



South Carolina Commission on Higher Education

Agenda Item 7.03A

Brig Gen John L. Finan, USAF (Ret.), Chair
Dr. Bettie Rose Horne, Vice Chair
Ms. Natasha M. Hanna
Ms. Elizabeth Jackson
Dr. Raghu Korrapati
Ms. Leah B. Moody
Vice Admiral Charles Munns, USN (ret.)
Mr. Kim F. Phillips
Mr. Y. W. Scarborough, III
Dr. Jennifer B. Settlemyer
Mr. Hood Temple
The Honorable Lewis R. Vaughn

August 8, 2013

Dr. Richard C. Sutton,
Executive Director

MEMORANDUM

TO: Chairman John L. Finan and Members, SC Commission on Higher Education

FROM: Mr. Hood Temple, Chair and Members, Access & Equity and Student Services Committee

Consideration of SC Student Loan Corporation FY 2013-2014 Administrative Budget Request SC Teachers Loan Program

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 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 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 Administrative Budget for FY 2013-14

The following table presents information regarding the previous FY 2012-13 budget request and the Student Loan Corporation's proposed FY 2013-14 operating budget for administration of the SC Teachers Loan Program.

Item	FY 2012-13 Budgeted	Estimated Actual FY 2012-13	(Over)/ Under	FY 2013-14 Proposed	% Increase Change vs FY 2012-13 Budgeted
Personnel Expenses (salaries/fringes/Social Security/insurance/retirement/Unemployment)	\$266,000	\$247,975	\$18,025	\$252,266	-5.18%
Contractual Expenses (loan servicing/accounting)	26,282	24,267	2,015	27,650	-5.21%
General Operating (rent/telephone/printing/Postage/supplies/travel/equipment/subscriptions and fees/meeting costs/insurance – general and auto/outreach/contingencies /depreciation)	59,676	50,177	9,499	50,095	-16.06%
TOTAL	\$351,958	\$322,419	\$29,539	\$329,971	-6.25%

The first two columns in the table display the budgeted and estimated actual expenditures for FY 2012-13. The FY 2012-13 actual expenditures are estimated to be under the amount budgeted by the end of the fiscal year (-\$29,539), which will close on June 30, 2013. The fourth column, totaling \$329,971, is the SC Student Loan Corporation's FY 2013-14 budget request for administration of the SC Teachers Loan Program as approved by the Corporation's Board of Directors, on May 7, 2013. The \$329,971 is 6.25 % less than the previous year's budget request for administration of the program.

The proposed budget for the SC Teachers Loan Program as proposed by the SC Student Loan Corporation reflects an overall decrease from the previous year's actual estimated budget. Under the category of Personnel Expenses (staff salaries, Social Security, group insurance and unemployment), the FY 2012-13 budget request was \$266,000. The budget request for FY 2013-14 under personnel expenses will decrease to \$252,266 which reflects a 5.18% decrease. The FY 2012-13 budget request for Contractual Expenses (loan servicing/accounting) was \$26,282. However, at the close of FY 2012-13, the estimated actual expenses for contractual services is expected to be \$24,267 which is \$2015 below the amount requested under this budget item. The proposed FY 2013-14 budget request for contractual services is \$27,650.

The Student Loan Corporation's FY 2012-13 budget request for General Operating costs was \$59,676. At the close of FY 2012-13, the actual general operating costs are expected to be \$50,177

(\$9,499 under budget request). The proposed general operating expenses for FY 2013-14 are \$50,095 which is a 16.06% decrease from the previous year's budget request (**See attached Budget- SC Student Loan Corporation**).

Budget Explanation

Under Personnel Expenses, the Student Loan Corporation automated several processes during the last several years which, in turn, have given the Student Loan Corporation the ability to reduce staff and associated benefits/insurance allocated to the Teacher Loan Program. Therefore, personnel costs (salary/fringe and provider costs) will decrease to \$252,266. The FY 2013-14 budget reflects a 5.18% decrease. As in previous years, under the Contractual Expenses budget category, the proposed loan servicing provider costs for FY 2013-14 are \$27,650. The current year's actual costs are estimated to be \$24,267 for FY 2012-13 (\$2,015 decrease) due to continued efficiencies after relocating to the new location on Two Notch Road, Columbia, SC.

Under General Operating Expenses, proposed costs in telephone systems and printing are estimated to be \$50,095 for FY 2013-14 which represent a 16.06% decrease due to newly negotiated printer lease agreements for in-house printing.

