

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

July 24, 2014

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on July 24, 2014 at 10:00 am at the HESAA offices in Hamilton.

PRESENT: Mr. James Allen; Fr. Michael Braden; Ms. Audrey Bennerson, Secretary of Higher Education Designee; Ms. Gabrielle Charette, Esq.; Mr. Anthony Falcone; Ms. Kathleen Flynn; Dr. Harvey Kesselman; Dr. Jon Larson; Mr. Christopher McDonough, Treasurer's Designee; Mr. Luis Miguel Padilla; Ms. Maria Torres and Ms. Christy Van Horn, Members.

ABSENT: George Garcia, Esq. and Ms. Jean McDonald Rash.

Also attending were Christopher Howard, Esq., Governor's Authorities Unit; Geoffrey Stark, DAG; Jim Anderson, President NJASFAA; Cynthia Burdalski, Office of the State Auditor; Rabbi Gedalya Green, Beth Mederash Gohova; Michael Klein, Association of State Colleges and Universities of New Jersey and Jennifer Short, Association of Independent Colleges and University of New Jersey.

CALL TO ORDER

Anthony Falcone called the meeting to order at 10:00 am. Mr. Falcone stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Mr. Falcone led those present in the Pledge of Allegiance.

Mr. Falcone welcomed the Board members and advised that because some members were participating via teleconference, Roseann Sorrentino would conduct a roll call for the resolutions.

Mr. Falcone welcomed Geoffrey Stark, Esq., DAG, Christopher Howard, Esq., Governor's Authorities Unit and Cynthia Burdalski, Office of the State Auditor.

Sharon Austin provided a brief description of the Student Advisory Committee and introduced the two new Student Advisory Committee members of the HESAA Board, Chair Luis Miguel Padilla and Vice Chair Kathleen Flynn. Mr. Padilla and Ms. Flynn provided the Board with a brief description of their accomplishments.

Deputy Attorney General Geoffrey Stark swore-in Luis Miguel Padilla and Kathleen Flynn.

Mr. Falcone advised that no members of the public registered to speak.

Mr. Falcone asked Roseann Sorrentino to call the roll.

CONSIDERATION OF THE MINUTES OF THE APRIL 24, 2014 MEETING

A motion to approve the minutes of the April 24, 2014 meeting was made by Dr. Harvey Kesselman and seconded by Mr. James Allen. The minutes were approved unanimously with two abstentions, Ms. Kathleen Flynn and Mr. Luis Padilla who did not participate in the April 24, 2014 meeting.

REPORT OF THE NOMINATING COMMITTEE AND ELECTION OF OFFICERS AND MEMBERS OF THE EXECUTIVE COMMITTEE (RESOLUTION 13:14 ELECTING A CHAIRPERSON, VICE CHAIRPERSON AND TWO MEMBERS OF THE EXECUTIVE COMMITTEE)

Maria Torres 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 Michael Braden, Jean McDonald Rash 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, Chris McDonough, as Treasurer's Designee is a member of the Executive Committee, and Executive Director Gabrielle Charette will serve as Secretary/Treasurer of the Executive Committee.

The Nominating Committee met via conference call on June 19, 2014 and recommends electing Anthony Falcone as Chairperson, Christy Van Horn as Vice Chairperson, James Allen as a member of the Executive Committee representing public members and Dr. Jon Larson as a member of the Executive Committee representing institutional members, for fiscal year 2015.

A motion to approve Resolution 13:14 was made by Dr. Harvey Kesselman and seconded by Ms. Audrey Bennerson. The motion was passed unanimously.

RESOLUTION 14:14 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2014-2015

Larry Sharp presented Resolution 14:14 to the Board.

Today for your review, comment, and approval is Resolution 14:14, Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2014-2015. In accordance with the provisions of the Tuition Aid Grant (TAG) program statute and subject to the limits of the Fiscal Year (FY) 2015 Appropriations Act, this action will establish a table of full-time TAG award values for the upcoming academic year.

During FY 2014, application volume decreased slightly by approximately 4,000 to 544,000 applications. While application volume decreased, the number of awards increased.

Approximately 73,000 students received full-time TAG awards in 2013-2014, compared to 71,255 students in 2012-2013, an increase of approximately 2.9%. Also, during FY 2014, there were significant increases in the number of students eligible for the maximum award in every sector.

