



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET
SUITE 200
COLUMBIA, S.C. 29201

RAYBURN BARTON
Executive Director

May 24, 2000

TELEPHONE
803/737-2260

FAX NUMBER
803/737-2297

MEMORANDUM

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 2000-2001
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 FY 2000-2001 operating budget for the Teachers Loan Program.

The following table details the proposed FY 2000-2001 operating budget for the administration of the Teachers Loan Program and information on the current year's budget.

| ITEM | FY 99-00 BUDGETED | FY 99-00 ESTIMATED | FY 2000-01 PROPOSED | % Budget Change |
|---|----------------------|-----------------------|------------------------|--------------------|
| Personnel (salaries & fringes) | 219,875 | 207,650 | 210,150 | -4.4 |
| Contractual Services (computer support/programming) | 18,900 | 17,250 | 18,600 | -1.6 |
| Other Operating (rent, utilities, etc.) | 48,475 | 47,750 | 48,325 | -0.3 |
| Equipment | 2,000 | 2,000 | 2,200 | 10.0 |
| TOTAL | 289,250 | 274,650 | 279,275 | -3.4 |

In the first two columns, the table displays the budgeted and estimated expenditures for FY 1999-00. The third column, totaling \$279,275, is the Corporation's operating expense budget request for FY 2000-2001, as approved by the Corporation's Board of Directors on May 2, 2000. The total amount requested is \$9,975 less than year's request. This overall decrease in the budget request is a direct result of the Legislature's approval to include the Student Loan Corporation employees in the State Health Plan rather than a private carrier.

For information purposes, the table on the next page compares the number of borrowers and the amount of loan expenditures for the Teachers Loan Program for FY 1998-99 and FY 1999-2000. FY 1999-00 figures are current as of May 24, 2000.

Suite 210 Interstate Center
Columbia, South Carolina 29210
(803) 798-0916
www.slc.sc.edu



Repayment: PO Box 21337
Loan Programs: PO Box 21487
Columbia, South Carolina 29221

May 23, 2000

Dr. Karen Woodfaulk
Director
Division of Student Services
and Veterans Affairs
S.C. Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

Dear Karen:

I am enclosing for your review, and for approval by the Commission on Higher Education at its next meeting, the proposed budget for 2000-01 for administration of the Teachers Loan Program. This budget has been reviewed and approved by the Board of Directors of the Corporation at its Annual Meeting on May 2, 2000.

In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 1999-00 fiscal year. The third column, totaling \$279,275, is the amount proposed by the Corporation for 2000-01. For purposes of comparison, the regular administrative budget of the Corporation for the operation of the Federal Family Education Loan Program, not including operating costs associated with the Teacher Loan Program, is shown in the fourth column.

| | OPERATING EXPENSES FOR TEACHERS LOAN PROGRAM | | | SCSLC OPERATING EXPENSE |
|--|---|---------------------|----------------------|-------------------------------|
| | FY 99-00 Budgeted | Estimated Actual | FY 00-01 Proposed | FY 00-01 Approved |
| Personnel (salaries and fringes) | \$219,875 | \$207,650 | \$210,150 | \$4,647,250 |
| Contractual Services (computer support/ programming) | 18,900 | 17,250 | 18,600 | 560,000 |
| Other Operating (rent, utilities, etc.) | 48,475 | 47,750 | 48,325 | 1,858,975 |
| Equipment | 2,000 | 2,000 | 2,200 | 95,200 |
| TOTAL | \$289,250 | \$274,650 | \$279,275 | \$7,161,425 |

| LOAN PROGRAM | FY 98-99 ACTUAL | FY 99-00 ACTUAL | FY 2000-01 ESTIMATED |
|--|-----------------------|-----------------------|----------------------|
| Teachers Loan Program (Number of Borrowers) | \$4,423,446 (1134) | \$4,221,852 (1116) | 5,016,250 (1326) |

Comparison of the FY 1999-00 figures with 1998-99 figures reveals a slight decrease in expenditures and the number of borrowers for the TLP.

In terms of average loan amounts, the average Teachers loan for FY 1998-99 amounted to approximately \$3901 while the FY 1999-00 figure amounted to approximately \$3783 per loan.

Recommendation

The Committee on Access & Equity and Student Services will meet immediately prior to the June 1st 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 2000-2001 SC Teacher Loan Program Proposed Operating Budget

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

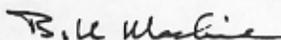
**PROPOSED BUDGET
2000 - 01**

| | <u>1999 - 00</u> | | <u>2000 - 01</u> |
|--|-------------------|-----------------------------|-------------------|
| | <u>BUDGETED</u> | <u>ESTIMATED ACTUAL</u> | <u>PROPOSED</u> |
| <u>Operating Expenses</u> | | | |
| Personnel Expenses: | | | |
| Staff Salaries | \$ 160,900 | \$ 157,200 | \$ 164,625 |
| Social Security | 12,200 | 11,575 | 12,600 |
| Group Insurance | 34,375 | 24,200 | 18,000 |
| Retirement | 12,000 | 14,350 | 14,600 |
| Unemployment | 400 | 325 | 325 |
| <i>Total Personnel Expenses:</i> | <u>\$ 219,875</u> | <u>\$ 207,650</u> | <u>\$ 210,150</u> |
| Contractual Expenses: | | | |
| Loan Servicing | \$ 17,400 | \$ 15,750 | \$ 17,000 |
| Accounting | 1,500 | 1,500 | 1,600 |
| <i>Total Contractual Expenses:</i> | <u>\$ 18,900</u> | <u>\$ 17,250</u> | <u>\$ 18,600</u> |
| General Operating Expenses: | | | |
| Rent | \$ 6,250 | \$ 6,250 | \$ 6,275 |
| Telephone | 8,800 | 8,075 | 7,750 |
| Printing | 7,200 | 7,550 | 8,575 |
| Postage | 18,250 | 15,500 | 15,000 |
| Supplies | 3,100 | 3,450 | 3,300 |
| Travel | 500 | 550 | 800 |
| Equipment Maintenance | 1,775 | 1,750 | 1,800 |
| Subscriptions and Fees | 100 | 100 | 125 |
| Meeting and Conference Costs | 200 | 175 | 200 |
| Insurance - General & Automobile | 1,300 | 1,450 | 1,700 |
| Contingencies | 1,000 | 900 | 1,000 |
| <i>Total General Operating Expenses:</i> | <u>\$ 48,475</u> | <u>\$ 47,750</u> | <u>\$ 48,325</u> |
| Total Operating Expenses: | <u>\$ 287,250</u> | <u>\$ 272,650</u> | <u>\$ 277,075</u> |
| Capital Expenditures: | | | |
| Equipment and Software | \$ 2,000 | \$ 2,000 | \$ 2,200 |
| <i>Total Capital Expenditures:</i> | <u>\$ 2,000</u> | <u>\$ 2,000</u> | <u>\$ 2,200</u> |
| Total Expenditures: | <u>\$ 289,250</u> | <u>\$ 274,650</u> | <u>\$ 279,275</u> |

Dr. Karen Woodfaulk
May 23, 2000
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If I may provide any further information regarding either proposed or actual expenditures, please do not hesitate to call me.

Sincerely,



William M. Mackie, Jr.
President

WMM/cmg