Recommendation:

The Access & Equity and Student Services Committee commends favorably to the Commission approval of the SC Student Loan Corporation's FY 2013-14 proposed budget for administration of the SC Teachers Loan Program.

JUN - 3 2013

Loan Originations
P.O. Box 102405
Columbia, SC 29224



Repayment Services
P.O. Box 102423
Columbia, SC 29224

8906 Two Notch Rd. • Columbia, SC 29223
www.scstudentloan.org • 800-347-2752 • 803-798-0916

May 10, 2013

Dr. Richard C. Sutton
Executive Director
S.C. Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

Sorry for the delay. We used the wrong address.

Dear Dr. Sutton:

I am enclosing for your review, and for approval by the Commission on Higher Education at its next meeting, the proposed budget for 2013-14 for administration of the Teachers Loan Program. This budget was reviewed and approved by our Board of Directors of the Corporation at its Annual Meeting.

In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 2012-13 fiscal year. The third column, totaling \$329,971, is the amount proposed by the Corporation for 2013-14.

**OPERATING EXPENSES FOR
TEACHERS LOAN PROGRAM**

	<u>FY 12-13</u> <u>Budgeted</u>	<u>Estimated</u> <u>Actual</u>	<u>FY 13-14</u> <u>Proposed</u>
Personnel (salaries and benefits)	\$266,000	\$247,975	\$252,226
Contractual Services (computer support/ programming)	26,282	24,267	27,650
Other Operating (rent, utilities, etc.)	59,676	50,177	50,095
TOTAL	\$351,958	\$322,419	\$329,971

Dr. Richard Sutton
May 10, 2013
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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 blue ink, appearing to read "C. Sanders, Jr.", written in a cursive style.

Charlie C. Sanders, Jr.
President & CEO

cc: Ms. Julie Carullo
Enclosure

South Carolina Student Loan Corporation
Contractual Services Budget for
South Carolina Teacher Loan Program
2013-2014

	<u>2012-13</u>			<u>2013-14</u>		
	<u>Budgeted</u>	<u>Estimated Actual</u>	<u>(Over)/ Under</u>	<u>Proposed</u>	<u>% Incr vs 13 Bud</u>	<u>% Incr vs 13 Est</u>
<u>OPERATING EXPENSES</u>						
Personnel Expenses:						
Staff Salaries	186,000	175,000	11,000	178,000	-4.30%	1.71%
Social Security	13,000	11,900	1,100	12,104	-6.89%	1.71%
Group Insurance	26,000	21,000	5,000	21,360	-17.85%	1.71%
Retirement	40,400	39,375	1,025	40,050	-0.87%	1.71%
Unemployment	600	700	(100)	712	18.67%	1.71%
<i>Total Personnel Expenses</i>	<u>\$ 266,000</u>	<u>\$ 247,975</u>	<u>\$ 18,025</u>	<u>\$ 252,226</u>	-5.18%	1.71%
Contractual Expenses:						
Information Technology	23,632	21,617	- 2,015	24,500	3.67%	13.34%
Accounting	2,650	2,650	0	3,150	18.87%	18.87%
<i>Total Contractual Expenses</i>	<u>\$ 26,282</u>	<u>\$ 24,267</u>	<u>\$ 2,015</u>	<u>\$ 27,650</u>	5.21%	
General Operating Expenses:						
Rent	8,796	8,760	36	8,760	-0.41%	0.00%
Telephone	6,180	6,000	180	6,000	-2.91%	0.00%
Printing	4,000	2,400	1,600	2,475	-38.13%	3.13%
Postage	29,200	24,000	5,200	24,000	-17.81%	0.00%
Supplies	2,400	1,817	583	1,860	-22.50%	2.37%
Equipment Lease/Maintenance	5,800	5,800	-	5,500	-5.17%	-5.17%
Insurance- General & Auto	3,200	1,400	1,800	1,500	-53.13%	7.14%
Other Expenses	100	0	100	0	-100.00%	#DIV/0!
<i>Total General Operating Exp</i>	<u>\$ 59,676</u>	<u>\$ 50,177</u>	<u>\$ 9,499</u>	<u>\$ 50,095</u>	-16.06%	-0.16%
Total Operating Expenses	<u>\$ 351,958</u>	<u>\$ 322,419</u>	<u>\$ 29,539</u>	<u>\$ 329,971</u>	-6.25%	2.34%
Total Expenditures	<u>\$ 351,958</u>	<u>\$ 322,419</u>	<u>\$ 29,539</u>	<u>\$ 329,971</u>	-6.25%	2.34%