As an example, an additional 341 community college students were eligible for the maximum award in FY 2014, for unanticipated costs of over \$1 million. For the State College/University Sector an additional 387 students were eligible for the maximum award, for unanticipated costs of more than \$2.8 million. For the Independent College/University Sector an additional 131 students were eligible for the maximum award, for unanticipated costs in excess of \$2.2 million and for the Public Research Sector an additional 326 students were eligible for the maximum award, for unanticipated costs of \$3.4 million.

Largely due to the above-outlined increases in the number of students eligible for the maximum award, FY 2014 year-end expenditures for the Full-Time TAG Program were approximately \$350 million which was \$8.1 million above the appropriation and appropriated carry forwarded. The \$8.1 million in additional expenditures were covered by a supplemental appropriation as provided for in budgetary footnote language in the FY 2014 Appropriations Act.

On June 30, 2014, Governor Christie signed the FY 2015 Appropriations Act, which includes an appropriation of \$355.161 million for the Full-Time TAG Program.

Language in the FY 2015 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation. Which is:

- Provide TAG awards to all qualified applicants at levels not to exceed 2% above those levels provided by HESAA in FY 2014. Given the unanticipated additional expenditures that occurred in FY 2014, an across the board increase of .5% in award values for FY 2015 is recommended to stay within available resources.
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to the HESAA to participate in the TAG program prior to September 1, 2009 and have met all eligibility requirements prior to that date.

FY 2015 Available Funds and Projected Award Volume

The FY 2015 Full-Time TAG appropriation is \$355.161 million. As shown on Attachment B (included with the board materials,) budgeted FY 2015 resources also include a State appropriation of \$558,000 for part-time TAG for EOF students for total FY 2015 TAG resources of \$355,719 million.

Pursuant to FY 2015 budgetary footnote language, unexpended balances re-appropriated to the TAG account shall be available to fund increases in the number of applicants qualifying for full-time 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 budget also includes language appropriating such funds as are required as a result of these changes in program participation patterns.

The total FY 2015 resources are \$355,719 million, which are sufficient to fund the Full-Time TAG Award Table for Academic Year 2014-2015 shown in Attachment B. This table is projected to fund 63,758 full-year equivalent awards, an increase of 552 awards above FY 2014 budgeted levels and reflects award values increased by approximately .5% above 2013-2014 levels for all students at all sectors.

It is recommended that the Board approve Resolution 14:14 Adopting Attachment A as the Full-Time TAG Award Table for Academic Year 2014-2015.

Father Braden arrived at the meeting in time for this Resolution.

A motion to approve Resolution 14:14 was made by Ms. Maria Torres and seconded by Mr. James Allen.

The motion was passed unanimously.

RESOLUTION 15:14 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2014-2015

Larry Sharp presented Resolution 15:14 to the Board.

Resolution 15:14 will establish a table of part-time TAG for county colleges award values for the 2014-15 academic year, in accordance with the provisions of the Fiscal Year (FY) 2015 Appropriations Act. I would like to begin with a review of the Part Time TAG for county colleges' 2014 expenditures.

During the 2013-2014 academic year, 9,884 students received Part-Time TAG awards totaling \$8,269,540. This is a decrease of approximately 3.8% compared to the number of 2012-2013 awards.

The awards for the FY 2015 Part-Time TAG Award Table shown in Attachment A included in the board materials are based on the 2014-2015 full-time TAG award table and are pro-rated to one-half and three-quarters of the full-time semester award. That is, awards for eligible students enrolled for 6 to 8 credits reflect 50 percent of a full-time semester award while awards for eligible students enrolled for 9 to 11 credits reflect 75 percent of a full-time semester award. Current projections indicate that the \$9,782,000 appropriation will fund the Part-Time TAG Award Table shown in Attachment B. This budget estimate reflects a 5% growth rate in the number of award recipients, which equates to approximately 676 new awards in FY 2015.

It is recommended that the Board approve Resolution 15:14 Adopting Attachment A as the Part-Time TAG for County Colleges Award Table for Academic Year 2014-2015.

A motion to approve Resolution 15:14 was made by Dr. Jon Larson and seconded by Ms. Maria Torres.

