

## **MINUTES**

### **HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**

July 22, 2020

The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on July 22, 2020 at 10:00 am via GoTo Meeting.

**PRESENT:** HESAA Board Members Ms. Stephanie Berdugo-Hernandez; Ms. Beatrice Daggett; Ms. Dara Giannotti; Diana Gonzalez, Acting Secretary of Higher Education; Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Robert Shaughnessy, Treasurer's Designee; Mr. David Socolow; Ms. Maria Torres; and Ms. Christy Van Horn, chair.

**ABSENT:** Mr. Bader Qarmout

#### **CALL TO ORDER**

Christy Van Horn called the meeting to order at 10:04 am and David Socolow stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Ms. Van Horn welcomed the Board members and advised that since this meeting is being held remotely, Marnie Grodman would conduct a roll call for the resolutions.

Ms. Van Horn welcomed Erin Herlihy, Deputy Attorney General from the New Jersey Division of Law and Joy Johnson, Associate Counsel from the Governor's Authorities Unit.

Christy Van Horn introduced the new Student Advisory Committee Vice-Chair Dara Giannotti.

Deputy Attorney General Erin Herlihy swore-in the new Vice-Chair of the Student Advisory Committee.

Ms. Van Horn asked Marnie Grodman to call the roll.

#### **CONSIDERATION OF THE MINUTES OF THE APRIL 22, 2020 MEETING**

A motion to approve the minutes of the April 22, 2020 meeting was made by Jon Larson and seconded by Robert Shaughnessy. The minutes were approved unanimously with three abstentions, Stephanie Berdugo-Hernandez, Dara Giannotti, and Diana Gonzalez, who did not attend the April 22, 2020 Board meeting.

#### **CHAIR TO ANNOUNCE AUDIT EVALUATION COMMITTEE APPOINTMENTS**

Christy Van Horn gave the following report to the Board announcing the Audit Evaluation Committee members:

HESAA's contract with the current external auditor, CliftonLarsonAllen, is set to expire once they complete the external review of the fiscal year 2020 financial statements.

Pursuant to Governor McGreevey's Executive Order 122 HESAA is required to appoint an Evaluation Committee, which works in conjunction with the existing Audit Committee to issue an RFP and select the new external auditors. The Evaluation Committee consists of at least three Board members.

E.O. 122 was issued on July 23, 2004 to make the State's public authorities, commissions, boards and councils more accountable to the public in their accounting and financial reporting processes. It requires the Board to create an Audit Committee, made up of members who have no financial relationship to the organization. The Audit Committee is given the task of selecting the independent auditor for the Authority, and is the only body to which the auditor reports after being selected. Pursuant to the bylaws, HESAA's Audit Committee Consists of the Public members of the Executive Committee and, to ensure that at least one member of the Audit Committee has accounting or related financial expertise, the Treasurer's designee.

In order to ensure the independence of the auditor selection process, E.O. 122 also requires that the Board establish an Evaluation Committee to solicit and evaluate potential auditors. This committee must prepare a written report of the evaluation process, which it forwards to the Audit Committee. Based on its review of the Evaluation Committee report, the Audit Committee makes a recommendation to the Board. The Board reviews the recommendation and awards the audit contract to the firm. Within six months of making the recommendation, the Audit Committee must issue a report to the State Treasurer that sets forth the steps taken to comply with the auditor selection process required by E.O. 122.

Jean McDonald Rash, Jon Larson, and Stephanie Berdugo-Hernandez have agreed to serve on the Audit Evaluation Committee.

## **RESOLUTION 08:20 ELECTING THE EXECUTIVE COMMITTEE**

Jean Rash McDonald made the following presentation to the Board:

In accordance with Article V of the Bylaws of the Higher Education Student Assistance Authority, the Chairperson appointed Stephanie Berdugo-Hernandez, Maria Torres and myself to the Nominating Committee to nominate a Chairperson and Vice Chairperson from among the public members of the Authority Board and two additional members of the Executive Committee, one from among the public members of the Board and one from among the institutional members of the Board.

The bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee, with the Executive Director serving as Secretary Treasurer. Accordingly, Robert Shaughnessy, as Treasurer's Designee is a member of the Executive Committee, and Executive Director David Socolow will serve as Secretary/Treasurer of the Executive Committee.

At the April 22, 2020 Board meeting, the Chairperson advised members to contact HESAA if they were willing and able to serve on the Executive Committee.

The Nominating Committee met on June 18, 2020 and recommends electing the following officers for Fiscal Year 2021: Christy Van Horn as Chairperson, Beatrice Daggett as Vice Chairperson, Maria Torres as the member of the Executive Committee representing the public members, and Dr. Jon Larson as the member of the Executive Committee representing institutional members.

A motion to approve Resolution 08:20 was made by Maria Torres and seconded by Stephanie Berdugo-Hernandez. The motion passed unanimously.

### **RESOLUTION 09:20 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2020-2021**

Kathryn Safran presented Resolution 09:20 to the Board.

The TAG Program is New Jersey's premier need-based assistance program for college students. Established by statute in 1978, the program covers a portion of tuition charges each academic year and helps keep higher education accessible and affordable for TAG-eligible, full-time undergraduates who attend public and non-public higher education institutions in New Jersey.

Students demonstrating the highest need are those in the first cell, with a New Jersey Eligibility Index (NJEI) under 1,500. In 2019-2020, nearly 45% of all TAG recipients were in this cell and therefore eligible for the maximum TAG award amount. Students with NJEIs in subsequent cells are eligible for proportionately lower awards that decrease as the family's calculated ability to contribute to educational expenses increases.

On June 30, 2020, Governor Murphy signed P.L. 2020, c. 43, the law providing supplemental appropriations for the "fifth quarter" of Fiscal Year 2020, which includes a statutory provision directing HESAA to adopt a TAG award tables for Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020, which were as follows: \$438.038 million for full-time TAG and \$558,000 for Part-Time TAG for EOF Students, for a total of \$438.596 million that shall be used to adopt a table of 2020-2021 TAG award amounts.

Language provisions in the Fiscal Year 2020 Appropriations Act, P.L. 2019, c. 150, which remains in force due to the extension of State Fiscal Year 2020 through September 30, 2020, outline the following requirements for full-time TAG award levels and program participation:

- Provide TAG awards to all qualified applicants at levels set by the Higher Education Student Assistance Authority (HESAA).
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.

As shown in Attachment A, Fiscal Year 2020 approved resources also include a state appropriation for part-time students eligible to receive awards under the Part-Time TAG for EOF program. These resources in total will be sufficient to fund the TAG Table shown in Attachment A.

The Full-Time TAG Award Table includes:

1. Projected TAG awards to New Jersey Dreamers, who were first eligible for TAG in FY19, and who apply for State-funded student assistance by using an alternate application in lieu of the Free Application for Federal Student Aid (FAFSA). Based on experience from Academic Year 2019-2020, HESAA staff has forecasted New Jersey Dreamer award counts for Academic Year 2020-2021, which are incorporated into the attached table.
2. Estimates of the number of TAG awards to incarcerated students participating in the New Jersey Department of Corrections (DOC) program. HESAA will be working cooperatively with DOC to ensure sufficient funding is available for approved participants.
3. Projected impacts on Academic Year 2020-2021 TAG awards at county colleges due to the second-order effect of the Community College Opportunity Grant (CCOG) program. These projections are based on observations from Academic Year 2019-2020, the first full year of the CCOG program.

The above-listed funding priorities are all covered in the attached table, which fully accounts for all available funds while maintaining TAG award values for Academic Year 2020-2021 at the same level as in Academic Year 2019-2020.

It is recommended that the Board approve Resolution 9:20 adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for academic year 2020-2021.

A motion to approve Resolution 09:20 was made by Maria Torres and seconded by Stephanie Berdugo-Hernandez.

The motion passed unanimously.

**RESOLUTION 10:20 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2020-2021**

Kathryn Safran presented Resolution 10:20 to the Board.

Resolution 10:20 will establish award values for the Part-Time TAG for County Colleges Program for the 2020-2021 academic year.

On June 30, 2020, Governor Murphy signed P.L. 2020, c. 43, the law providing supplemental appropriations for the “fifth quarter” of Fiscal Year 2020, which includes a statutory provision directing HESAA to adopt TAG award tables for Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020, which amounts to \$8.737 million that shall be used to adopt a table of 2020-2021 Part-Time TAG award amounts.

The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2020-2021 full-time TAG award table. That is, the statutory provision directing HESAA to adopt TAG award tables for Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020. The full-time TAG awards were prorated by

50% or 75% to account for anticipated numbers of part-time TAG awards for students enrolled in 6-8 credits (“half-time”) or 9-11 credits (“three-quarter time”) per semester, respectively.

It is recommended that the Board approve Resolution 10:20 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2020-2021.

A motion to approve Resolution 10:20 was made by Jon Larson and seconded by Jean McDonald Rash.

The motion passed unanimously.

## **RESOLUTION 11:20 APPROVAL OF HESAA’S FY 2021 ADMINISTRATIVE AND CAPITAL BUDGETS**

Jerry Traino presented this item to the Board.

On July 8, 2020 the members of the Board Budget Committee reviewed and discussed with HESAA staff the proposed Fiscal Year 2021 administrative and capital budgets presented to the Board today.

I would like to offer an overview of this budget before you as part of Resolution 11:20.

