

Consideration of SC Student Loan Corporation FY2015-2016
Administrative Budget Request
SC Teachers Loan Program

June 4, 2015

Background

The General Assembly established the South Carolina State Education Assistance Authority in 1971, authorizing this entity to provide financial assistance to students through ensuring 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 (CHE) 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 FY2015-16 and Explanation

The following table presents information regarding the previous FY2014-15 budget request, estimated actual costs for FY 2014-15, the cost difference between the amount budgeted in FY2014-15 and estimated actual costs for FY2014-15, the Student Loan Corporation's **proposed FY2015-16 operating budget** for administration of the SC Teachers Loan Program, and finally, the percent difference between the amount requested for FY 2014-15 versus the budget request for FY2015-16.

Item	FY 2014-15 Budgeted	Estimated Actual FY 2014-15	(Over)/ Under	FY 2015-16 Proposed Budget	% increase vs. FY14 Budgeted
Personnel Expenses (salaries/fringes/social security/group insurance/retirement/unemployment)	\$233,950	\$228,300	\$5,650	\$235,600	+0.71%
Contractual Expenses (information technology/accounting)	28,755	28,830	(-75.)	30,610	+6.45%
General Operating (rent/telephone/printing/postage/supplies/equipment lease/maintenance/insurance – general and auto/)	54,440	52,560	1,880	53,240	-2.20%
TOTAL	\$317,145	\$309,690	\$7,455	\$319,450	+0.73%

The first two columns in the table display the budget approved by CHE for FY2014-15 and estimated actual expenditures for FY2014-15. The estimated FY2014-15 actual expenditures, which are expected to total \$309,690, are estimated to be less than the amount budgeted for FY2014-15 (\$317,145). The third column displays the difference in the amount of \$7,455 (estimate) by the close of FY2014-15 on June 30, 2015. The fourth column, totaling \$319,450, is the SC Student Loan Corporation’s FY2015-16 budget request for administration of the SC Teachers Loan Program to be presented to the Corporation’s Board of Directors for approval on May 5, 2015. The last column shows the percent difference between the Corporation’s FY2015-16 budget request from the previous year’s budget (FY2014-15) approved by CHE. The FY2015-16 budget request in the amount of \$319,450 represents a 0.73% (\$7,455) increase from the previous year’s budget request. **(See Attached for detailed budget).**

Under the category of Personnel Expenses (Staff Salaries, Social Security, Group Insurance, Retirement and Unemployment), the FY2015-16 budget request is \$235,600 which is an overall 0.71% increase from the previous FY2014-15 budgeted amount (\$233,950). Increases within this budget category are reflected under staff salaries in the amount of \$167,270 (1.38% increase), retirement in the amount of \$32,360 (1.66% increase) and unemployment in the amount of \$840 (6.33% increase). Defined employee benefit program expenses (retirement) are subject to market fluctuations which drive costs (up or down annually). Social security costs will decrease to \$12,550 (-0.68%) and group insurance costs are

expected to decrease to \$22,580 (-4.69%). Since 2012, the Corporation's long term strategic plan to automate several processes has continued to control costs associated with salaries, benefits, group and unemployment insurance. At the close of FY2014-15, the estimated actual Personnel Expenses are expected to be \$228,300.

The proposed FY2015-16 budget request for Contractual Expenses is \$30,610 which reflects an overall 6.45% increase from the previous year's budget request under this category. The FY2015-16 budget request for information technology services is \$27,060 (6.68% increase) due to required annual fees for upgrading software. The Corporation, through the State of South Carolina Auditors' Office, changed auditing firms in FY2013-14 which resulted in a 7.6% increase in accounting services during FY2014-15 (\$3,390). This year, costs for accounting services are expected to moderately increase by 4.72% (\$3,550). It is anticipated that at the close of FY2014-15, the estimated Contractual Expenses will be \$28,830 which is slightly over the amount budgeted for FY2014-15.

The Student Loan Corporation's FY2015-16 budget request for General Operating Expenses is \$53,240 (-2.20% decrease). This year's budget request for rent (\$8,760) remains the same as the Corporation's budget request for FY2014-15. The FY2015-16 budget request shows a -9.79% decrease in telephone costs (\$6,080) and a -10.70% decrease in postage costs (\$26,200) from the previous fiscal year. This year's budget request for printing costs (\$3,250) shows a 113% increase from FY2014-15. The Corporation included anticipated costs in FY2015-16 associated with printing a SC Teachers Loan Program brochure for statewide dissemination. Equipment lease/maintenance expenses for FY2015-16 will increase 14.58% (\$5,500), and insurance - general & auto expenses - will increase 10.0% (\$1,650). At the close of FY2014-15, the estimated actual General Operating Expenses are expected to be \$52,560.