Dr. Kesselman asked if anyone knew to what the decrease in participation was attributed. Dr. Larson explained that the declines reflected a decline in part-time enrollments at the community

colleges. He explained that the declines are a reflection on the state of the economy and how it affects part-time attendance.

The motion was passed unanimously.

RESOLUTION 16:14 APPROVAL OF HESAA'S FY 2015 ADMINISTRATIVE BUDGETS

James Allen presented this item to the Board.

The budget package that was forwarded to you contains the narrative and financial schedules that summarize the Authority's FY 2015 Administrative and Capital budgets.

HESAA's operating budgets reflect the loss of federal revenues associated with the phase-out of the Federal Family Education Loan Program and the further impact of revenue reductions that resulted from the federal balanced budget act of last winter, while at the same time preserving the ability to efficiently and effectively deliver financial aid funds and services to our constituents.

Revenues

As detailed on Schedule I, HESAA administrative revenues projected for FY 2015 total \$28.4 million, a decrease of \$3.3 million, or -10.5% below FY 2014, which results primarily from the decreases in federal program revenues.

Operating Budget Expenditures

HESAA's administrative expenditure budget for FY 2015 totals \$28.1 million which is a decrease of \$1.3 million, or -4.5% from the FY 2014 budget.

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:

- A decrease of \$1.2 million, or -10.6%, in the salary costs compared to FY 2014 as 20 positions will be held vacant and 7 positions have been eliminated.
- A Temporary Personnel budget of \$3.3 million will give the agency the ability to meet peak program demands and train replacements for critical vacancies due to pending retirements of key personnel.
- The implementation of electronic bill presentment and a document imaging system as well as additional self-service functionality of our website for all of our programs will result in \$500,000 in planned savings for printing, telephone, and postage.

Capital Budget – The Authority maintains a capital fund that is utilized for investments in the improvement of HESAA's technological infrastructure and Federal Information Security

Management Act compliance (FISMA). The capital fund has been funded via budgeted transfers of federal Guaranty Agency Operating Fund balances over the years and is restricted by the federal Higher Education Act to expenditures associated with the delivery of student financial aid. This fund has a projected opening balance of \$6.3 million as of July 1, 2014. With increasing amounts of data and media being transported over the web, it is critical that HESAA make these investments to continue to adequately serve students, families and institutions and continue to deliver services with a reduced workforce. The expenditure budget for the capital fund is \$1.90 million, an increase of \$39,000, or 2% over the FY 2014 capital budget.

For FY 2015, staff has again provided a budget that is balanced and continues to fund the services and program administration that allows HESAA to fulfill its mission in serving the students and families of the State.

The budgets are recommended for your approval.

The Executive Committee recommends to the full Board the approval of the FY 2015 Operating and Capital Budgets.

A motion to approve Resolution 16:14 was made by Dr. Kesselman and seconded by Ms. Maria Torres.

Dr. Larson stated that it is apparent that HESAA's leadership does a fabulous job of controlling administrative expenses but staff has gone eight years without raises. He stated that no organization does that without difficulties in retaining people. Dr. Larson stated that there should be at least symbolic increases to express appreciation for the administrative leadership. He understands the State's current financial difficulties but sees that there is money available in the budget. He is not sure if the lack of raises is to be consistent with the rest of the State but believes that it undermines the spirit, enthusiasm and willingness of staff. Dr. Larson asked if there is anything that can be done.

Gabrielle Charette thanked Dr. Larson for his remarks and clarified that union staff has received increases but that managerial staff has not. Ms. Charette explained that, as a State entity HESAA must abide by State rules. She further advised that she has been pursuing this issue and has communicated the impact the lack of raises has had on morale. She also praised HESAA's managerial staff for their hard work and advised the Board that they come in early, work late and come in on Saturdays if needed.

Dr. Larson stated that he believes the lack of raises is counter-productive and that he would like to put these concerns in writing to the Governor. Harvey Kesselman added that the statement should be on behalf of the Board. He questioned whether this was an across the board State policy, as key staff and the colleges have had increases during this time period. Dr. Kesselman asked if staff could prepare a chart showing what increases other staff have received over the eight years that managers did not receive an increase. He pointed out that supervisors could be making less than the employees they supervise. Additionally, Dr. Kesselman clarified that there have been neither increments nor cost of living raises.

