



South Carolina Commission on Higher Education

049-711
Agenda Item. 7.03A

Layton McCurdy, M.D., Chairman
Mr. Daniel Ravenel, Vice Chairman
Doug R. Forbes, D.M.D.
Dr. Bettie Rose Horne
Mr. Kenneth W. Jackson
Dr. Raghu Korrapati
Dr. Louis B. Lynn
Ms. Cynthia C. Mosteller
Mr. James Sanders
Mr. Hood Temple
Mr. Randy Thomas
Mr. Kenneth B. Wingate
Mr. Neal J. Workman, Jr.
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

May 27, 2008

MEMORANDUM

TO: Dr. Layton McCurdy, Chair, and Members
South Carolina Commission on Higher Education

FROM: Ms. Cyndi Mosteller, Chair
Access & Equity and Student Services Committee

7.03A Consideration of Proposed FY 2008-2009 Administrative Budget, SC Student Loan Corporation

Background

The General Assembly established the South Carolina State Education Assistance Authority in 1971, authorizing this entity 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 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 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 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.

Proposed Budget for FY 2008-09

The following table presents information on the previous year's budget request and The Student Loan Corporation's proposed FY 2008-09 operating budget for administration of the SC Teachers Loan Program.

Item	FY 2007-08 Budgeted	Estimated Actual FY 2007-08	(Over)/ Under	FY 2008-09 Proposed	% Incr Change vs 2007-08 Actual
Personnel Expenses (salaries/fringes/Social Security/insurance/retirement/Unemployment)	\$378,200	\$349,621	\$28,579	\$353,068	-6.65%
Contractual Expenses (loan servicing/accounting)	30,200	28,500	1,700	32,275	+6.87%
General Operating (rent/telephone/printing/Postage/supplies/travel/equipment/subscriptions and fees/meeting costs/insurance - general and auto/outreach/contingencies /depreciation)	57,200	57,950	(750)	67,607	+18.19%
TOTAL	\$465,600	\$436,071	\$29,529	\$452,950	-2.72%

The first two columns in the table display the budgeted and estimated actual expenditures for FY 2007-08. The 2007-08 actual expenditures are estimated to be under the amount budgeted for that fiscal year (-\$29,529). The fourth column, totaling \$452,950 is the Student Loan Corporation's administrative budget request for FY 2008-09, as approved by the Corporation's Board of Directors, on May 6, 2008. The \$452,950 is 2.72% less than last year's budget request.

The proposed budget reflects a decrease from the previous year's budget under the category of Personnel Expenses (staff salaries, Social Security, group insurance and unemployment). The proposed retirement costs will increase from \$42,500 requested in FY 2007-08 to \$44,100 in FY 2008-09 (3.76%). Overall, the proposed operating expenses for FY 2008-09 are \$353,068, which is a 6.65% decrease from the previous year's budget (**See Attached Budget- SC Student Loan Corporation**).

Under Contractual Expenses, the proposed budget reflects an increase in loan servicing from \$28,000 requested for FY 2007-08 to \$29,875 for FY 2008-09 (6.70% increase) and in accounting expenses, from \$2,200 in FY 2007-08 to \$2,400 in FY 2008-09 (9.09% increase). Overall, the proposed contractual expenses will increase by 6.87% (from \$30,200 requested for FY 2007-08 to \$32,275 for FY 2008-09).

Under General Operating Expenses, the proposed budget shows increases under the categories of telephone, postage, supplies, equipment lease/maintenance, and general and automobile insurance. Most notably, the FY 2008-09 budget request for postage is \$30,174 which is a 43.69% increase from the previous year's budget. The proposed FY 2008-09 budget increase for general and auto insurance costs is \$2,899 which is a 20.79% increase from the previous year's budget.

Budget Explanation

Under Personnel Expenses, the Student Loan Corporation has reduced its employer share of health care group insurance and therefore provider costs will decrease by 29.60%. Under the Contractual Services budget category, the Corporation will upgrade its computer systems during FY 2008-09, thereby increasing provider costs expenditures. The loan servicing provider costs will increase 6.70% (from \$26,300 requested for FY 2007-08 to \$29,875 for FY 2008-09), and accounting provider costs will increase by 9.09% (from \$2,200 requested for FY 2007-08 to \$2,400 for FY 2008-09).

Under General Operating Expenses, there was no increase in rent for FY 2007-08 and it is anticipated that there will not be an increase in rent for FY 2008-09 (small decrease by 0.05%). The 43.9% increase in postage (from \$21,000 in FY 2007-08 to \$30,174 for FY 2008-09) results from increased communications with students for repayments and increased U.S. postage costs. Also, the increase in equipment lease/maintenance from \$2,000 in FY 2007-08 to \$2,338 in FY 2008-09 reflects an increase in leasing charges from external providers. Finally, the Student Loan Corporation projects that there will be a 20.79% increase in general and automobile insurance costs.

