

ATT 14

June 3, 2004

MEMORANDUM

TO: Dalton Floyd, Jr. Chairman, and Members
Commission on Higher Education

FROM: Ms. Sue Cole, Chair
Access & Equity and Student Services Committee

Consideration of Proposed FY 2004-2005
Administrative Budget
SC Teachers Loan Program

Summary

The General Assembly established the South Carolina State Education Assistance Authority in 1971, empowering it to provide financial assistance to students through insuring and guaranteeing 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 state 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. In 1973, the Corporation was incorporated 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 designated the Student Loan Corporation as administrator of the South Carolina Teachers Loan Program, a program established by the Education Improvement Act (EIA) of 1984 to assist students who wished 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 percent per year for each full year of teaching in a critical area in South Carolina.

The General Assembly authorized the Commission on Higher Education to establish regulations to govern the SC Teachers Loan Program. The regulations charge the Commission with two primary responsibilities: 1) approval of the Student Loan Corporation's annual operating budget associated with administering the Teachers Loan Program; and 2) approval of the appropriation request for loans distributed through the Teachers Loan Program.

The following table presents information on the previous year's budget request and the Student Loan Corporation's proposed FY 2004-05 operating budget for administration of the Teachers Loan Program.

Item	FY 03-04 Budgeted	Estimated Actual	FY 04-05 Proposed	% Budget Change
Personnel (salaries/fringes)	\$289,125	\$286,500	\$312,875	+9.2%
Contractual Services (computer support/ programming)	24,575	24,225	27,825	+14.8%
Other Operating (rent, utilities, etc.)	48,900	49,405	51,675	+4.6%
Equipment	0	0	0	0
TOTAL	\$362,600	\$360,130	\$392,375	+8.9% Overall

The first two columns in the table display the budgeted and estimated expenditures for FY 2003-04. The third column, totaling \$392,375, is the Student Loan Corporation's administrative budget request for FY 2004-05, as approved by the Corporation's Board of Directors on May 4, 2004. The total amount requested, \$392,375, is 8.9% (\$32,245) more than last year's request.

The increase is primarily attributed to increased group insurance costs under the Personnel budget category. This increase for FY 2004-05 is \$26,375. The increased cost of health care (Group Insurance) is determined by the State Budget and Control Board. Small increases under other budget categories - Contractual Services (\$3,600 increase) and Other Operating (\$2,270 increase) - result from increased costs in computer support services and operational costs.

Recommendation:

The Access and Equity and Student Services Committee recommends that the proposed budget for administration of the Teachers Loan Program from the SC Student Loan Corporation be approved as presented.

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Columbia, South Carolina 29210
(803) 798-0916
www.scstudentloan.org



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

May 5, 2004

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 2004-05 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 4, 2004.

In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 2003-04 fiscal year. The third column, totaling \$392,375, is the amount proposed by the Corporation for 2004-05. 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
	<u>FY 03-04 Budgeted</u>	<u>Estimated Actual</u>	<u>FY 04-05 Proposed</u>	<u>FY 04-05 Approved</u>
Personnel (salaries and fringes)	\$289,125	\$286,500	\$312,875	\$9,370,275
Contractual Services (computer support/ programming)	24,575	24,225	27,825	1,368,350
Other Operating (rent, utilities, etc.)	48,900	49,405	51,675	2,478,325
Equipment	0	0	0	295,400
TOTAL	\$362,600	\$360,130	\$392,375	\$13,512,350

Dr. Karen Woodfaulk
May 5, 2004
Page Two

The majority of the increase in expenses from this year to next year is directly attributable to the increased cost of health care (Group Insurance) which is set by The Budget and Control Board, and over which we have no control.

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 & CEO

Enclosure

WMM/cmg

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

**PROPOSED BUDGET
2004 - 05**

	<u>2003 - 04</u>		<u>2004 - 05</u>
	<u>BUDGETED</u>	<u>ESTIMATED ACTUAL</u>	<u>PROPOSED</u>
<u>Operating Expenses</u>			
Personnel Expenses:			
Staff Salaries	\$ 201,750	\$ 203,300	\$ 211,400
Social Security	15,700	15,000	16,200
Group Insurance	33,525	32,550	48,000
Retirement	37,500	35,000	36,500
Unemployment	650	650	775
<i>Total Personnel Expenses:</i>	<u>\$ 289,125</u>	<u>\$ 286,500</u>	<u>\$ 312,875</u>
Contractual Expenses:			
Loan Servicing	\$ 22,750	\$ 22,400	\$ 26,450
Accounting	1,825	1,825	1,375
<i>Total Contractual Expenses:</i>	<u>\$ 24,575</u>	<u>\$ 24,225</u>	<u>\$ 27,825</u>
General Operating Expenses:			
Rent	\$ 9,500	\$ 9,400	\$ 9,500
Telephone	7,925	7,700	7,500
Printing	7,700	7,600	6,200
Postage	15,500	15,000	16,350
Supplies	3,450	4,400	6,450
Travel	400	480	400
Equipment Maintenance	1,400	1,425	1,550
Subscriptions and Fees	125	50	125
Meeting and Conference Costs	200	200	200
Insurance - General & Automobile	2,200	2,600	2,900
Contingencies	500	550	500
<i>Total General Operating Expense:</i>	<u>\$ 48,900</u>	<u>\$ 49,405</u>	<u>\$ 51,675</u>
Total Operating Expenses:	<u>\$ 362,600</u>	<u>\$ 360,130</u>	<u>\$ 392,375</u>
Total Expenditures:	<u>\$ 362,600</u>	<u>\$ 360,130</u>	<u>\$ 392,375</u>