Ms. Van Horn suggested that the Board first vote on the Budget Resolution and then have a separate discussion on the message the Board would like to prepare on the issue of raises. Mr.

Allen agreed with Ms. Van Horn and added that he felt very strongly that a Resolution should be drafted on behalf of the Board.

The motion was passed unanimously.

RESOLUTION 17:14 APPOINTMENT OF ARBITRAGE CALCULATION CONSULTANT

Robert Clark presented Resolution 17:14 to the Board.

Resolution 17:14 calls for the appointment of a consultant to perform arbitrage calculations and issue the appropriate reports and filings as required under the federal tax code.

Under the federal tax code, municipal bond issuers, including HESAA, are required to produce two types of arbitrage reports on a periodic basis, and to remit any liability determined as a result of the calculations to the IRS. The basic purpose of arbitrage calculations is to determine if the yield on the assets acquired with the proceeds of a tax exempt bond issue are within the percentage allowed under the federal tax code. Due to the complexity of the code as it relates to arbitrage calculations and the different structures of HESAA's asset-backed bonds, the services of a specialist in this area are required to ensure compliance. A list of the services provided by an arbitrage calculation consultant is included in the memo you were provided.

The Authority has previously issued RFPs for arbitrage compliance services.

At the present time, the Authority is seeking another term contract with a provider of arbitrage calculation services in order to remain compliant with federal arbitrage regulations.

In order to achieve this objective, HESAA issued an RFP for Arbitrage Compliance Computation Services, advertised it in the Newark Star Ledger, the Trenton Times, the Home News Tribune and Courier News, posted on the HESAA website and copies were sent directly to three firms known to specialize in arbitrage computation for student loans. The memo and the accompanying Resolution 17:14 document the results of this effort.

In response to the RFP, two (2) proposals were received from potential arbitrage compliance computation service providers, BLX Group and Hawkins, Delafield and Wood. The Evaluation Committee, consisting of the Controller, the Assistant Controller, and the Assistant Director of Budgets and Planning met to discuss these two proposals and evaluate them, based on the merits of each.

Upon review of the proposals, it became apparent that BLX had a distinct advantage in the most heavily weighted evaluation factor, the firm's relative experience in preparing student loan arbitrage calculations. In this area, the BLX proposal listed a far greater number of student loan entities as clients. The descriptions of the personnel who would be assigned to HESAA also indicated more student loan experience and specialization on an individual level as well. This experience factor was judged to have a profound influence on the firm's ability to meet the needs of the Authority, another important criterion. The Committee also unanimously agreed that the BLX proposal provided the most appropriate level of detail and more useful technical

information, and its cost structure, which included items in the basic fee that were additional fee services in the Hawkins proposal, would result in a lower overall cost to the Authority.

Based on these factors, the Arbitrage Calculation Consultant Evaluation Committee recommends the appointment of BLX Group as the Authority's provider of arbitrage calculation services for an initial contract period of three years, with up to three one year extensions at the option of the Authority.

A motion to approve Resolution 17:14 was made by Dr. John Larson and seconded by Mr. James Allen.

The motion was passed unanimously.

RESOLUTION 18:14 APPROVING THE TRANSFER OF FY2013 AND 2014 CAPITAL FUND MONIES TO PROCURE A NEW INTEGRATED TELEPHONE SYSTEM

Ruth Odom presented Resolution 18:14 to the Board.

Currently HESAA supports two telephone systems. The oldest system was installed at move-in to Quakerbridge Plaza in 1981. The second system was installed in 2005 to support the HESAA call center.

Recently the Department of Treasury, Division of Purchase and Property extended the New Jersey State telecommunications contracts providing more telephone offerings. We have begun reviewing these new offerings and have identified that we can be better served replacing both of our telephone systems and call center with one integrated system. Our early analysis indicates going forward we can reduce HESAA operating costs annually by over \$100,000.

Therefore, we are requesting transferring the \$15,000 Fiscal Year 2013 Capital Fund line item to acquire new work stations and the \$246,780 Fiscal Year 2014 Capital Fund line item to upgrade the Avaya call management system for a total of \$261,780 as available monies to replace our existing phone systems with one integrated system selected from the New Jersey telecommunication contract.

A motion to approve Resolution 18:14 was made by Dr. Harvey Kesselman and seconded by Fr. Michael Braden.