The Corporation's FY2015-16 budget request for the South Carolina Teachers Loan Program in the amount of \$319,450 reflects an overall 0.73% increase from the previous year's budget request (\$317,145). The use of automated systems, when possible, continues to help maintain overall administrative costs at moderate levels. Overall, the Corporation has reduced administrative expenses from \$465,600 in FY2007-2008 to the present budget request of \$319,450 for FY2015-16.

Recommendation

The Committee on Access & Equity and Student Services commends favorably to the Commission approval of the SC Student Loan Corporation's FY2015-16 proposed budget in the amount of \$319,450 for administration of the SC Teachers Loan Program. The SC Student Loan Corporation's Board approved the proposed FY2015-16 budget as submitted on May 5, 2015.

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

April 16, 2015

Ms. Julie Carullo
Interim Executive Director
S.C. Commission on Higher Education
1122 Lady Street, Suite 300
Columbia, SC 29201

Dear Ms. Carullo:

I am enclosing for your review and approval by the Commission on Higher Education, the proposed budget for 2015-16 for administration of the Teachers Loan Program. This budget will be reviewed and approved by our Board of Directors of the Corporation at its Annual Meeting on May 5th.

In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 2014-15 fiscal year. The third column, totaling \$319,450, is the amount proposed by the Corporation for 2015-16.

OPERATING EXPENSES FOR
TEACHERS LOAN PROGRAM

	<u>FY 14-15</u> <u>Budgeted</u>	<u>Estimated</u> <u>Actual</u>	<u>FY 15-16</u> <u>Proposed</u>
Personnel (salaries and benefits)	\$233,950	\$228,300	\$235,600
Contractual Services (IT/Accounting)	28,755	28,830	30,610
Other Operating (Postage, Telephone, etc.)	54,440	52,560	53,240
TOTAL	\$317,145	\$309,690	\$319,450

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 that reads "Charlie C. Sanders, Jr.".

Charlie C. Sanders, Jr.
President & CEO

Enclosure

South Carolina Student Loan Corporation
Contractual Services Budget for
South Carolina Teacher Loan Program
2015-2016

	<u>2014-15</u>			<u>2015-16</u>		
	<u>Budgeted</u>	<u>Estimated Actual</u>	<u>(Over)/ Under</u>	<u>Proposed</u>	<u>% Incr vs 15 Bud</u>	<u>% Incr vs 15 Est</u>
<u>OPERATING EXPENSES</u>						
Personnel Expenses:						
Staff Salaries	165,000	161,700	3,300	167,270	1.38%	3.44%
Social Security	12,636	12,120	516	12,550	-0.68%	3.55%
Group Insurance	23,692	21,020	2,672	22,580	-4.69%	7.42%
Retirement	31,832	32,650	(818)	32,360	1.66%	-0.89%
Unemployment	790	810	(20)	840	6.33%	3.70%
<i>Total Personnel Expenses</i>	<u>\$ 233,950</u>	<u>\$ 228,300</u>	<u>\$ 5,650</u>	<u>\$ 235,600</u>	0.71%	3.20%
Contractual Expenses:						
Information Technology	25,365	25,530	- (165)	27,060	6.68%	5.99%
Accounting	3,390	3,300	90	3,550	4.72%	7.58%
<i>Total Contractual Expenses</i>	<u>\$ 28,755</u>	<u>\$ 28,830</u>	<u>\$ (75)</u>	<u>\$ 30,610</u>	6.45%	
General Operating Expenses:						
Rent	8,760	8,760	-	8,760	0.00%	0.00%
Telephone	6,740	6,060	680	6,080	-9.79%	0.33%
Printing	1,520	3,170	(1,650)	3,250	113.82%	2.52%
Postage	29,340	26,000	3,340	26,200	-10.70%	0.77%
Supplies	1,780	1,750	30	1,800	1.12%	2.86%
Equipment Lease/Maintenance	4,800	5,320	(520)	5,500	14.58%	3.38%
Insurance- General & Auto	1,500	1,500	-	1,650	10.00%	10.00%
Other Expenses	0		-			
<i>Total General Operating Exp</i>	<u>\$ 54,440</u>	<u>\$ 52,560</u>	<u>\$ 1,880</u>	<u>\$ 53,240</u>	-2.20%	1.29%
Total Operating Expenses	<u>\$ 317,145</u>	<u>\$ 309,690</u>	<u>\$ 7,455</u>	<u>\$ 319,450</u>	0.73%	3.15%
Total Expenditures	<u><u>\$ 317,145</u></u>	<u><u>\$ 309,690</u></u>	<u><u>\$ 7,455</u></u>	<u><u>\$ 319,450</u></u>	0.73%	3.15%