### **SUMMARY**

HESAA’s proposed Fiscal Year 2021 Administrative Budget totals \$30.9 million and will be fully funded through HESAA annual revenues and appropriated reserves as detailed in Schedule I attached to the memo provided to the Board.

These revenues include earnings from our administration of the NJCLASS and NJBEST programs, refund proceeds from refinancing the 2010-1 bond series, and scheduled payments pursuant to our post-FFELP servicing agreement with the Kentucky Higher Education Assistance Authority (KHEAA).

### **REVENUES**

Different from the FY20 schedule, this fiscal year’s budget will no longer include annual revenue from the administration of Federal Student Loan Programs. As of January 1, 2020, HESAA transferred its remaining FFELP portfolio to KHEAA and is no longer a Guaranty Agency.

The revenues also reflect the elimination of roughly \$130,000 annually from the termination of a Direct Loan revenue-sharing agreement HESAA previously had with the Missouri Higher Education Loan Authority (MOHELA). Since 2010 MOHELA had been servicing a portfolio of federal Direct Loans apportioned by the US Department of Education to HESAA. This past February the federal government announced it would not be renewing its contract with MOHELA which resulted in the termination of the HESAA/MOHELA revenue-sharing agreement as of April 30, 2020.

As detailed in attached Schedule I HESAA's projected administrative revenues for FY21 will total \$31 million, which is \$2 million less than FY20 budgeted levels. These revenues include:

\$27.5 million from the administration of Student Loan Programs, which is a net increase of \$3.1 million from the FY20 budget.

Under the NJCLASS loan program HESAA receives revenue from a portion of origination fees applied to new loans as well as servicing and administrative fees from the existing portfolio. It also retains revenue from a portion of the recovery funds from NJCLASS loans.

Excess funds realized from refunding the 2010-1 Bond Series are also included in the NJCLASS program revenues. The refunding was part of the Authority's 2020 bond deal structure. In FY21 \$8.9 million of those funds will be set aside for administrative, operating, and programmatic expenses. Additionally a portion of these funds will be used to replenish equity contribution reserve funds for future bond deals, which includes but may not be limited to any required collateralization to expand payment relief eligibility or otherwise enhance NJCLASS borrower benefits.

As I noted earlier, also included in Student Loan program revenues for FY21 are revenues from our Post-FFELP Servicing Agreement. As part of the FFELP transition, HESAA entered into a five-year Servicing agreement with KHEAA, and the FY21 budget anticipates \$300,000 in new revenue. This represents the annual funding HESAA will receive from KHEAA in exchange for our continued support to KHEAA's customers and our assistance with data migration and other related technical requests from the agency.

The FY21 revenues also include \$5.2 million in fees and interest earnings from administering the NJBEST College Savings Plan. This amount is reduced by \$1.9 million set aside for NJBEST scholarship obligations, resulting in net revenues of \$3.35 million. This scholarship set aside is \$1.1 million higher than FY20, demonstrating the availability of funds for the Board to consider potentially increasing the NJBEST scholarship award amounts. As I will discuss further when we get to the spending side of the budget, we look forward to discussing the scholarship award amount with the members of the Board in the near future when we put forth proposed regulations for the Board's consideration.

## OPERATING BUDGET

Having summarized the significant revenue changes for FY21, we will shift to anticipated expenditures.

HESAA's proposed administrative expenditures for FY21 are \$30.9 million. This is a decrease of \$2 million from the FY20 budget. It will support 134 HESAA positions and all non-salary costs associated with fulfilling HESAA's mission of student assistance. In FY20 the Authority saw the retirements of two members of the staff.

The significant changes in the FY21 expenditures versus FY20 include:

- \$1.6 million reduction in Services which is largely realized from efficiencies in contracted services due to HESAA no longer serving as a guaranty agency for FFELP; and
- \$300,000 reduction in Employee Benefits costs related to reductions in the costs of the State Health Benefits Program.

As mentioned earlier, FY21 anticipates an increased expenditure of \$1.1 million for NJBEST scholarship awards during Academic Year 2020-2021. At its recent meeting, the Board Budget Committee recommended including funds in the FY21 budget to allow for an increase in the scholarship award amount. The revenue from NJBEST fees and interest earnings would be sufficient to support a proposal to double the one-time NJBEST scholarship award amounts from the current range of \$500 to \$1,500 to a range of \$1,000 to \$3,000 in FY21. The increased expenditure on NJBEST scholarships in the FY21 budget is a placeholder, pending the full Board's support of a recommendation to double these scholarship amounts. We plan to bring a proposed regulation implementing this policy change to the Board for discussion and approval in the near future.

Additionally, the FY21 expenditures on NJBEST scholarships are projected increase slightly, in anticipation of the enactment of legislation that would allow recipients to receive their one-time NJBEST scholarship in any semester of their undergraduate or graduate school education. Right now eligible recipients are statutorily limited to only receiving their NJBEST scholarship during the first semester of their first year of undergraduate studies.

## CAPITAL BUDGET

As detailed in Schedule 2, HESAA's proposed Capital Budget of \$2.2 million is a decrease of \$2.75 million compared to the FY20 Capital Plan.

Major capital expenditures in the FY21 Capital Budget include:

- Contingency funds associated with the Collections, Loan Accounting, and Servicing System (CLASS) project; and
- Funding to improve and expand staff access to HESAA's secure remote work environment infrastructure; upgrade our virtual desktop environment and the electronic signature platform; maintain FISMA security software compliance; implement physical security upgrades; and improve data storage and related back up.

Of note regarding the contingency funding for the CLASS platform project, development, construction and testing of the new system is ongoing and the anticipated "go live" date is January 2021. The impact of the COVID-19 pandemic on HESAA's onsite operations caused a delay of six (6) months in the anticipated completion date.

That concludes my summary of the proposed FY21 Administrative and Capital budgets for HESAA. I would note that the members of the Board Budget Committee unanimously

recommended the Board's approval of this resolution. I would be happy to answer any questions you may have.

A motion to approve Resolution 11:20 was made by Jon Larson and seconded by Beatrice Daggett.

Chairwoman Van Horn commented that she was happy to support an increase to the NJBEST scholarship award amount. She asked David Socolow to provide the Board with further details on the intended increase.

Executive Director Socolow explained that the budget before the Board includes a placeholder for potential NJBEST scholarship amount increases. He explained there are over a quarter of a million NJBEST beneficiaries, each of whom is a future college student for whom family members are saving money toward college using the 529 College Savings Plan. As with any investment vehicle, families pay fees on their NJBEST accounts. Pursuant to statute, one of the purposes of those fees is to fund a scholarship for those students whose families have been saving for at least a minimum number of years in the NJBEST scholarship savings program. The scholarship provides an incentive for students to stay in state since it can only be awarded to student going to college in New Jersey. Mr. Socolow explained that there is no State appropriation for this scholarship, as all funding comes directly from the NJBEST savers' account fees. Mr. Socolow stated that the award amount is determined by HESAA regulations and has never been increased. The award amount is a sliding scale based on how many years the account has been opened, starting at a \$500 scholarship for those who have saved at least four years and reaching a maximum of \$1,500 for those who have saved for more years. Mr. Socolow advised, that given the current cost of college, HESAA staff built this year's budget with the goal of giving the Board flexibility to consider increasing the award amounts in FY21 by doubling the amounts to a range of \$1,000 to \$3,000. He stated that the Board could make this change in the future by adopting a regulatory amendment.

The motion passed unanimously.

**RESOLUTION 12:20 APPROVING THE SECOND ONE-YEAR EXTENSION OF THE CONTRACT WITH TRUMPIA, INC. TO PROVIDE BULK EMAILING SERVICES AND TEXT MESSAGING SERVICES**

Ruth Odom presented Resolution 12:20 to the Board.

The HESAA Board approved the award of DoCircle Inc. doing business as Trumpia to provide bulk email delivery and text messaging services July 26, 2016 for a period of three years, with two possible one-year extensions. As a result, HESAA awarded the contracts and has been using the Trumpia email services since. Over the past four years tens of millions of emails have been sent to HESAA customers informing them of critical financial aid deadlines requiring action on their part for New Jersey grants and scholarships, as well as information needed to complete NJCLASS loan applications and necessary follow-up to secure funding.

Using the Trumpia services allows HESAA to send emails and text messages to customers with opt-in/opt-out consumer functions compliant with federal and state law. As approved by the Board in the April 2019 meeting, we continue to work toward implementing the NJCLASS Servicing and Collections replacement system. Use of text messaging services is being planned with the system implementation.



HESAA has been satisfied with the services provided. Therefore, I am respectfully requesting the Board approve the final one-year extension to the contracts with DoCircle, Inc. doing business as Trumpia to provide bulk email delivery and text messaging services.

A motion to approve Resolution 12:20 was made by Diana Gonzalez and seconded by Jean McDonald Rash.

The motion passed unanimously.

## **EXECUTIVE DIRECTOR'S REPORT**

Executive Director David Socolow gave the following report:

Thank you Chairwoman Van Horn, members of the Board, and all our guests participating in this teleconference meeting. I appreciate this opportunity to provide updates on HESAA's activities since the Board last met.

### **Continuing HESAA Operations During the COVID-19 Pandemic**

The past four months have been challenging for New Jersey's students, with disruptions to in-person classes and other activities in the spring and uncertainty about what awaits them at college this coming fall. During this stressful chapter in our history, HESAA's staff has performed admirably, continuing to serve students and families despite unusual conditions.