Dr. Kesselman asked how soon it would be until staff would be able to begin the evaluation process to which Ms. Odom responded it would begin after the 10-day veto period expires.

The motion was passed unanimously.

New Jersey Association of Student Financial Aid Administrators (NJASFAA) Presentation

Jim Anderson, the current president of NJASFAA, provided the Board with a presentation on what NJASFAA does and how HESAA interacts with NJASFAA.

Mr. Anderson explained that NJASFAA is an association of financial aid administrators serving students at postsecondary institutions throughout New Jersey which currently has 440 members.

Mr. Anderson provided the Board with the following information:

- NJASFAA's mission is to promote the effective administration of student financial aid programs at our campuses. This is accomplished by:
 - Providing education and training to members.
 - Assisting students and families in obtaining access to higher education.
- The association sponsors development activities designed to:
 - Embrace ethical principles and practices.
 - Promote the affordability of higher education.
 - Provide timely and accurate information to the community and public at large.
 - Advocate on behalf of students at the state, regional and national level in support of funding and ease of application.
 - Form alliances with other organizations and agencies who share common goals.
- NJASFAA members serve as presenters at numerous high school and community events each year to assist families in understanding and navigating the financial aid application process.
 - The association maintains and publishes a speaker bureau of professionals who are available from each county.
- NJASFAA Members coordinate and actively participate in the annual College Goal Sunday events where families receive one-on-one assistance from financial aid professionals in completing the federal student aid application, the FAFSA. Events were offered at ten colleges and universities throughout the state this past January and February.
- NJASFAA has an excellent working relationship with HESAA.
 - The two organizations share the same goals, access to higher education for New Jersey residents and the equitable distribution of limited funds to needy students.
 - NJASFAA and HESAA collaborate on developing and improving the application process and delivery of state funds to students – formally through the New Jersey Advisory Committee on Student Aid (NJACSA) and informally with the day-to-day interaction of financial aid professionals with HESAA staff.
 - This collaboration is essential in bringing about the highest level of services to our common constituents – our students.
- HESAA supports NJASFAA in numerous ways:

- HESAA provides formal training through workshops conducted each year in conjunction with the NJASFAA Training Committee.
 - HESAA provides a state update at the fall and spring NJASFAA conferences.
 - HESAA staff members are actively involved with NJASFAA governance. Three HESAA staff members are currently members of the NJASFAA Executive Council and HESAA staff members are co-chairs of three important committees, College Goal Sunday, Membership and Novice Training.
- A true partnership. We are colleagues and oftentimes become friends as well. Many HESAA staff members over the years previously served as financial aid administrators and some HESAA staff members have taken positions as schools as financial aid professionals after spending time with the state. This serves both communities well and we mutually strive to improve our service to student.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Gabrielle Charette gave the following report:

In April, this Board approved the Authority's issuance and sale of student loan revenue bonds for the 2014-2015 academic year. I am pleased to report that HESAA had a successful bond sale in May. Our bonds were three times oversubscribed, with total orders of \$665 million for \$195 million in available bonds.

Once again several of our loan products carry interest rates below the federal Parent PLUS loan which for this coming academic year is 7.21%. For example, our 10 year variable rate is 4.49%, our ten year fixed rate loan is 5.99% and our 15 year fixed rate loan is 6.95%.

While we are pleased to be able to offer New Jersey students a low-cost and responsible borrowing program, we always prefer to see families paying for college through college savings accounts, such as NJBEST. Once, one of the worst rated plans in the nation, SavingforCollege.com now ranks NJBEST as the No. 1 college savings plan in the United States. At your places are the SavingforCollege.com rankings. NJBEST now has \$4.4 billion in assets under management and has made over \$1 billion in qualified distributions. That is \$1 billion that students and families did not need to borrow.

Although access and affordability are paramount to all of HESAA's programs, we believe access and affordability should also lead to attainment. That is why when Governor Christie was creating the Governor's Urban Scholarship program two years ago, HESAA recommended the scholarship provide a \$500 persistency bonus to student who achieve degree completion. This Spring, our first group of students earned this bonus for attaining an associate's degree. In addition to the bonus, these graduates received a letter of congratulations from the Governor.

