

**South Carolina Commission on Higher Education
Committee on Access & Equity and Student Services**

Meeting Held At
Anderson County Library
300 N. McDuffie Street, Anderson, SC

**Minutes of the Meeting
Thursday, June 7, 2018
11:00 a.m.**

Members Present

Mr. Paul Batson, Chair
Mr. Devron Edwards, Vice Chair (Telephone)
Dr. Bettie Horne
Mr. Richard A. Jones
Mr. Charles Munns (Telephone)

Staff Present

Dr. Karen Woodfaulk
Mr. Michael Jackson
Ms. Laverne Sanders
Ms. Tanya Weigold

Guests Attending

Mr. Trey Simon, President & CEO, SC Student Loan Corporation
Mr. Ray Jones, Vice President, SC Student Loan Corporation
Dr. Charlie Spell, SC State University (Telephone)
Ms. Reinell Thomas-Myers, SC State University (Telephone)

1. Introductions and Approval of Minutes

Chairman Paul Batson called the meeting to order and welcomed all in attendance. Introductions were made by all in attendance. It was confirmed that the meeting was being held in accordance with the Freedom of Information Act. A **motion** was made (Horne), **seconded** (Jones), and **carried** to approve the minutes of April 5, 2018.

**2. Consideration of SC Student Loan Corporation FY2018-2019
Administrative Budget Request – SC Teachers Loan Program (For
Approval)**

Dr. Karen Woodfaulk provided an overview of the SC Student Loan Corporation's budget request. She stated that the recommendation is to approve the operating budget for the SC Teacher Loan Program in the amount of \$750,420. Dr. Woodfaulk explained that a third party servicing fee of \$245,000 is included in the budget along with a conversion fee of \$180,000. She further explained that the servicer was not in place for the previous year, and as a result the funds were not used. Dr. Woodfaulk stated that staff has contacted the SC Office of the State Treasurer to inquire if the remaining funds from the previous year can be carried forward to the new fiscal year. She stated that if the remaining funds may be carried forward, the funds will be deducted from the CHE approved budget request for the upcoming year.

Commissioner Batson asked how the loan servicing was completed since a servicer was not in place. Mr. Trey Simon explained that the Corporation kept the current system in place and provided loan servicing this year at a reduced cost. He stated the Corporation will not be able to provide loan servicing in the upcoming year because the system must be decommissioned, moving forward. Mr. Ray Jones explained that the Corporation was trying to find a third-party servicer that is cost effective for the program. He stated calculations must be done yearly to see if students are eligible for cancellations. Mr. Jones explained that removing the task of servicing loans from the Corporation would also reduce personnel costs.

The **motion** was made (Munns) to approve the SC Student Loan Corporation's FY2018-19 proposed budget in the amount of \$750,420, which includes annual third-party servicing fees in the amount of \$245,000, approval of a one-time conversion fee in the amount of \$180,000 for the administration of the SC Teachers Loan Program and a recommendation that the SC Student Loan Corporation explore alternatives that would lower servicing costs. The motion was **seconded** (Jones) and the motion **carried**.

2.a. Delinquent Loans – SC Teachers Program

Mr. Simon explained that the Corporation is working with CHE on a process to address delinquent loans. He said there are some delinquent loans that are not an efficient use of resources to service because they are past due beyond the point of receiving payment. Mr. Simon stated that a determination must be made about loans that are in default. He explained the concepts of early stage and late stage delinquency (loans 180 days past due). Mr. Simon explained that once a loan reaches late stage delinquency, the Corporation sends the loan to a collection agency. He stated that the Corporation has reached out to CHE to determine the best way to handle delinquent accounts.

Commissioner Richard Jones asked if any of the loans were reduced to judgement. Mr. Simon stated that the Teachers Loan Program has never reduced loans to judgement. Commissioner Jones suggested that the Corporation should monitor the use of collection agencies, because there is not as much flexibility as one receives with the state tax system. Mr. Simon replied that the Corporation uses Williams and Fudge, which handles education specific debts. He stated the SC Teaching Fellows Program also uses William and Fudge for their program, and that SC Teaching Fellows Program recipients default at 90 days. Mr. Jones stated that Williams and Fudge, along with the Corporation, created a valid settlement agreement for delinquent borrowers. He said Williams and Fudge utilizes the Corporation's rules to establish settlement options and work with delinquent borrowers.

Commissioner Batson asked about the Corporation having the authority to write loans off, since discharges can be made on delinquent student loans. Mr. Jones replied that is the Commission's decision as to what can be done with the funds. Commissioner Batson also asked if the student loan repayments that are not being paid are collectable, or offset against income taxes. Mr. Simon stated that

income tax offset can be done, but is not currently being done. He explained that there has never been a policy or a defined model for tax offset. Dr. Woodfaulk stated that the Center for Recruitment, Retention, & Advancement (CERRA) Teaching Fellows Program has the option to utilize the garnishment and offset of income taxes, and that this may be a possibility for the Corporation's delinquent loans.