Through the exceptional efforts of the Authority's Information Services team, we enabled remote telework by providing laptops and expanding secure system access to every HESAA employee. Even while working remotely, HESAA's contact center employees are handling inquiries both through e-mail and by answering telephone calls during limited hours through our computer system's Voice over Internet Protocol (VoIP) "soft phones." Everyone on HESAA's staff is working diligently to stay up to date with all processing tasks and eliminate workload backlogs. Thanks to the Board's approval of our responsible operational and capital expenditure budgets at today's meeting, we are poised to strengthen both systems and procedures in the year ahead.

### **Adjusted Policies for Grants and Scholarships Programs**

At our last meeting, I mentioned a pending bill proposing one-time legislative changes to State financial aid grant programs in recognition of the challenges students faced in spring 2020. I'm pleased to report that on May 15, Governor Murphy signed P.L. 2020, c. 31 into law. As a result, HESAA will not count the spring 2020 semester against students' lifetime maximum State aid cap if they had to withdraw from school due to the emergency, waive refunds for students who similarly lost the spring semester, and enable students to remain eligible to continue receiving NJ STARS merit scholarships even if their grade point averages were somewhat affected by the spring semester. In addition to these statutory amendments, we continue to adjust HESAA's policies to account for the difficulties eligible students face in this unprecedented situation.

### **State Budget Update and Impact on Financial Aid for AY 2020-2021**

To balance the budget despite the revenue impact of the extension of the personal and corporate tax filing deadlines from April 15 to July 15, State Fiscal Year 2020 was extended through a "fifth quarter" ending September 30. This poses unique challenges for the financial aid awards that are

so vital to making college affordable, especially for lower-income students. Typically, at its July meeting, this Board determines the TAG schedule for the next academic year with complete knowledge of the full-year appropriation enacted in early July. This enables HESAA to inform students of their individual aid awards in the summer, so they can make final enrollment and financing decisions based on how much they will pay for college in the upcoming year.

Because the full Fiscal Year 2021 appropriation will not be enacted until October 1, the following special note was included in the Treasurer's May 22, 2020 Report on the Financial Condition of the State Budget: "the Governor proposes... [m]aintaining tuition assistance programs for post-secondary students, including Tuition Aid Grants and Community College Opportunity Grants, at their FY 2020 funding levels." Last month, when Governor Murphy signed P.L. 2020, c. 43 for the fifth quarter Fiscal Year 2020 supplemental appropriations, the following provision became law: "notwithstanding the provisions of N.J.S.18A:71B-21 or any law or regulation to the contrary, the Higher Education Student Assistance Authority shall adopt a Tuition Aid Grant Award Table, in accordance with N.J.A.C. 9A:9-3.2, for the 2020-2021 academic year based upon the amount expended for Tuition Aid Grants for the 2019-2020 academic year pursuant to P.L.2019, c.150."

We are grateful to the Governor and the Legislature for these special provisions that recognize how important it is to inform students of their State financial aid awards for the full academic year that starts in just a few weeks. The nine-month Fiscal Year 2021 budget will be negotiated between now and October 1, and the full year's funding does remain uncertain as the impact of the pandemic on the economy and the budget could require further difficult decisions. If circumstances change and State financial aid programs must be adjusted mid-year, we will ask the Board to convene for immediate consultation.

### **TAG Study Commission**

As you may recall, P.L. 2019, c. 31 was enacted last January, creating a 10-member Tuition Aid Grant (TAG) Study Commission. This body is charged with reporting to the Governor and Legislature about its findings on topics including but not limited to: the TAG amounts currently awarded to eligible students; the percentage of tuition costs covered by TAG; how HESAA adjusts TAG award amounts each year; the characteristics of students whose TAG eligibility differs from their eligibility for federal need-based aid such as Pell grants; the graduation rates of TAG recipients; the history of State appropriations made to support the TAG Program; and the sufficiency of TAG awards to eligible students in light of the original intent of the program.

As specified by the law creating the TAG Study Commission, Governor Murphy appointed representatives of five sectors of higher education: Phoebe Haddon of Rutgers University-Camden representing Public Research Universities; Sue Henderson of New Jersey City University representing State Colleges and Universities; Margaret McMenamin of Union County College representing County Colleges; Christopher Capuano of Fairleigh Dickinson University representing Independent Non-Profit Institutions; and Kevin Luing of Berkeley College representing Degree-Granting Proprietary Institutions. Senate President Sweeney appointed two public members: Rabbi Aaron Kotler of Lakewood and Michael Chando of Sicklerville; and Speaker Coughlin appointed two public members: Joseph Gasparro of Carteret and Stephan Lally of Woodbridge. As Executive Director of HESAA, I am honored to be the tenth member of the Commission.

The TAG Study Commission will begin meeting next week. We expect that they will call upon HESAA staff for research and answers to technical questions as they conduct their deliberations. We look forward to keeping the Board apprised as this conversation progresses.

### **Financial Aid Application Completion**

One of HESAA's top goals is to encourage as many students as possible to apply for financial aid, to maximize their chances of getting help paying for college. As you know, most students in our state apply for State-funded financial aid using the same Free Application for Federal Student Aid (FAFSA) that they use for federal grants, loans, and other programs. New Jersey Dreamers apply by using the New Jersey Alternative Application for Financial Aid, as they have since 2018 when Governor Murphy signed a law making undocumented students eligible to receive State aid if they completed at least three years at a New Jersey high school and earned a diploma. We streamlined the application process further starting with Academic Year 2020-2021, as New Jersey students are no longer asked additional state-specific questions beyond those included on the FAFSA or the Alternative Application for New Jersey Dreamers.

In response to the pandemic emergency, HESAA extended the renewal deadline to June 1 instead of April 15 for students who received State aid in Academic Year 2019-2020 to apply for State aid again in the upcoming academic year. Thanks to these extra six weeks, a greater number of renewal students completed State aid applications than did in prior years. And although applications from new, incoming students in the high school class of 2020 have dropped by 2.8% year-over-year so far, new students still have until September 15, 2020 to complete their applications, and New Jersey ranks fourth in the nation in the percentage of high school seniors filing FAFSAs. Last week we held two online workshops for incoming students, and with our partners at financial aid offices, we are reaching out to help students throughout the summer.

### **Historically Low Interest Rates for NJCLASS Loans**

Following the Board's approval in April of the issuance of HESAA's Series 2020 student loan revenue bonds, we successfully closed on the Authority's annual bond deal at the beginning of last month. As a result, NJCLASS loans now offer the lowest interest rates in the 29-year history of the program, helping finance the costs of college for thousands of New Jersey students and families in Academic Year 2020-2021. This could not have been achieved without the tremendous efforts of HESAA's Finance, Loan, Information Services, and Legal teams and our external advisors, who together structured this year's bonds with a 3.46% overall weighted average cost of capital.

The NJCLASS Option 1 Standard in-school loan, with 10-year repayment terms and immediate repayment of principal and interest, has a fixed rate of 3.70% and an Annual Percentage Rate (APR) of 4.45%. The fixed interest rate for Option 2 is 4.15% with an APR of 4.96% for a 15-year repayment term with interest-only payments while the student is in school. NJCLASS Option 3 loans are now available at a 5.10% fixed rate and an APR of 5.51% for a 20-year repayment term and deferment of both principal and interest payments while the student is in school. All three options offer substantial savings to New Jersey students and families, with APRs lower than the Academic Year 2020-2021 federal Parent PLUS loan APRs of 6.253%, 6.158%, and 5.926% for equivalent 10-year, 15-year, or 20-year terms, respectively.

In addition to in-school loans, HESAA continues to refinance student loans for post-college borrowers. Our ReFi+ rates are lower than ever before due to the low cost of funds from the recent bond transaction. Depending on their credit score, New Jersey borrowers can refinance federal

Parent PLUS loans, NJCLASS loans, or other school-certified private education loans using HESAA's ReFi+ refinancing loans with APRs of 4.15%, 4.89%, or 5.99% for a 10-year repayment schedule, or 15-year ReFi+ terms with fixed rates of 4.45%, 5.19%, or 6.49%.

Also, many borrowers with two or more NJCLASS loans have significantly lowered their monthly payments with an NJCLASS Consolidation loan that extends the repayment terms to 25 or 30 years and reduces the interest rate to 0.5% below the weighted average interest rate of the NJCLASS loans being consolidated. In another money-saving feature, borrowers of new Standard NJCLASS, Consolidation, or ReFi+ loans have an opportunity to further lower their interest rates by an additional 0.25% by opting for an automatic recurring monthly payment plan. And as in the prior two years, Standard NJCLASS loans issued under the 2020 bond indenture are eligible for our RAP and HIARP affordable repayment options.

By issuing our 2020 bonds in a market with low interest rates, HESAA can offer cost-effective financing for college in the next academic year. The question that remains, to paraphrase the movie "Field of Dreams," is now that we've built it, will they come? In a typical year, a large wave of applications for NJCLASS in-school loans comes flooding into HESAA in July and August, as families get ready to finance tuition and other college costs right before the fall term begins. To date, NJCLASS loan applications remain on track with the volume trends of recent years. However, it is still too soon to tell how many college students will change their enrollment choices in the upcoming school year due to the unique challenges of this pandemic. We will keep the Board advised as we learn more.

