

South Carolina Commission on Higher Education

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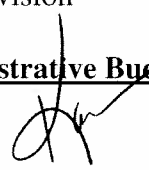
June 2, 2009

MEMORANDUM

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

FROM: Dr. Karen Woodfaulk, Director, Student Services Division

Consideration of Proposed FY 2009-2010 Administrative Budget
SC Student Loan Corporation



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 wish to become certified teachers within 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 needs or geographic area in South Carolina. Critical needs and geographical areas are determined by the SC Department of Education and the Center for Educator Recruitment, Retention and Advancement.

The General Assembly authorized the Commission on Higher Education to establish regulation to govern the SC Teachers Loan Program. The regulation charges 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 Budget for FY 2009-10

The following table presents information on the previous year's budget request and the Student Loan Corporation's proposed FY 2009-10 operating budget for administration of the SC Teachers Loan Program.

Operating Expenses	FY 2008-09 Approved Budget	Estimated Actual FY 2008-09	(Over)/ Under	FY 2009-10 Proposed Budget	% change Approved FY 2008-09 Budget vs. FY 2009-10 Proposed Budget
Personnel					
Staff Salaries	232,142	226,250	5,892	231,000	-0.49%
Social Security	17,759	16,850	909	17,500	-1.46%
Group Insurance	58,363	49,905	8,458	40,350	-30.86
Retirement	44,100	44,100	-	44,500	0.91%
Unemployment	704	655	49	705	0.14%
<i>Total Personnel</i>	<i>\$353,068</i>	<i>\$337,760</i>	<i>\$15,308</i>	<i>\$334,055</i>	<i>-5.39%</i>
Contractual					
Loan Servicing	29,875	25,800	4,075	28,050	-6.11%
Legal	-	-	-	-	N/A
Accounting	2,400	3,057	(657)	2,400	0.00%
Credit Bureau	-	-	-	-	N/A
Enrollment Verification	-	-	-	-	N/A
<i>Total Contractual</i>	<i>\$32,275</i>	<i>\$28,857</i>	<i>\$3,418</i>	<i>\$30,450</i>	<i>-5.65%</i>
General					
Rent	8,796	8,760	36	8,796	0.00%
Telephone	7,300	6,400	900	7,100	-2.74%
Printing	7,500	6,059	1,441	7,000	-6.67%
Postage	30,174	28,941	1,233	30,000	-0.58%
Supplies	7,250	5,650	1,600	6,450	-11.03%
Travel	600	475	125	0	-100%
Equipment/Lease	2,338	2,009	329	2,200	-5.90%
Subscription/Fees	100	100	0	0	-100.00%
Meeting/Conference	150	150	0	0	-100.00%
Insurance- General and auto	2,899	2,540	359	2,675	-7.73%
Contingencies	500	350	150	500	0.00%
Depreciation	-	-	-	-	N/A
<i>Total General</i>	<i>\$67,607</i>	<i>\$61,434</i>	<i>\$6,173</i>	<i>\$64,721</i>	<i>-4.27%</i>
Total	\$452,950	\$428,051	\$24,899	\$429,226	-5.24%

Budget Explanation

The second and third columns in the table display the budgeted and estimated actual expenditures for FY 2008-09. The fourth column shows the difference between the approved budget request and the FY 2008-09 estimated actual expenditures. The fifth column is the Student Loan Corporation's Teachers Loan Program administrative budget request for FY 2009-10 as approved by the Corporation's Board of Directors on May 5, 2009. The sixth column shows the difference by percentage between the prior year's approved budget and the FY 2009-10 proposed budget request. The request for \$429,226 reflects a decrease from the previous year's budget request (\$452,950).

Under the category of Personnel Expenses, the proposed FY 2009-10 budget request for FY 2009-10 reflects a substantial decrease from the previous year's budget request for group insurance (from \$58,363 in FY 2008-09 to \$40,350 in FY 2009-10). The Student Loan Corporation has reduced its employer share of health care group insurance and, therefore, provider costs will decrease by 30.86%. Under Contractual Expenses, the proposed budget reflects a small decrease (6.11%) in loan servicing (from \$29,875 in FY 2008-09 to \$28,050 for FY 2009-10). Although the FY 2008-09 expenditures for accounting costs (\$3,057) are slightly above the amount budgeted for this item (\$2,400), the Corporation will again request the same amount as the prior year (\$2,400).

Under General Operating Expenses, the FY 2009-10 budget request reflects no increases in charges for rent. Also, the FY 2009-10 budget request shows decreased costs in most categories, including telephone (-2.74%), printing (-6.67%), postage (-0.58%), supplies (-11.03%), and equipment lease/maintenance (-5.90%). The FY 2009-10 budget request also includes a decrease in general and automobile insurance costs (-7.73%). The Student Loan Corporation is requesting that two areas - travel and meeting/conference costs- under General Operating Expenses be reduced by 100%.

Recommendation:

The Commission on Higher Education Student Services Division staff recommends that the Access & Equity and Student Services Committee approve the SC Student Loan Corporation's FY 2009-10 budget request in the amount of \$429,226 for administration of the SC Teachers Loan Program.

Loan Originations
P.O. Box 21487
Columbia, SC 29221



Repayment Services
P.O. Box 21337
Columbia, SC 29221

William M. Mackie, Jr. Interstate Center • 16 Berryhill Rd. • Suite 210 • Columbia, SC 29210
www.scstudentloan.org • 800-347-2752 • 803-798-0916

May 27, 2009

Dr. Karen Woodfaulk
Director
Division of Student Services
and Veterans Affairs
S.C. Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

Dear Karen:

I am enclosing for your review, and for approval by the Commission on Higher Education at its next meeting, the proposed budget for 2009-10 for administration of the Teachers Loan Program. This budget was reviewed and approved by the Board of Directors of the Corporation at its Annual Meeting on May 5, 2009.

In the first two columns below I have summarized the budgeted and estimated actual expenditures for the 2008-09 fiscal year. The third column, totaling \$429,226, is the amount proposed by the Corporation for 2009-10. For purposes of comparison, the regular administrative budget of the Corporation for the operation of the Federal Family Education Loan Program, not including operating costs associated with the Teacher Loan Program, is shown in the fourth column.

	OPERATING EXPENSES FOR TEACHERS LOAN PROGRAM			SCSLC OPERATING EXPENSE
	FY 08-09 <u>Budgeted</u>	Estimated <u>Actual</u>	FY 09-10 <u>Proposed</u>	FY 09-10 <u>Proposed</u>
Personnel (salaries and benefits)	\$353,068	\$337,760	\$334,055	\$10,450,650
Contractual Services (computer support/ programming)	32,275	28,857	30,450	2,186,140
Other Operating (rent, utilities, etc.)	67,607	61,434	64,721	2,998,350
Equipment	0	0	0	80,000
TOTAL	\$452,950	\$428,051	\$429,226	\$15,715,140

Dr. Karen Woodfaulk
May 27, 2009
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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 black ink that reads "C.C. Sanders, Jr." in a cursive style.

Charlie C. Sanders, Jr.
President & CEO

Enclosure