Recommendation:

The Access & Equity and Student Services Committee recommends that the SC Commission on Higher Education approve the proposed FY 2008-09 budget for administration of the SC Student Loan Corporation's Teachers Loan Program.

Loan Originations
P.O. Box 21487
Columbia, SC 29221

SOUTH CAROLINA
Student Loan

Attachment 1

Repayment Services
P.O. Box 21337
Columbia, SC 29221*

William M. Mackie, Jr. Interstate Center • 16 Berryhill Rd. • Suite 210 • Columbia, SC 29210
www.scstudentloan.org • 800-347-2752 • 803-798-0916

May 8, 2008

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 2008-09 for administration of the Teachers Loan Program. This budget was reviewed and approved by the Board of Directors of the Corporation at its Annual Meeting on May 6, 2008.

In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 2007-08 fiscal year. The third column, totaling \$452,950, is the amount proposed by the Corporation for 2008-09. 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 07-08 Budgeted</u>	<u>Estimated Actual</u>	<u>FY 08-09 Proposed</u>	<u>FY 08-09 Proposed</u>
Personnel (salaries and benefits)	\$378,200	\$349,621	\$353,068	\$11,497,276
Contractual Services (computer support/ programming)	30,200	28,500	32,275	1,982,741
Other Operating (rent, utilities, etc.)	57,200	57,950	67,607	3,347,431
Equipment	0	0	0	207,100
TOTAL	\$465,600	\$436,071	\$452,950	\$17,007,548

Dr. Karen Woodfaulk
May 8, 2008
Page Two

If I may provide any further information regarding either proposed or actual expenditures, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink that reads "CC Sanders, Jr." in a cursive style.

Charlie C. Sanders, Jr.
President & CEO

Enclosure

South Carolina Student Loan Corporation
Contractual Services Proposed Budget for
South Carolina Teacher Loan Program
2008-09

	<u>2007-08</u>			<u>2008-09</u>	
	<u>Budgeted</u>	<u>Estimated Actual</u>	<u>(Over)/ Under</u>	<u>Proposed</u>	<u>% Incr vs 08 Bud</u>
<u>OPERATING EXPENSES</u>					
Personnel Expenses:					
Staff Salaries	234,100	234,700	(600)	232,142	-0.84%
Social Security	17,900	17,100	800	17,759	-0.79%
Group Insurance	82,900	57,621	25,279	58,363	-29.60%
Retirement	42,500	39,600	2,900	44,100	3.76%
Unemployment	800	600	200	704	-12.00%
<i>Total Personnel Expenses</i>	<u>\$ 378,200</u>	<u>\$ 349,621</u>	<u>\$ 28,579</u>	<u>\$ 353,068</u>	<u>-6.65%</u>
Contractual Expenses:					
Loan Servicing	28,000	26,300	1,700	29,875	6.70%
Legal	-	-	-	-	N/A
Accounting	2,200	2,200	0	2,400	9.09%
Credit Bureau	-	-	-	-	N/A
Enrollment Verification	-	-	-	-	N/A
<i>Total Contractual Expenses</i>	<u>\$ 30,200</u>	<u>\$ 28,500</u>	<u>\$ 1,700</u>	<u>\$ 32,275</u>	<u>6.87%</u>
General Operating Expenses:					
Rent	8,800	8,800	-	8,796	-0.05%
Telephone	6,900	6,100	800	7,300	5.80%
Printing	7,500	4,300	3,200	7,500	0.00%
Postage	21,000	27,200	(6,200)	30,174	43.69%
Supplies	7,250	6,000	1,250	7,250	0.00%
Travel	600	600	0	600	0.00%
Equipment Lease/Maintenance	2,000	1,900	100	2,338	16.90%
Subscriptions & Fees	100	100	0	100	0.00%
Meeting and Conf Costs	150	150	0	150	0.00%
Insurance- General & Auto	2,400	2,300	100	2,899	20.79%
Outreach and Awareness	-	-	-	-	N/A
Contingencies	500	500	0	500	0.00%
Depreciation	-	-	-	-	N/A
<i>Total General Operating Exp</i>	<u>\$ 57,200</u>	<u>\$ 57,950</u>	<u>\$ (750)</u>	<u>\$ 67,607</u>	<u>18.19%</u>
Total Operating Expenses	<u>\$ 465,600</u>	<u>\$ 436,071</u>	<u>\$ 29,529</u>	<u>\$ 452,950</u>	<u>-2.72%</u>
Total Expenditures	<u>\$ 465,600</u>	<u>\$ 436,071</u>	<u>\$ 29,529</u>	<u>\$ 452,950</u>	<u>-2.72%</u>