### **Support for Struggling NJCLASS Loan Borrowers**

Since the pandemic began, HESAA has been providing relief to NJCLASS borrowers struggling to repay their loans due to lack of work, illness, or other changes that may have reduced their earnings. Since the public health emergency began in March, HESAA has processed more than 2,100 applications for repayment relief submitted by borrowers coping with obstacles to their ability to make payments on their NJCLASS loans due to unemployment, temporary disability, or financial hardship. There is no fee to apply for any of these relief options. HESAA has never charged borrowers late fees, nor will we start now. In addition, during this public health emergency, HESAA has suspended collection activities.

To provide more comprehensive payment assistance for NJCLASS borrowers in distress, HESAA needs additional external funding. In partnership with similar agencies in other states around the country, we are strongly advocating that the federal government support borrowers of state-based supplemental education loans, including HESAA's NJCLASS borrowers, in a similar manner to the repayment relief that borrowers of federal student loans received last March through the Coronavirus Aid, Relief and Economic Security (CARES) Act. On May 15, 2020, the U.S. House of Representatives passed the \$3 trillion Health and Economic Recovery Omnibus Economic Solutions (HEROES) Act, which would provide federal funding to help all student loan borrowers. While it is unlikely Congress will approve everything in the HEROES Act, they are still considering passing some type of economic stimulus legislation this summer. We will keep urging that any such law help NJCLASS borrowers facing financial hardships.

### **Conclusion**

In conclusion, to the Members of the Board, I wish to express deepest gratitude on behalf of the entire team at HESAA for your support and your continued commitment to expanding access and making college more affordable for the students on whom New Jersey's future depends.

Christy Van Horn praised the amount of work that's been done by the staff. She noted that in these unprecedented times, the sensitivity to loan repayment options and avoiding penalizing student grant and scholarship recipients is really commendable. She also praised the FAFSA completion rate and stated that HESAA staff deserves a lot of credit for streamlining the financial aid application process by eliminating the additional state questions.

Ms. Van Horn asked whether the Stephan Lally appointed to the TAG Study Commission is the same person who served on the HESAA Board. Ms. Socolow responded that he is one and the same. Speaker Coughlin appointed Mr. Lally, who is a May 2020 graduate of Ramapo, to the Commission. Mr. Socolow added that while at Ramapo, Mr. Lally led the Ramapo student government, served as an elected member of HESAA's Student Advisory Committee (SAC), and was elected by his fellow SAC members to be one of the two student members of the HESAA Board.

Ms. Van Horn thanked the staff for continuing to serve the public during difficult working situations and the high quality of work that's been produced on everyone's behalf.

## **NEW BUSINESS**

### Comments from the Public

A member of the public, Dr. Tatjana Curovic, provided the following comments to the Board:

Respected Madam Chairwoman and other Directors of the HESAA Board,

Thank you for this opportunity to address the Board and thank you to HESAA staff for their noble service to the public and students of New Jersey. I would like to elaborate on the concern I brought up to this Board a year ago and try to make it clearer this time. My concern is that HESAA's Income verification rule contains a clause that effectively excludes an entire class of U.S. citizens from obtaining state assistance for their higher education. The said clause requires the parents' income to have originated from U.S. sources. This clause thus precludes from HESAA eligibility the U.S. citizens whose parents were deported from the U.S. It is illogical to expect that deported individuals could have sources of income from the U.S. Shutting out in this manner from state aid the citizen children of deported parents amounts to discrimination, with or without intention, which is forbidden not only by the U.S. and State constitutions but also by HESAA's own rule (HESAA 18A:71B-3). In fact, our constitution is clear that discrimination against U.S. citizens based on their ancestry is not allowed, which includes immigration status of the parents.

Although the income verification rule applies uniformly to all HESAA applicants and is not discriminatory on its face, it produces a discriminatory impact on the citizen children of deported parents who would otherwise qualify for student assistance. I am respectfully urging HESAA to expand the income verification rule to allow verification of parents' income even if it comes from non-U.S. sources. There are American institutions including American embassies that routinely review and verify documents from foreign sources. The burden would of course be on the applicant

to provide necessary certifications. If there is an intent, however, to exclude from eligibility the class of citizens, children of deported parents, it would be more fair to spell it out as such in the rules in one sentence, similar to how it was done for incarcerated students until that group became eligible last year.

Hopefully, by making it more transparent it could catch an eye of those with a stronger voice than mine who could actually make a difference in remedying this seeming injustice. Considering that groups such as undocumented New Jersey residents or U.S. citizen children of undocumented parents have access to HESAA's assistance, I find it illogical that U.S. citizens of deported parents would not be given an equal chance.

Thank you very much for your attention and consideration of my concern.

Christy Van Horn provided the following response:

Thank you for coming to speak with us. Please be assured that we hear what you are saying to us today, and we heard what you said at our meeting last year.

Questions regarding eligibility verification are not new to us. Over the past year, the Board considered the issue of how HESAA verifies students' and their families' income and assets during our deliberations on proposed amendments to the grants and scholarships regulations, which were finalized this past winter.

The Board voted to propose regulatory amendments regarding the grants and scholarship programs at our July meeting last year. Among other items in that rules package, the Board approved amendments to the regulation governing verification of income and assets through documentation submitted to the Authority by students and their parents. As the rule proposal stated, this amendment was intended to clarify the verification process that already existed.

The Board voted to adopt the amendments at our January 22, 2020 meeting. The final adoption was published in the March 2, 2020 New Jersey Register and added to the New Jersey Administrative Code. The Board adopted these regulations to provide for fair and consistent standards of administration of HESAA's grants and scholarships, and to avoid implementation that is arbitrary and capricious.

Prior to adoption, during the public comment period last fall, HESAA received comments on the proposed amendments expressing concerns with the verification process. In the notice of adoption of the final rules approved by the Board in January, we responded to these public comments and explained why the process HESAA follows is necessary to responsibly administer New Jersey's student financial aid grants and scholarship programs.

Ms. Van Horn asked Executive Director David Socolow to discuss the reasoning detailed in our responses to the public comments on the regulations, to which Mr. Socolow provided the following response:

As stated in the published rule adoption for New Jersey Administrative Code, Section 9A:9, HESAA requires specific documentation to verify financial need, to ensure that there is not a misallocation of the limited State resources that are intended to support needy students.

The statutes establishing the State grants and scholarship programs charge the Authority with the responsibility of ensuring that need-based financial aid is directed to students who have the greatest verifiable financial need, while keeping within the limits of available funding. Balancing these two goals means that HESAA must have clear, bright-line requirements about what we can accept as verifiable earnings information from students and the parents of dependent students, as provided in the regulations promulgated by this Board. To ensure the State's limited resources are directed to the intended recipients, the Authority must have an accurate view of a student's economic circumstances.

HESAA maintains the integrity of the programs it administers by verifying need through reputable sources, such as State and Federal agencies. HESAA must have objective safeguards in place so that the Authority does not erroneously award State financial aid to students who failed to properly report their true income. These standards are also designed to prevent, to the extent possible, inadvertently using scarce State resources to provide need-based financial aid grants to a student whom the Authority can't be reasonably certain actually has financial need.

It should be noted also that HESAA's regulatory requirements for students and their parents to provide documentation to verify income and assets has recently been codified by statute. P.L. 2019, chapter 383, which was signed into law on January 21, 2020, explicitly requires a dependent student's parent or guardian to provide HESAA with documentation to verify income and assets upon request.

Determining eligibility in a program with limited funding always requires drawing lines. It is an unfortunate but unavoidable reality that the consistent application of those clear lines may occasionally require the Authority to deny financial aid to a student who may in fact have financial need, but cannot provide the documentation required to demonstrate that need according to HESAA's verification standards.

I would also like to take this opportunity to thank you, Dr. Curovic, for providing recommendations on how we could be clearer in explaining our policies to students, their families, and the general public. After you spoke to the Board last summer we carefully reviewed the public-facing pages of our website and we saw that there was room for improvement. Last September we added Frequently Asked Questions to our Grants webpage, with responses to questions regarding eligibility issues such as dependency, residency, and income verification. By placing this information on our public website, which was previously available within the password-protected NJFAMS grant system and was targeted mostly to financial aid professionals at New Jersey's colleges and universities, we now provide more transparent details about State grants and scholarships to many students and their families, including those who have not yet decided to attend an in-state institution of higher education.

Thank you again for appearing before the Board today.

#### Resolution of Appreciation

Chair Van Horn presented a resolution of appreciation for the exiting Student Advisory Committee Vice-Chair Madeline Perard, thanking her for her service and dedication to the Higher Education Student Assistance Authority Board.

Financial Disclosure Statements

Chair Van Horn reminded the Board that Financial Disclosure Statements must be filed by July 31, 2020 and that there is a \$50 per day fine if filed late.

**ADJOURNMENT**

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, October 21, 2020 at 10:00 AM and the Audit Committee would be meeting immediately following today's meeting.

A motion to adjourn was made by Maria Torres and seconded by Beatrice Daggett. The motion passed unanimously.

The meeting adjourned at 11:22 am.



