

**SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION**

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May 21, 1999

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To: Mr. Austin Gilbert, Chairman, and Members,
SC Commission on Higher Education

From: Ms. Susan Cole, Chairman,
Committee on Access & Equity and Student Services

Consideration of Proposed FY 1999-2000**Administrative Budget,**
S.C. Student Loan Corporation**Summary**

In 1971, the General Assembly established the South Carolina State Education Assistance Authority, empowering it to provide financial assistance to students in their pursuits of postsecondary education through the making, insuring and guaranteeing of student loans to South Carolina residents. The Authority is a public instrumentality of the State of South Carolina and is governed by its members, who are by statute members of the State Budget and Control Board.

In providing such financial assistance, the Authority has acted through its contractual agent, the South Carolina Student Loan Corporation, a private, non-profit corporation headed by its own Board of Directors. The Corporation was incorporated in 1973 for the purpose of acting as the agent of the Authority in performing the functions of making, handling, servicing and providing information about student loans.

In June, 1984, the General Assembly named the Corporation as administrator of the South Carolina Teachers Loan Program (TLP), a program established by the Education Improvement Act (EIA) of 1984 to assist students who wish to become certified teachers in the state in geographic or subject areas of critical need. These loans, first offered to qualified students in 1985, may be canceled at a rate of 20% per year for each full year of teaching in a critical area.

The General Assembly empowered the Commission on Higher Education to establish regulations to govern the Teachers Loan Program. These regulations charge the Commission with two primary duties: 1) approval of the Corporation's annual operating budget associated with administering the Teachers Loan Program; and 2) approval of the appropriation request for loans made through the TLP. This report concerns the first of these duties, the approval of the 1999-2000 operating budget for the Teachers Loan Program.

The following table details the proposed FY 1999-2000 operating budget for the administration of the Teachers Loan Program and information on the current year's budget.

| ITEM | FY 98-99 BUDGETED | FY 98-99 ESTIMATED | FY 99-2000 PROPOSED | % Budget Change |
|--|----------------------|-----------------------|------------------------|--------------------|
| Personnel (salaries & fringes) | 212,450 | 207,475 | 219,875 | 3.5 |
| Contractual Services (computer support/ programming) | 15,550 | 17,000 | 18,900 | 21.5 |
| Other Operating (rent, utilities, etc.) | 47,875 | 48,000 | 48,475 | 1.3 |
| Equipment | 2,000 | 2,000 | 2,000 | 0.0 |
| TOTAL | 277,875 | 274,475 | 289,250 | 4.1 |

In the first two columns, the table displays the budgeted and estimated expenditures for FY 1998-99. The third column, totaling \$289,250, is the Corporation's operating expense budget request for FY 1999-2000, as approved by the Corporation's Board of Directors on May 4, 1999. The total amount requested is \$11,375 more than year's request, primarily a result of an increase in personnel expenses due to normal pay increases. There have also been slight increases in Contractual Services costs, due largely to increased loan-servicing costs in the form of computer systems and software.

For information purposes, the table below compares the number of borrowers and the amount of loan expenditures for both Teachers and Governor's loans for FY 1998-99 and FY 1999-2000. FY 1998-99 figures are current as of May 11, 1999.

| LOAN PROGRAM | FY 97-98 ACTUAL | FY 98-99 ACTUAL | FY 99-2000 ESTIMATED |
|---|-----------------------|-----------------------|----------------------|
| Teachers Loan Program (Number of Borrowers) | \$4,393,679 (1110) | \$4,423,446 (1134) | 5,000,000 (1250) |
| Governor's Loan Program (Number of Borrowers) | \$59007 (13) | 0 (0) | 0 (0) |
| Combined (Number of Borrowers) | \$4,452,686 (1123) | \$4,423,446 (1134) | 5,000,000 (1250) |

Comparison of the FY 1998-99 figures with 1997-98 figures reveals a slight increase in expenditures for the TLP. These data also reveal a corresponding increase in the total number of borrowers for the TLP over last year. The decrease in both the total loan amount and the number of borrowers in the Governor's Loan Program for FY 1998-99 result from the phase-out of that program. The Governor's Loan Program was eliminated in FY 1998-99.

In terms of average loan amounts, the average Teachers loan for FY 1997-98 amounted to approximately \$3958 while the FY 1998-99 figure amounted to approximately \$3901 per loan.

Recommendation

The Committee on Access & Equity and Student Services will meet immediately prior to the June 3rd Commission meeting to consider the Teacher Loan Corporation budget request. The recommendation of the Committee will be given during the meeting of the full Commission.

Attachments: FY 1999-2000 SC Teacher Loan Program Proposed Operating Budget

**SOUTH CAROLINA STUDENT LOAN CORPORATION
CONTRACTUAL SERVICES
FOR
SOUTH CAROLINA TEACHER LOAN PROGRAM**

**PROPOSED BUDGET
1999 - 00**

| | 1998 - 99 | | 1999 - 00 |
|--|-------------------|-----------------------------|-------------------|
| | BUDGETED | ESTIMATED ACTUAL | PROPOSED |
| <u>Operating Expenses</u> | | | |
| Personnel Expenses: | | | |
| Staff Salaries | \$ 160,700 | \$ 156,500 | \$ 160,900 |
| Social Security | 12,300 | 11,200 | 12,200 |
| Group Insurance | 26,900 | 27,300 | 34,375 |
| Retirement | 12,150 | 12,150 | 12,000 |
| Unemployment | 400 | 325 | 400 |
| <i>Total Personnel Expenses:</i> | \$ 212,450 | \$ 207,475 | \$ 219,875 |
| Contractual Expenses: | | | |
| Loan Servicing | \$ 14,350 | \$ 15,700 | \$ 17,400 |
| Accounting | 1,200 | 1,300 | 1,500 |
| <i>Total Contractual Expenses:</i> | \$ 15,550 | \$ 17,000 | \$ 18,900 |
| General Operating Expenses: | | | |
| Rent | \$ 8,550 | \$ 8,200 | \$ 8,250 |
| Telephone | 9,300 | 9,775 | 8,800 |
| Printing | 3,200 | 6,050 | 7,200 |
| Postage | 17,725 | 16,950 | 16,250 |
| Supplies | 3,400 | 2,900 | 3,100 |
| Travel | 500 | 400 | 500 |
| Equipment Maintenance | 1,675 | 1,450 | 1,775 |
| Subscriptions and Fees | 100 | 100 | 100 |
| Conference Costs | 200 | 200 | 200 |
| Insurance - General & Automobile | 2,225 | 1,200 | 1,300 |
| Contingencies | 1,000 | 775 | 1,000 |
| <i>Total General Operating Expenses:</i> | \$ 47,875 | \$ 48,000 | \$ 48,475 |
| <i>Total Operating Expenses:</i> | \$ 275,875 | \$ 272,475 | \$ 287,250 |
| Capital Expenditures: | | | |
| Equipment and Software | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| <i>Total Capital Expenditures:</i> | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| <i>Total Expenditures:</i> | \$ 277,875 | \$ 274,475 | \$ 289,250 |