

Suite 210 Interstate Center  
Columbia, South Carolina 29210  
(803) 798-0916  
www.scstudentloan.org



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

May 12, 2005

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 2005-06 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 10, 2005.

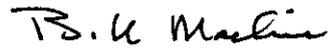
In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 2004-05 fiscal year. The third column, totaling \$409,900, is the amount proposed by the Corporation for 2005-06. For purposes of comparison, the regular administrative budget of the Corporation for 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 04-05 Budgeted</u>	<u>Estimated Actual</u>	<u>FY 05-06 Proposed</u>	<u>FY 05-06 Approved</u>
Personnel (salaries and benefits)	\$312,875	\$314,972	\$327,625	\$9,998,500
Contractual Services (computer support/ programming)	27,825	27,452	27,900	1,461,200
Other Operating (rent, utilities, etc.)	51,675	49,037	54,375	2,669,950
Equipment	0	0	0	253,500
<b>TOTAL</b>	<b>\$392,375</b>	<b>\$391,461</b>	<b>\$409,900</b>	<b>\$14,383,150</b>

Dr. Karen Woodfaulk  
May 12, 2005  
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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,

A handwritten signature in black ink that reads "W. M. Mackie, Jr." in a cursive style.

William M. Mackie, Jr.  
President & CEO

Enclosure