**RESOLUTION 08:20**

**ELECTING THE EXECUTIVE COMMITTEE**

Moved by: Maria Torres

Seconded by: Stephanie Berdugo-Hernandez

**WHEREAS:** In accordance with Article V of the Bylaws of the Higher Education Student Assistance Authority, the Chairperson appointed a Nominating Committee to nominate a Chairperson and Vice Chairperson from among the public members of the Authority Board and two additional members of the Executive Committee, one from among the public members of the Board and one from among the institutional members of the Board; and

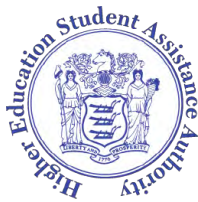
**WHEREAS:** The Bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee; and

**WHEREAS:** The Nominating Committee recommends the election of members, as Chairperson, as Vice Chairperson, as a member of the Executive Committee representing institutional members, and as a member of the Executive Committee representing public members; and

**NOW THEREFORE, BE IT:**

**RESOLVED:** That the Higher Education Student Assistance Authority Board elects Christy Van Horn as Chairperson, Beatrice Daggett as Vice Chairperson, Maria Torres as the third public member, and Dr. Jon Larson the institutional member of the Executive Committee for a term of one year, and recognizes the State Treasurer's Permanent designee, Robert Shaughnessy, and David J. Socolow, Executive Director, ex-officio as members of the Executive Committee.

July 22, 2020



*State of New Jersey*  
*HIGHER EDUCATION STUDENT ASSISTANCE*  
*AUTHORITY*

*PHILIP D. MURPHY*  
*Governor*


*SHEILA Y. OLIVER*  
*Lt. Governor*

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*DAVID J. SOCOLOW*  
*Executive Director*

**MEMORANDUM**

**TO:** Members, Higher Education Student Assistance Authority

**THROUGH:** David J. Socolow  
Executive Director 

**FROM:** Kathryn Safran <sup>KMS</sup>  
Director, Grants and Scholarships

**SUBJECT:** Resolution 9:20 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2020-2021

**DATE:** July 22, 2020

**Summary**

Attached for your review, comment, and approval is Resolution 9:20, adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2020-2021. In accordance with the provisions of the Tuition Aid Grant (TAG) program statute and pursuant to P.L. 2020, c. 43, this action will establish a table of full-time Tuition Aid Grant award values for the upcoming academic year.

On June 30, 2020, Governor Murphy signed P.L. 2020, c. 43, the law providing supplemental appropriations for the “fifth quarter” of Fiscal Year 2020, which includes a statutory provision directing HESAA to adopt TAG award tables for Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020, which were as follows: \$438.038 million for full-time TAG and \$558,000 for Part-Time TAG for EOF Students, for a total of \$438.596 million that shall be used to adopt a table of 2020-2021 TAG award amounts.

Language provisions in the Fiscal Year 2020 Appropriations Act, P.L. 2019, c. 150, which remains in force due to the extension of State Fiscal Year 2020 through September 30, 2020, outline the following requirements for full-time TAG award levels and program participation:

- Provide TAG awards to all qualified applicants at levels set by the Higher Education Student Assistance Authority (HESAA).

- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.

## **Background**

The TAG Program is New Jersey's premier need-based assistance program for college students. Established by statute in 1978, the program covers a portion of tuition charges each academic year and helps keep higher education accessible and affordable for TAG-eligible, full-time undergraduates who attend public and non-public higher education institutions in New Jersey.

The purpose of the TAG Program is to reduce or eliminate the tuition component of the cost of attending college for students who demonstrate financial need. New Jersey's Governors and Legislators have historically been very supportive in authorizing funding for TAG that approaches the goal of the maximum award levels authorized in statute, which would provide awards of up to 100% of tuition at public institutions, and awards of up to 50% of the average tuition at non-public colleges and universities, to students demonstrating the highest financial need. In addition, partial awards are provided to other needy students to help offset tuition.

Each year in July, prior to the start of the academic year, HESAA establishes a table of TAG award values based on application volume, projected demand, and available funds. The Board's action to officially adopt award amounts no later than July is essential to notifying students and institutions of TAG award values prior to the due date of fall semester tuition bills.

The structure of the TAG award table is based on a numeric New Jersey Eligibility Index (NJEI) that represents the relative dollar amount the student and family are expected to be able to contribute toward college costs, as determined through a needs analysis methodology. The NJEI ranges on the award table are referred to as "cells."

Students demonstrating the highest need are those in the first cell, with an NJEI under 1,500. In 2019-2020, nearly 45% of all TAG recipients were in this cell and therefore were eligible for the maximum TAG award amount. Students with NJEIs in subsequent cells are eligible for proportionately lower awards that decrease as the family's calculated ability to contribute to educational expenses increases.

## **FY 2021 Available Funds and Projected Award Volume**

As directed by P.L. 2020, c. 43, the Board is to develop a table of TAG award amounts based on flat funding from the actual FY 2020 State expenditures on TAG, including both \$438,038,000 for TAG and the separate appropriation for \$558,000 for part-time students eligible to receive TAG awards through the Educational Opportunity Fund (EOF) Program. The Part-Time TAG for EOF Students program is presented together with the full-time TAG table because these EOF students are typically enrolled full-time and are approved by the EOF program on an exception basis for a limited period of part-time enrollment.

Attachment A shows the distribution of the Academic Year 2020-2021 Full-Time TAG award amounts across the TAG table cells.

Pursuant to FY 2020 budget language that remains in effect due to the extension of the fiscal year for an additional quarter, unexpended balances from the FY 2020 TAG account are re-appropriated and available to fund increases in the number of applicants qualifying for TAG, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs. The appropriations act also includes language appropriating such additional funds as are required as a result of changes in program participation patterns.

The total Full-Time Tuition Aid Grant Award Table for Academic Year 2020-2021 shown in Attachment A is projected to fund 67,671 full-year equivalent awards, of which approximately 45% are projected to qualify for maximum awards totaling approximately \$237.670 million.

The Full-Time TAG Award Table in Attachment A includes:

- 1) Projected TAG awards to New Jersey Dreamers, who were first eligible for TAG in FY19, and who apply for State-funded student assistance by using an alternate application in lieu of the FAFSA (Free Application for Federal Student Aid). Based on experience from, HESAA staff has forecasted New Jersey Dreamer award counts for Academic Year 2020-2021, which are incorporated into the attached table.
- 2) Estimates of the number of TAG awards to incarcerated students participating in the New Jersey Department of Corrections (DOC) program. HESAA will be working cooperatively with DOC to ensure sufficient funding is available for approved participants.
- 3) Projected impacts on Academic Year 2020-2021 TAG awards at county colleges due to the second-order effect of the Community College Opportunity Grant (CCOG) program. These projections are based on observations from Academic Year 2019-2020, the first full year of the CCOG program.

The above-listed funding priorities are all covered in the attached table, which fully accounts for all available funds while maintaining TAG award values for Academic Year 2020-2021 at the same level as in Academic Year 2019-2020.

### **Recommendation**

It is recommended that the Board approve Resolution 9:20 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2020-2021.

Attachments

## RESOLUTION 9:20

### ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2020-21

Moved by: Maria Torres

Seconded by: Stephanie Berdugo-Hernandez

**WHEREAS:** N.J.S.A. 18A:71B-21 authorizes the Higher Education Student Assistance Authority (HESAA) to establish a table of full-time award values for Tuition Aid Grants (TAG) based on financial need for the grant, tuition levels, projected number of eligible students, and available funding; and

**WHEREAS:** Pursuant to a provision of P.L. 2020, c.43, HESAA is directed to adopt TAG award tables For Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020, which were as follows: \$438.038 million for full-time TAG and \$558,000 for Part-Time TAG for EOF Students, for a total of \$438.596 million that shall be used to adopt a table of 2020-2021 TAG award amounts; and

**WHEREAS:** Language provisions in P.L. 2019, c. 150, which remains in force due to the extension of State Fiscal Year 2020 through September 30, 2020, stipulate the following:

- TAG awards shall be provided to all qualified applicants at levels set by the Higher Education Student Assistance Authority (HESAA).
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.
- Unexpended balances are reappropriated to the TAG account to be held as a contingency for unanticipated increases in the number of applicants qualifying for full-time TAG awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs; and
- Such sums as are required to cover the costs of increases in the number of applicants qualifying for full-time TAG awards or to fund shifts in the distribution of awards that result in an increase in total program costs, subject to the approval of the Director of the Division of Budget and Accounting.

**NOW THEREFORE BE IT:**

**RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts the attached Full-Time TAG Award Table for AY 2020-2021 (Attachment A); and be it further

**RESOLVED:** That the attached Full-Time TAG Award Table for AY 2020-2021 pertains to New Jersey institutions that are licensed and were approved for participation in the State grant program as of September 1, 2009; and be it further

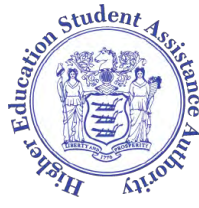
**RESOLVED:** That the Higher Education Student Assistance Authority wishes to thank and commend Governor Murphy and the Legislature for their commitment to higher education access and affordability for all New Jersey citizens.