Commissioner Munns suggested that a policy or procedure statement be established for delinquent loans. Commissioner Batson requested staff provide options to be considered for the handling of delinquent loans.

3. **SC Program for the Recruitment and Retention of Minority Teachers (SC-PRRMT) Quarterly Report (Quarter 3 Proposed FY2019-20 Budget) (For Approval)**

Dr. Woodfaulk reported that SC Program for the Recruitment and Retention of Minority Teachers (SC-PRRMT) had eight graduates for the spring term and currently has six students who are in critical-need areas who recently graduated. She stated that currently there are 76 students in the program for this semester, and there is one remaining term in the academic year. Dr. Woodfaulk stated, however, the goal for the program is to have at least 150 students enrolled by the end of this year. Commissioner Batson stated that as reported by SC-PRRMT, yearly progress is being made in the retention of participants.

Ms. Reinell Thomas-Myers reported that SC-PRRMT is continuing to recruit teachers throughout the state to reduce the current shortage of teachers. She stated that State Superintendent of Education, Molly Spearman, sent out a support letter for SC-PRRMT to help with the recruitment efforts. Ms. Thomas-Myers stated that inquiries regarding the program are being made from the school districts.

Commissioner Batson asked about the number of sites that were added in the most recent quarter. Ms. Thomas-Myers replied that sites were added in Barnwell, Marion and Dillon Counties. Commissioner Batson asked about areas that were deficient in the number of sites. Ms. Thomas-Myers stated that the projected sites for the fall would generate additional participants for Barnwell, Marion, Dillon, Jasper, Marlboro, Hampton and Allendale Counties.

Commissioner Batson asked if SC-PRRMT staff are hopeful that those sites will be added. Dr. Charlie Spell replied that SC-PRRMT is very hopeful and that all the sites were visited recently. He stated that some of the districts are calling in response to Superintendent Spearman's letter. Dr. Spell stated that SC-PRRMT is picking up additional students each semester.

Commissioner Horne **motioned** approval of the SC-PRRMT Quarter Three Report. The motion was **seconded** (Jones). The motion **carried**.

4. **Palmetto Fellows Year Round Application Process – Changes to Regulations (*For Approval*)**

Ms. Tanya Weigold explained that the Council of Presidents Scholarship Task Force introduced the idea of the Palmetto Fellows Year Round application process. She stated that the year round process, along with other regulatory changes, are being reviewed by CHE staff. This change to the regulation will allow CHE staff to move forward with the Palmetto Fellows Year-Round Application Process. Ms. Weigold stated that upon approval by the Committee, the Palmetto Fellows regulations will move to the full Commission for approval. She stated after the Commission provides approval in August, the Palmetto Fellows regulations will be submitted to the SC General Assembly. Ms. Weigold explained that a public hearing will occur either in October or November of 2018. At that time, any public comments will be heard. The final regulations will be submitted to the SC General Assembly in either November or December 2018. She stated the mandatory 120-day review period for the General Assembly will start in January 2019. Ms. Weigold provided an overview of the summary of the changes in the regulations.

Commissioner Munns requested an explanation on the change in the policy for class ranking. Ms. Weigold explained that a ranking report will be required from every high school that submits a student application for the Palmetto Fellows Scholarship. She stated that this will not affect the institutions. She stated CHE staff will collect the ranking reports.

Commissioner Jones **motioned** approval of the proposed amendments to the regulation for the Palmetto Fellows Scholarship. The motion was **seconded** (Horne). The motion **carried**.

5. **SC GEAR UP Annual Report**

Mr. Michael Jackson explained that the current SC GEAR UP Grant is in the seventh and final year of operation. He stated that the purpose of the grant is to increase the number of students in low-income areas who are prepared for post-secondary education. Mr. Jackson stated that SC GEAR UP served 22 high schools in school districts along the I-95 corridor. He provided the current partnership institutions for Year 7. Mr. Jackson stated that in order to be selected as a GEAR UP school, the school had to be at a 50% or higher free/reduced lunch rate; at 75% poverty and have at least 30% of students not meet standards on SC Ready ELA and Math.

Mr. Jackson explained that CHE staff is in the process of writing the next SC GEAR UP grant. He provided the schools and possible SC GEAR UP partners that are located along the I-95 corridor. Dr. Woodfaulk explained that the GEAR UP Request for Proposal has not been released. She stated that the selected schools have agreed to partner with CHE.

A **motion** (Jones) was made, seconded (Edwards), and **carried** to adjourn the meeting at 12:15 p.m.

Respectfully Submitted,

Laverne Sanders