

MEMORANDUM

To: Dalton Floyd, Jr., Chairman

From: Susan Cole, Chairman
Committee on Access & Equity and Student Services

Consideration of Proposed FY 2002-2003
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 2002-2003 operating budget for the administration of the Teachers Loan Program and information on the current year's budget request.

Item	FY 01-02 Budgeted	Estimated Actual	FY 02-03 Proposed	% Budget Change
Personnel	\$252,000	\$253,000	\$278,075	+10.3%
Contractual Services	\$33,400	\$23,200	\$26,675	-20.1%
Other Operating	\$52,125	\$48,100	\$51,525	-0-
Equipment	\$3,000	\$3,000	\$3,000	-0-
TOTAL	\$340,525	\$327,300	\$359,275	+5.5%

The increase in **Personnel** is a direct result of the two new programs authorized by the General Assembly for the Student Loan Corporation to administer: Career Changers and Critical Needs Program. This increase represents (\$26,075).

The increase in **Contractual Services** is a direct result of the two new programs authorized by the General Assembly for the Student Loan Corporation to administer: Career Changers and Critical Needs Program. The processing for these programs will become automated to handle the volume of interest. This budget deficit request is (\$6,725) less than last year.

The remaining categories request level funding with -0- increase.

In the first two columns, the table displays the budget and estimated expenditures for FY 2001-2002. The third column, totaling \$359,275, is the Corporation's operating expense budget request for FY 2002-2003, as approved by the Corporation's Board of Directors May 7, 2002. The total amount requested is \$18,750 more than year's request.

Recommendation

The Committee on Access & Equity and Student Services recommends that the proposed recommendations from the Student Loan Corporation be approved as presented. Attachments FY 2002-2003 SC Teacher Loan Program Proposed Operating Budget.