July 22, 2020

## ACADEMIC YEAR 2020-2021 PROJECTION MODEL - JULY 2020

NJEI	COUNTY			STATE			NON-PUBLIC			MONTCLAIR			ROWAN			RUTGERS/NJIT			TOTAL		
	NUM BER	AWARD AVG.\$	FUNDS (000)	NUM BER	AWARD AVG.\$	FUNDS (000)	NUM BER	AWARD AVG.\$	FUNDS (000)	NUM BER	AWARD AVG.\$	FUNDS (000)	NUM BER	AWARD AVG.\$	FUNDS (000)	NUM BER	AWARD AVG.\$	FUNDS (000)	NUM BER	AVG. \$	FUNDS (000)
Under 1500	7,654	2,722	20,831	6,178	7,110	43,922	5,622	12,763	71,748	2,404	7,452	17,911	1,377	8,402	11,565	7,021	10,211	71,693	30,254	7,856	237,670
1500 - 2499	2,293	2,308	5,293	2,027	6,258	12,682	1,859	10,891	20,247	892	6,421	5,724	545	7,381	4,019	2,458	9,020	22,166	10,072	6,963	70,131
2500 - 3499	1,629	2,055	3,347	1,444	5,305	7,660	1,304	9,573	12,479	610	5,612	3,420	363	6,450	2,341	1,687	8,045	13,568	7,036	6,086	42,815
3500 - 4499	1,430	1,592	2,275	1,198	4,403	5,272	1,093	8,561	9,357	478	4,845	2,313	378	5,562	2,100	1,419	6,959	9,875	5,994	5,204	31,193
4500 - 5499	1,149	1,194	1,372	992	3,635	3,606	870	7,547	6,562	381	4,221	1,608	259	4,848	1,253	1,145	6,047	6,923	4,795	4,447	21,325
5500 - 6499				838	2,831	2,371	695	6,541	4,543	303	3,598	1,090	221	4,136	914	917	5,147	4,718	2,973	4,587	13,635
6500 - 7499				756	2,087	1,578	646	5,580	3,602	272	3,020	820	219	3,470	760	808	4,331	3,497	2,700	3,799	10,256
7500 - 8499							607	4,581	2,781	264	2,394	631	199	2,748	545	783	3,434	2,687	1,852	3,588	6,644
8500 - 9499							464	3,605	1,673	210	1,715	360	186	1,894	351	691	2,353	1,626	1,551	2,586	4,010
9500-10499							447	2,052	916										447	2,052	916
Over 10499																					
<b>TOTAL</b>	<b>14,154</b>	<b>2,340</b>	<b>33,118</b>	<b>13,431</b>	<b>5,740</b>	<b>77,091</b>	<b>13,604</b>	<b>9,843</b>	<b>133,907</b>	<b>5,811</b>	<b>5,830</b>	<b>33,879</b>	<b>3,744</b>	<b>6,370</b>	<b>23,849</b>	<b>16,927</b>	<b>8,079</b>	<b>136,753</b>	<b>67,671</b>	<b>6,481</b>	<b>438,596</b>

	(000)
AY 2020-2021 COST MODEL	438,038
AY 2020-2021 PT TAG/EOF COST MODEL	<u>558</u>
AY 2020-2021 TOTAL COST MODEL	438,596
FY 2020 EXPENDITURES	<u>438,596</u>
	(0)



**PHILIP D. MURPHY**  
Governor


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**DAVID J. SOCOLOW**  
Executive Director

## MEMORANDUM

**TO:** Members, Higher Education Student Assistance Authority

**THROUGH:** David J. Socolow  
Executive Director 

**FROM:** Kathryn Safran <sup>KMS</sup>  
Director, Grants and Scholarships

**SUBJECT:** Resolution 10:20 Adopting a Part-Time Tuition Aid Grant for County College Students Award Table for Academic Year 2020-2021

**DATE:** July 24, 2020

### Summary

Attached for your review, comment, and approval is Resolution 10:20, Adopting a Part-Time Tuition Aid Grant for County College Students Award Table for Academic Year (AY) 2020-2021. In accordance with the provisions of the Tuition Aid Grant program statute and pursuant to P.L. 2020, c. 43, this action will establish a table of Part-Time Tuition Aid Grant award values for the upcoming academic year.

On June 30, 2020, Governor Murphy signed P.L. 2020, c. 43, the law providing supplemental appropriations for the “fifth quarter” of Fiscal Year 2020, which includes a statutory provision directing HESAA to adopt TAG award tables for Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020, which amounts to \$8.737 million that shall be used to adopt a table of 2020-2021 Part-Time TAG award amounts.

### Background

The Part-Time TAG for County College Students Program was established during the 2003-2004 academic year to provide awards to county college students who demonstrate financial need and enroll for 6–11 credits per semester.

As provided in P.L. 2019, c. 150, the FY 2020 Appropriations Act that remains in effect due to the extension of the fiscal year for an additional quarter, part-time awards shall be prorated against full-time awards within the limits of available appropriations as follows: eligible students enrolled



for 6–8 credits per semester receive 50 percent of the value of a full-time award, while students enrolled for 9–11 credits per semester receive 75 percent of the full-time award value.

The Higher Education Student Assistance Authority (HESAA) establishes a table of part-time TAG award values each year in July based on the available appropriation and the anticipated number of part-time awards.

### **Available Funds and Projected Award Volume**

As directed by P.L. 2020, c. 43, the Board is to develop a table of award amounts for Part-Time TAG for County College Students based on flat funding from the actual State expenditures on Part-Time TAG in Academic Year 2019-2020.

Pursuant to FY 2020 budget language that remains in effect due to the extension of the fiscal year for an additional quarter, unexpended balances from the account for FY 2020 Part-Time TAG for County College Students are retained to serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County College Student awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs.

- The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2020-2021 Full-Time TAG award table, by prorating the Full-Time TAG awards by 50% or 75%.

Current projections indicate that the Part-Time TAG for County College Students Award Table shown in Attachment A fully accounts for all available funds while maintaining award values for Academic Year 2020-2021 for Part-Time TAG for County College Students at the same level as in Academic Year 2019-2020.

### **Recommendation**

It is recommended that the Board approve Resolution 10:20 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County College Students Award Table for Academic Year 2020-2021. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$696 to a minimum of \$305 per semester for eligible students enrolled for 6-8 credits per semester, and from a maximum of \$1,044 to a minimum of \$457 for students enrolled for 9-11 credits per semester.

Attachments

**RESOLUTION 10:20**

**ADOPTING A PART-TIME TUITION AID GRANT  
FOR COUNTY COLLEGE STUDENTS  
AWARD TABLE FOR ACADEMIC YEAR 2020-2021**

Moved by: Jon Larson  
Seconded by: Jean McDonald Rash

**WHEREAS:** The Part-Time Tuition Aid Grant (TAG) for County College Students Program was established effective in Academic Year 2003-2004 to provide awards to financially needy county college students who enroll in 6-11 credits per semester; and

**WHEREAS:** Pursuant to a provision of P.L. 2020, c.43, HESAA is directed to adopt TAG award tables For Academic Year 2020-2021 based on the amounts expended on TAG in Academic Year 2019-2020, which were \$8.737 million for Part-Time TAG for County College Students; and

**WHEREAS:** The Part-Time TAG for County Colleges Award Table shown in Attachment A was constructed following the parameters used to develop the 2020-2021 Full-Time TAG Award Table with awards pro-rated by one-half and three-quarters; and

**WHEREAS:** P.L. 2019, c. 150, which remains in effect due to the extension of State Fiscal Year 2020 through September 30, 2020, provides that part-time TAG awards shall be prorated, within the limits of available appropriations, against full-time awards as follows: eligible students enrolled for 6–8 credits per semester receive 50 percent of the value of a full-time award, and students enrolled for 9–11 credits per semester receive 75 percent of the full-time award; and

**WHEREAS:** Language provisions in P.L. 2019, c. 150 reappropriates unexpended balances in the account for Part-Time TAG for County College Students to serve as a contingency for unanticipated increases in the number of applicants qualifying for awards under the Part-Time TAG for County College Students program, to fund increases in award amounts and to fund shifts in the distribution of awards that result in an increase in program costs.

**NOW THEREFORE BE IT:**

**RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts the attached Part-Time Tuition Aid Grant for County

College Students Award Table for Academic Year 2020-2021 (Attachment A); and be it further

**RESOLVED:**

That the attached Part-Time TAG for County College Students Award Table for AY 2020-2021 pertains to New Jersey County Colleges established pursuant to N.J.S.A. 18A:64A-1 et. seq. (and their programs of study) that are licensed and approved for participation in the State grant program as of September 1, 2009; and be it further

**RESOLVED:**

That the Higher Education Student Assistance Authority wishes to thank and commend Governor Murphy and the Legislature for their commitment to higher education access and affordability for all New Jersey citizens.

July 22, 2020

**PART-TIME TAG FOR COUNTY COLLEGE STUDENTS  
AY 2020 - 2021 Budget Estimate**

NJCI	Est. # of 1/2 Awards	Semester 1/2 Award Value	Est. Cost of 1/2 Awards	Est. # of 3/4 Awards	Semester 3/4 Award Value	Est. Cost of of 3/4 Awards	Est. # of All Awards	Est. Total Cost	Proj. Headcount
0-1499	2,594	\$696	\$1,805,424	3,282	\$1,044	\$3,426,408	5,876	\$5,231,832	4,668
1500-2499	925	606	\$560,550	1,045	909	\$949,905	1,970	1,510,455	1,572
2500-3499	682	525	\$358,050	741	787	\$583,167	1,423	941,217	1,124
3500-4499	595	409	\$243,355	651	614	\$399,714	1,246	643,069	998
4500-5499	553	305	\$168,665	529	457	\$241,753	1,082	410,418	832
<b>Total</b>	<b>5,349</b>	<b>\$586</b>	<b>\$3,136,044</b>	<b>6,248</b>	<b>\$896</b>	<b>\$5,600,947</b>	<b>11,597</b>	<b>\$8,736,991</b>	<b>9,194</b>

FY2020 APPROPRIATION 8,737,000

AY 2020-2021 MODEL COST 8,736,991

UNEXPENDED BALANCE 9



**PHILIP D. MURPHY**  
Governor

**SHEILA Y. OLIVER**  
Lt. Governor

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**DAVID J. SOCOLOW**  
Executive Director

## MEMORANDUM

**TO:** Members, Higher Education Student Assistance Authority Board

**FROM:** Board Budget Committee

**SUBJECT:** Resolution 11:20 Approval of HESAA's FY 2020 Administrative and Capital Budgets

**DATE:** July 22, 2020

As part of HESAA's annual budget process, and to ensure the Board's continued oversight of the programmatic and administrative activities of the Authority, staff presented the Fiscal Year 2021 (FY21) administrative and capital budgets to the Board Budget Committee for its review and approval. After meeting on July 8, 2020, the Budget Committee approved the budgets and is now recommending that the full Board approve these budgets through the attached resolution.

