

MEMORANDUM

TO: Ms. Cynthia Mosteller, Chair, and Members
Access & Equity and Student Services Committee

FROM: Dr. Karen Woodfaulk, Director
Student Services Committee

Consideration of Proposed FY 2006-2007 Administrative Budget SC Student Loan Corporation

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 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.

The following table presents information on the previous year's budget request and the Student Loan Corporation's proposed FY 2006-07 operating budget for administration of the Teachers Loan Program.

Item	FY 2005-06 Budgeted	Estimated Actual FY 2005-06	FY 2006-07 Proposed	% Budget Change vs 2006 Actual
Personnel (salaries/fringes)	\$327,625	\$319,885	\$355,975	+11.28%
Contractual Services (computer support/ programming)	27,900	29,790	27,900	-6.34%
General Operating (rent, utilities, etc.)	54,375	52,625	54,010	+2.63%
Equipment	0	0	0	0
TOTAL	\$409,900	\$402,300	\$437,885	+8.85% Overall

The first two columns in the table display the budgeted and estimated actual expenditures for FY 2005-06. The third column, totaling \$437,885 is the Student Loan Corporation's administrative budget request for FY 2006-07, as approved by the Corporation's Board of Directors, on May 2, 2006. The total amount requested, \$437,885, is 8.85% (\$35,585) 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 2006-07 is \$20,020 (41.18%). The 11.76% increased cost of health care (group insurance) is determined by the State Budget and Control Board. The small increase (2.63%) in General Operating \$1,385 - results from increased costs in rent, postage, travel, equipment maintenance and general and auto insurance and contingencies.

Recommendation:

The staff recommends that the proposed budget for administration of the Teachers Loan Program from the SC Student Loan Corporation be approved as presented.