -	1	\$ 11,000	1	\$ 11,000	0	\$ -	
FAITH Scholarship	285	\$ 3,450,000	400	\$ 4,000,000	400	\$ 4,000,000	0	\$ -	
Total Other	294	\$ 3,589,000	411	\$ 4,111,000	411	\$ 4,161,000	0	\$ 50,000	1.2%
TOTAL Loans, Schols, Grants	21,987	\$51,591,296	27,272	\$59,487,342	22,294	\$53,211,783	-4,978	\$ (6,275,559)	-10.5%
TOTAL SFA BUDGET	21,987	\$52,983,412	27,272	\$60,977,022	22,294	\$54,631,463	(4,978)	\$ (6,345,559)	-10.4%
COMBINED BUDGETS FY 2026 Funding Sources	FY25 AOB		Original FY26 MBR		Revised FY26 MBR - Budget A		(+/-) FY26 Original MBR Amounts	Change	
SFA APPROPRIATION									
GOV. APPROPRIATIONS									
General Support		\$ 51,952,895		\$ 52,052,538		\$ 40,647,626		\$ (11,404,912)	-
General Support (Reappropriated)		\$ -		\$ 1,622,837		\$ 5,622,837		\$ 4,000,000	-
Other General Support - DE/DC		\$ -		\$ -		\$ -		\$ -	-
EEF - New									
FAITH & Winter-Reed		\$ 3,000,000		\$ 6,000,000		\$ 6,000,000		\$ -	-
EEF - Reappropriated									
FAITH & Winter-Reed		\$ -		\$ -		\$ -		\$ -	-
FAITH		\$ 100,000		\$ -		\$ -		\$ -	-
Winter-Reed		\$ 1,900,000		\$ -		\$ -		\$ -	-
Total Gov. Appropriations		\$56,952,895		\$59,675,375		\$52,270,463		\$ (7,404,912)	-
SPECIAL FUNDS									
Nissan		\$ -		\$ 11,000		\$ 11,000		\$ -	-
Total Interest Income		\$ -		\$ 11,000		\$ 11,000		\$ -	-
Law Fund		\$ 20,000		\$ 20,000		\$ 20,000		\$ -	-
Total Other Sources		\$ 20,000		\$ 20,000		\$ 20,000		\$ -	-
Estimated Collections		\$ 2,330,000		\$ 1,270,647		\$ 2,330,000		\$ 1,059,353	-
Total Cash on Hand		\$ 2,330,000		\$ 1,270,647		\$ 2,330,000		\$ 1,059,353	-
Total Special Funds		\$ 2,350,000		\$ 1,301,647		\$ 2,361,000			
Total SFA Appropriation		\$59,302,895		\$60,977,022		\$54,631,463		\$ (6,345,559)	-

ITEMS FOR CONSIDERATION

2025-26 Program Allocation for Revised MBR - Budget B									
Expenditures by Program	FY25 Updated Awards	FY25 Updated Amounts	FY26 MBR Awards	FY26 MBR Amounts	FY26 Revised Awards	FY26 Revised Amounts	(+/-) FY26 MBR Awards	(+/-) FY26 MBR Amounts	Change
1- Administration									
Salaries, Wages and Fringes		\$ 814,116		\$ 841,680		\$ 841,680		\$ -	
Travel		\$ 8,000		\$ 8,000		\$ 8,000		\$ -	
Contractual Service		\$ 550,000		\$ 620,000		\$ 550,000		\$ (70,000)	
Commodities		\$ 10,000		\$ 10,000		\$ 10,000		\$ -	
Equipment		\$ 10,000		\$ 10,000		\$ 10,000		\$ -	
Total Administration		\$ 1,392,116		\$ 1,489,680		\$ 1,419,680		\$ (70,000)	-4.7%
2- MTAG/MESG and HELP									
MTAG	13,550	\$ 7,926,750	18,060	\$ 10,473,044	17,216	\$ 10,071,068	(845)	\$ (401,977)	