### **Background**

HESAA structures its administrative expenditure and capital budgets in a summary presentation since the majority of HESAA's operations have shared staffing and integrated services to maximize efficiency.

### **Revenue Budgets**

In FY21 HESAA revenues and appropriated reserves will fully provide the resources required to pay for the expenditure budgets outlined below. These revenues include amounts earned from the administration of the NJCLASS and NJBEST programs, refund proceeds from refinancing the 2010-1 bond series, and scheduled payments pursuant to a servicing agreement with the Kentucky Higher Education Assistance Authority (KHEAA).

Unlike in prior fiscal years, this budget does not include revenues earned under Guaranty Agency agreements between HESAA and the federal government. As of January 1, 2020 HESAA ended

its role as a Guaranty Agency and transferred its portfolio of Federal Family Education Loan Program (FFELP) student loans to the federally designated successor guaranty agency, KHEAA.

In addition, the FY21 anticipated revenues reflect the elimination of roughly \$130,000 in annual revenue that HESAA had received in prior years through a federal Direct Loan revenue-sharing agreement with the Missouri Higher Education Loan Authority (MOHELA). Since 2010 MOHELA had serviced a portfolio of federal Direct Loans that were apportioned to HESAA by the US Department of Education (ED). In February 2020, ED announced it would not be renewing its contract with MOHELA, which resulted in the termination of the HESAA/MOHELA agreement as of April 30, 2020.

HESAA administrative revenues projected for FY21 total \$31 million, which is a \$2 million decrease from Fiscal Year 2020 (FY20) budget levels as detailed in attached Schedule I. These revenues are broken down as follows:

NJCLASS Program Administration – HESAA is anticipated to earn \$27.5 million for the origination and servicing of NJCLASS loans, a net increase of \$3.1 million from the FY20 budget.

Under the NJCLASS loan program HESAA retains 1% of the 3% origination fee charged to borrowers, with the other 2% deposited to the Student Loan Fund within the NJCLASS Bond Trust Estates to make additional loans during the origination and recycling period. HESAA earns servicing and administrative fees from the Bond Trust Estate which are paid from the spread between the cost of capital and the loan interest rates. HESAA also receives revenue from a portion of the recovery from NJCLASS loans.

Included in NJCLASS program revenues for FY21:

- 2010-1 Series Bond Refunding Excess – As the Authority’s 2020 bond deal was structured, HESAA realized excess funds from the refinancing of its 2010-1 bond series, of which \$8.9 million will be set aside in FY21 for administrative, operating, and programmatic expenses as well as to replenish equity contribution reserve funds for future bond deals, which includes but may not be limited to any required collateralization to expand payment relief eligibility.
- Post-FFELP Servicing Agreement – As part of the FFELP transition, HESAA entered into a 5-year Servicing agreement with KHEAA, and the FY21 budget anticipates \$300,000 in new revenue. This represents the annual revenue HESAA will receive from KHEAA in exchange for HESAA’s continued support to KHEAA’s customers and our assistance with data migration and KHEAA’s related technical requests.

NJBEST Administration – NJBEST revenue for FY21 is projected to total \$5.2 million from fees and interest earnings related to the NJBEST trust for administration of the program. This amount is reduced by \$1.9 million set aside for NJBEST scholarship obligations resulting in net revenues of \$3.35 million. This set aside is an increase of \$1.1 million over FY20 scholarship obligations.

- The Board Budget Committee recommends increasing the budget for the NJBEST Scholarship to allow for an increase in the scholarship award amount. The revenue from NJBEST fees and interest earnings would be sufficient to support a proposal

to double the one-time NJBEST scholarship award amounts from the current range of \$500 to \$1,500 to a range of \$1,000 to \$3,000 in FY21. Upon the full Board's approval of this budget recommendation, the proposed regulation to increase scholarship amounts will be brought to the Board for approval in the near future.

- Additionally, in FY21 HESAA anticipates the enactment of legislation that would allow recipients to receive their one-time NJBEST scholarship in any semester of their undergraduate or graduate school education. Currently, the New Jersey statute limits the period in which eligible recipients can receive their NJBEST scholarship to only the first semester of their first year of undergraduate studies.

### **Operating Expenditure and Capital Expenditure Budgets**

Operating Expenditures – HESAA's administrative expenditure budget for FY21 totals \$30.9 million, which is \$2 million lower than the FY20 budget as detailed in attached Schedule I. The budget funds 134 HESAA positions and all non-salary costs associated with delivering State student assistance funds and services to nearly 1 million New Jersey residents each year. The Authority had 2 retirements during FY20.

The Authority utilizes its resources across all programs to increase efficiency and create flexibility to meet program peak demands. The primary changes to operating expenditures are:

- \$1.6 million decrease in Services, which is mainly attributable to efficiencies in contracted services due to HESAA no longer serving as a guaranty agency for FFELP.
- \$300,000 reduction in Employee Benefits costs related to reductions in the costs of the State Health Benefits Program.

Capital Expenditure Budget – The \$2.2 million in FY21 Capital Budget expenditures represents a decrease of \$2.75 million from the FY20 Capital Budget, as detailed in attached Schedule II.

The Authority maintains a capital fund that is utilized for investments to secure and enhance HESAA's technological infrastructure as well its physical facility. Many of the technological infrastructure improvements are designed to maintain HESAA hardware and software at current support levels and capacity to ensure both on-site and telework capabilities.

In an effort to mitigate the impact of events like the COVID-19 pandemic on HESAA's operations and customer service functions, budgeted infrastructure improvements include:

- Upgrading the voice over internet protocol (VOIP) software for telephone services.
- Upgrading the virtual desktop interface (VDI), which is approaching end-of-life, to ensure on-site and telework infrastructure is at current support levels.
- Improving HESAA's security infrastructure to mitigate the risk of cybersecurity attacks which have increased worldwide, including ransomware and malware protections. This allows for additional compliance with Federal and State security requirements, standards, and best practices under the Federal Information Security Management Act (FISMA).
- Acquiring additional server storage and processing power to enable the decommissioning of the mainframe.

Physical improvements anticipated during FY21 include:

- Replacing the data center's obsolete fire suppression system which was installed in 1984.
- Replacing a five-ton air conditioner in the data center that is ten years old and has had multiple service calls.
- Improving security for HESAA buildings and facilities.
- Improving HESAA's cybersecurity infrastructure to mitigate the risk of cyber-attacks on systems and data.

Additional Capital Expenditure items include:

- Contingency funds for the Collections, Loan Accounting, and Servicing System (CLASS), for which development and testing is underway and is anticipated to be completed by January 2021. The impact of the COVID-19 pandemic on HESAA's onsite operations has delayed the expected CLASS project completion date by six (6) months.
- Grants & Scholarships development to convert the remaining mainframe business systems to the G&S NJFAMS system.

As the Board has consistently recognized in recent years, the increasing volumes of data and business conducted through the internet makes it mission critical for HESAA to annually maintain and upgrade appropriate infrastructure investments to adequately serve students, families, and institutions, safeguard the security of individuals' personally identifiable information (PII) with which the Authority is entrusted, and provide the tools our workforce needs to deliver our services efficiently.

### **Summary**

FY21 administrative resources of \$30.9 million will fund budgeted operational expenditures of \$30.9 million. The \$2.2 million FY21 capital expenditure budget will be funded through capital funds carried over from FY20 of \$0.9 million and the remainder through excess earnings from the FY20 administrative budget. HESAA has continued to contain administrative costs wherever possible while making needed infrastructure investments in infrastructure to support programmatic needs, enhancements in service to our constituents, and continued improvements to staff productivity and information security.

The Board Budget Committee recommends that the Board approve Resolution 11:20 approving HESAA's FY 2021 Administrative and Capital budgets.

Attachments



**RESOLUTION 11:20**

**APPROVING HESAA's FY 2021 ADMINISTRATIVE AND CAPITAL BUDGETS**

Moved by: Jon Larson Beatrice Daggett  
Seconded by: Beatrice Daggett

**WHEREAS:** As part of the Higher Education Student Assistance Authority's (HESAA) annual budget process, to ensure the Board's oversight of the programmatic and administrative activities of the Authority, staff presents the FY 2021 administrative and capital budgets to the Board for its review and approval; and

**WHEREAS:** On July 8, 2020 the Board's Budget Committee met with staff to review and approve the FY 2021 administrative and capital budgets for consideration by the full Board.

**NOW THEREFORE, LET IT BE:**

**RESOLVED:** That the Board hereby approves the FY 2021 administrative and capital budgets as advanced by the Board's Budget Committee and described in the attachment to this resolution.

