



CHE Meeting
6/5/03
Agenda Item 3.03A

May 23, 2003

MEMORANDUM

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

From: Susan Cole, Chair
Student Services Committee

Consideration of Proposed FY 2003-2004
Administrative Budget
SC 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 for 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 teacher Loan Program; and 2) approval of the appropriation request for loans made through the TLP.

The following table details the proposed FY 2003-2004 operating budget for the administration of the Teachers Loan Program and information on the current year's budget request.

Item	FY 02-03 Budgeted	Estimated Actual	FY 03-04 Proposed	% Budget Change
Personnel	\$278,075	\$278,000	289,125	+4.00%
Contractual Services	\$26,675	25,025	\$24,575	-1.93%
Other Operating	\$51,125	\$49,375	\$48,900	-0.98%
Equipment	\$3,000	\$3,000	0	-100%
TOTAL	\$359,275	\$355,400	\$362,600	+2.03

The small increase in Personnel Expenses is a result of increases in Staff Salaries (\$5,650), Social Security (\$1,250), Group Insurance (\$2,675), Retirement (\$1,500) and Unemployment (\$50.)

Two other budget categories represent a decrease in funding from the previous year. The request for Contractual Expenses is \$450 less than last year, and the Total General Operating Expenses are \$475 less than last year. Finally, the Student Loan Corporation does not anticipate Capital Expenditures for 2003-04.

In the first two columns, the table displays the budget and estimated expenditures for FY 2002-2003. The third column, totaling \$362,600, is the Corporation's operating expense budget request for FY 2003-2004, as approved by the Corporation's Board of Directors May 7, 2003. The total amount requested is \$7,200 more than last year's request.

Recommendation

The Student Services Committee recommends that the proposed recommendations from the Student Loan Corporation be approved as presented.