MESG	3,690	\$ 8,579,250	3,636	\$ 8,305,018	3,919	\$ 9,111,443	283	\$ 806,425	
HELP	3,959	\$ 28,702,750	4,693	\$ 33,715,656	4,335	\$ 31,975,729	(358)	\$ (1,739,927)	
Total MTAG/MESG/HELP	21,199	\$45,208,750	26,389	\$52,493,718	25,469	\$51,158,239	-920	\$ (1,335,479)	-2.5%
3 - Loan & Repayment Prgs									
Teacher Programs:									
CNDT (Graduate)	4	\$ 31,000	5	\$ 50,000	5	\$ 50,000	0	\$ -	
Winter-Reed Loan Repay	450	\$ 2,000,000	425	\$ 2,000,000	425	\$ 2,000,000	0	\$ -	
Health/Science Programs:									
SLPL (Graduate)	6	\$ 70,000	6	\$ 70,000	6	\$ 70,000	0	\$ -	
SREB (Graduate)	34	\$ 692,546	36	\$ 762,624	36	\$ 762,624	0	\$ -	
Total Loan & Repay Programs	494	\$ 2,793,546	472	\$ 2,882,624	472	\$ 2,882,624	0	\$ -	0.0%
4 - Other									
LAW	9	\$ 139,000	10	\$ 100,000	10	\$ 150,000	0	\$ 50,000	
Nissan	0	\$ -	1	\$ 11,000	1	\$ 11,000	0	\$ -	
FAITH Scholarship	285	\$ 3,450,000	400	\$ 4,000,000	400	\$ 4,000,000	0	\$ -	
Total Other	294	\$ 3,589,000	411	\$ 4,111,000	411	\$ 4,161,000	0	\$ 50,000	1.2%
TOTAL Loans, Schols, Grants	21,987	\$51,591,296	27,272	\$59,487,342	26,352	\$58,201,863	-920	\$ (1,285,479)	-2.2%
TOTAL SFA BUDGET	21,987	\$52,983,412	27,272	\$60,977,022	26,352	\$59,621,543	(920)	\$ (1,355,479)	-2.2%
COMBINED BUDGETS FY 2026 Funding Sources	FY25 AOB	Original FY26 MBR	Revised FY26 MBR - Budget B	(+/-) FY26 Original MBR Amounts	Change				
SFA APPROPRIATION									
GOV. APPROPRIATIONS									
General Support	\$ 51,952,895	\$ 52,052,538	\$ 45,637,706	\$ (6,414,832)	-				
General Support (Reappropriated)	\$ -	\$ 1,622,837	\$ 5,622,837	\$ 4,000,000	-				
Other General Support - DE/DC	\$ -	\$ -	\$ -	\$ -	-				
EEF - New									
FAITH & Winter-Reed	\$ 3,000,000	\$ 6,000,000	\$ 6,000,000	\$ -	-				
EEF - Reappropriated									
FAITH & Winter-Reed	\$ -	\$ -	\$ -	\$ -	-				
FAITH	\$ 100,000	\$ -	\$ -	\$ -	-				
Winter-Reed	\$ 1,900,000	\$ -	\$ -	\$ -	-				
Total Gov. Appropriations	\$56,952,895	\$59,675,375	\$57,260,543	\$ (2,414,832)	-				
SPECIAL FUNDS									
Nissan	\$ -	\$ 11,000	\$ 11,000	\$ -	-				
Total Interest Income	\$ -	\$ 11,000	\$ 11,000	\$ -	-				
Law Fund	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	-				
Total Other Sources	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	-				
Estimated Collections	\$ 2,330,000	\$ 1,270,647	\$ 2,330,000	\$ 1,059,353	-				
Total Cash on Hand	\$ 2,330,000	\$ 1,270,647	\$ 2,330,000	\$ 1,059,353	-				
Total Special Funds	\$ 2,350,000	\$ 1,301,647	\$ 2,361,000						
Total SFA Appropriation	\$59,302,895	\$60,977,022	\$59,621,543	\$ (1,355,479)	-				