July 22, 2020

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
**Appropriated Administrative Revenues & Expenses FY 2019 - 2021**  
(\$ in 000's)

	FY 2019 Actual	FY 2020 Budget	FY 2020 Forecast	FY 2021 Budget	Inc/(Dec) FY 2021 Budget vs FY 2020 Budget	
					\$	%
<b>Federal Student Loan Program Administration:</b>						
Net Collections on Defaulted Loans	\$2,707	\$1,252	\$1,160	\$0	(\$1,252)	-100.0%
Rehabilitated Loans	2,802	1,200	1,537	0	(1,200)	-100.0%
Account Maintenance Fee	767	337	347	0	(337)	-100.0%
Default Aversion Fee	(56)	(25)	(16)	0	25	-100.0%
MOHELA	124	125	143	0	(125)	-100.0%
Interest Earnings	69	28	36	(0)	(28)	-100.0%
Secondary Market Admin Fees	94	40	82	0	(40)	-100.0%
<b>Total Federal Student Loan Program</b>	<b>\$6,507</b>	<b>\$2,956</b>	<b>\$3,289</b>	<b>(\$0)</b>	<b>(\$2,956)</b>	<b>-100.0%</b>
<b>NJCLASS:</b>						
Application Fees	\$1,718	\$1,640	\$1,754	\$1,754	\$114	6.9%
Servicing Fees	5,517	5,231	5,354	5,193	(38)	-0.7%
Administrative Fees	3,751	4,150	4,226	4,226	77	1.8%
Net Collection Revenue	2,374	2,121	2,449	2,400	279	13.1%
2010-1 FFELP Equity Release	1,134	1,150	178	0	(1,150)	-100.0%
Equity Distribution from Bond Refunding	4,500	0	16,292	0	0	N/M
FY20 Carryforward <sup>(1)</sup>	0	0	(8,939)	8,939	8,939	N/M
Cash Receipts on HESAA Loans	2,954	3,860	5,892	4,735	875	22.7%
NJCLASS Parity Release	0	5,988	0	0	(5,988)	-100.0%
Post FFELP Servicing Agreement	0	0	150	300	300	N/M
Interest Earnings	353	338	327	36	(302)	-89.5%
<b>Total NJCLASS Program</b>	<b>\$22,302</b>	<b>\$24,478</b>	<b>\$27,682</b>	<b>\$27,583</b>	<b>\$3,105</b>	<b>12.7%</b>
<b>NJBEST:</b>						
Fee Income From Provider	\$4,817	\$5,253	\$4,892	\$5,173	(\$80)	-1.5%
Interest Earnings	1,014	1,089	739	77	(1,012)	-92.9%
Scholarship Awards	(692)	(800)	(750)	(1,900)	(1,100)	137.5%
<b>Total NJBEST Program</b>	<b>\$5,139</b>	<b>\$5,542</b>	<b>\$4,881</b>	<b>\$3,350</b>	<b>(\$2,192)</b>	<b>-39.5%</b>
<b>Total All Funds</b>	<b>\$33,947</b>	<b>\$32,976</b>	<b>\$35,853</b>	<b>\$30,933</b>	<b>(\$2,043)</b>	<b>-6.2%</b>
<b>HESAA Program Administrative Expenditures:</b>						
Salary and Wages	10,058	10,528	9,862	10,543	14	0.1%
Employee Benefits	4,811	5,164	4,551	4,865	(299)	-5.8%
Materials/Supplies	261	428	381	436	9	2.1%
Services Other Than Personnel	8,940	11,038	9,189	9,390	(1,648)	-14.9%
Maintenance and Fixed Charges	1,095	1,200	1,132	1,218	18	1.5%
Special Purpose/Indirect Cost	108	102	59	0	(102)	-100.0%
Bond Transaction Costs <sup>(2)</sup>	2,767	3,316	2,829	3,280	(36)	-1.1%
Equity Contribution & Loan Program Collateralization <sup>(2)</sup>	0	1,200	6,941	1,200	0	0.0%
Funding of Capital for FY21 <sup>(3)</sup>	0	0	909	0	0	N/M
<b>Total Program Expenditures</b>	<b>\$28,041</b>	<b>\$32,976</b>	<b>\$35,853</b>	<b>\$30,933</b>	<b>(\$2,043)</b>	<b>-6.2%</b>
<b>Net Earnings/(Loss) <sup>(4)</sup></b>	<b>\$5,906</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	

(1) **FY20 Carryforward:** proceeds from FY20 bond transaction will be used to fund the FY21 Operating Budget.

(2) **Bond Transaction Costs / Equity Contribution & Loan Program Collateralization:** previously included in Services Other Than Personnel.

(3) **Funding of Capital Budget for FY21:** proceeds from FY20 bond transaction will be used to fund the FY21 Capital Budget.

(4) **FY19 Actual:** proceeds from FY19 were used to fund the FY20 Capital Budget.

Schedule II

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
CAPITAL FUND  
FY 2020 and FY 2021 Budgets  
(\$ in 000's)**

	FY 2020	FY 2021
Capital Budget	4,954	2,157
Capital Expenditures	(3,706)	(2,157)
<b>End of Year Underspend/(Overspend)</b>	<b>1,248</b>	<b>-</b>
 <b><u>Capital Budget Detail</u></b>		
Telephone Systems	10	40
Technology Infrastructure	185	330
Desktop Replacement	100	110
Security Compliance	175	220
Technology Equipment Replacement	191	100
Customer Authentication Software	100	25
Data Storage and Back-up	295	280
Grant System Development	129	60
E-Mail and Text	124	104
Network Infrastructure	130	30
Physical Security	120	53
Data Center Flooring/Generator	25	285
Construction	20	20
HESAA Loan Servicing Platform Replacement Project	3,350	500
<b>Total Capital Spend <sup>(1)</sup></b>	<b>4,954</b>	<b>2,157</b>

(1) Total FY21 capital spend of \$2.1 million will be funded though capital carryover from FY20 of \$1.2 million and \$0.909 million through an equity distribution from the FY20 bond transaction.



**PHILIP D. MURPHY**  
Governor

**SHEILA Y. OLIVER**  
Lt. Governor

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**DAVID J. SOCOLOW**  
Executive Director

## MEMORANDUM

**TO:** Members, Higher Education Student Assistance Authority

**THROUGH:** David J. Socolow  
Executive Director *DJS*

**FROM:** Ruth Odom  
Chief Information Officer *RO*

**SUBJECT:** Resolution 12:20 Approving the Extension of the Agreements to Provide Bulk Email Delivery and Text Messaging Services for One Year

**DATE:** July 22, 2020

### Background

As part of its administration of programs including State financial aid grants and scholarships and NJCLASS loans, the Higher Education Student Assistance Authority (HESAA) communicates with students and families through the use of multiple platforms. One platform that HESAA uses is email messaging. In 2019 HESAA generated approximately 4,450,000 emails to customers. Because sending bulk emails directly from HESAA's own email platform can slow down HESAA's computer systems, it is prudent to outsource this service to an email delivery vendor. In addition, HESAA has begun contacting customers via text messaging when feasible. On June 3, 2016 HESAA issued two Requests for Proposals (RFPs) for vendors to disseminate notices, billing reminders, and other information to HESAA's customers via bulk emails and text messages.

At its July 26, 2016 meeting, the HESAA Board approved a contract with DoCircle Inc. dba Trumpia to provide both bulk email delivery and text messaging services for a period of three years, with two possible one-year extensions. At its July 24, 2019 meeting the HESAA Board approved the first one-year extension to the contracts with DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery and Text Messaging Services.

HESAA continues to be satisfied with the services DoCircle Inc. dba Trumpia has provided. Accordingly, staff recommends approving the second one-year extension of the contracts with DoCircle, Inc. dba Trumpia to provide both bulk email delivery services and text messaging services.

**Recommendation**

It is recommended that the Board approve Resolution 12:20 Approving the Second One-Year extension to the contracts with DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery and Text Messaging Services.

Attachments

**RESOLUTION 12:20**

**APPROVING THE EXTENSION OF THE AGREEMENTS  
TO PROVIDE BULK EMAIL DELIVERY AND TEXT MESSAGING SERVICES  
FOR ONE YEAR**

Moved by: Diana Gonzalez  
Seconded by: Jean McDonald Rash

**WHEREAS:** At its July 26, 2016 meeting, as a result of two Requests for Proposals, the Higher Education Student Assistance Authority Board selected DoCircle Inc. dba Trumpia to provide bulk email delivery and text messaging services to the Authority; and

**WHEREAS:** The Board appointed DoCircle, Inc. dba Trumpia to provide email delivery services at a rate of \$51,000/year for a term of three years with two optional one-year extensions; and

**WHEREAS:** The Board appointed DoCircle, Inc. dba Trumpia to provide text messaging services at a rate of \$60,000/year for a term of three years with two optional one-year extensions; and

**WHEREAS:** At July 24, 2019 meeting the HESAA Board approved the first one-year extension to the contracts with DoCircle, Inc. dba Trumpia to provide bulk email delivery and text messaging services; and

**WHEREAS:** HESAA has been satisfied with the services DoCircle Inc. dba Trumpia has provided for both contracts.

**NOW THEREFORE, LET IT BE:**

**RESOLVED:** The Higher Education Student Assistance Authority hereby approves the second one-year extension of the retainer agreement with DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery and Text Messaging Services.

July 22, 2020