To make sure students know about programs like the Governor's Urban Scholarship, each year HESAA sponsors College Goal Sunday. This year, HESAA and our College Goal Sunday partner, the New Jersey Association of Student Financial Aid Administrators, decided to expand College Goal Sunday from a one-day event to a series of workshops designed to walk students and families through the FAFSA completion process.

The New Jersey College Goal Sunday program received a grant from USA funds to help finance this year's events. USA Funds retained the Survey Research Center at Indiana University-Purdue University Indianapolis to evaluate the effectiveness of the College Goal Sunday programs it had sponsored across the country. In May HESAA received the Survey Research Center's evaluation of New Jersey's program. The Center reported and I quote:

"New Jersey College Goal Sunday did an excellent job of recruiting participants from the target populations. They stand out from other states in their success at recruiting minority, low-income and first-generation students."

Congratulations to Sharon Austin, our College Goal Sunday coordinator. Although she has managed this event for years, Sharon always brings something new to this initiative.

Speaking of bringing something new to the table, each year HESAA sponsors a summer intern program for college students and recent college graduates. This year we have 11 summer interns working with us. Since students are at the center of all we do at HESAA, we strive to make sure that our internship program provides students with the opportunity to engage in meaningful, substantive work related to their academic majors and career aspirations.

I would love to tell you about all eleven, but in the interest of time let me tell you about three.

Back with us for the second summer is Nicholas Patriarca who graduated in May from Montclair State University with a degree in Communication and Media Arts. Nick is working with Director of Communications Linda Nasta and his assignment for this summer is to develop and launch a social media program for HESAA to make sure that we are effectively communicating with our constituencies and utilizing the latest technologies to convey our messages.

Also back with us for the second summer is Justin Gillespie. A Computer Science Major, Justin is working with HESAA's Chief Information Officer Ruth Odom. His duties - for which he is also earning college credit - include writing COBOL programs, developing JAVA code for web applications and performing web site administration.

This is Melaney Moffitt's first summer at HESAA. An English Major, Melaney is working with Assistant Director of Grants and Scholarships Pilar Sanchez in our Verification Unit proofreading, editing and drafting correspondence.

Finally, last month the Director of the Division of Taxation and I executed a Memorandum of Understanding between our two agencies. This agreement will allow Taxation to match Social Security numbers and other demographic data reported by an applicant on the FAFSA with Taxation's database of New Jersey State personal income tax returns. If the match is successful, Taxation will report to HESAA the value of the data items and whether a resident or non-resident return was filed.

HESAA's Information Services team is building a secure server where the two agencies can share data. We are going to use the coming academic year as a test period to make sure everything is working properly, and move to full implementation in academic year 2015-2016.

This is truly a watershed moment. This partnership with Taxation will allow HESAA to transform the way we perform state verification. It will eliminate the burden on students selected for verification to submit their IRS transcript to us, provided of course, that they or their parents filed a New Jersey return. It will also eliminate the time delay for obtaining the transcript and submitting it to HESAA.

Most importantly, this agreement will allow HESAA to increase verification from the approximately 30% of award recipients that we are currently able to verify with our existing staff to almost 100%. In short this partnership will help us make sure the right students receive the right aid.

I want to thank State Treasurer Andrew Sidamon-Eristoff for his support and Director Michael Bryan for his cooperation. I reached out to the Treasurer this past winter. He immediately scheduled a meeting with Director Bryan and me and we were able to finalize the MOU in a matter of a few short months.

I would also like to thank Sherry Fox whose idea it was to pursue this partnership.

Thank you.

When Ms. Charette concluded her report, Dr. Kesselman advised the Board of an additional initiative HESAA has undertaken, providing sessions on the proposed new TAG graduation reporting requirement in three locations across the State. Dr. Kesselman commended HESAA for its rollout of this initiative providing institutions the opportunity to talk about it. He stated that although there may be some concern when only one metric is used to report data it does not mean that metric should not be looked at, in means that other metrics may be added in the future.

Dr. Kesselman also stated that he believes there should be a press release about New Jersey being number one in 529 plans.

NEW BUSINESS

Gabrielle Charette presented a resolution to the exiting Student Advisory Committee Chair, David Reeth for his service and dedication to the Higher Education Student Assistance Authority Board. The exiting Vice Chair Sumana Prasai was unable to attend but both resolutions will be noted in all the official records of the Authority and appended to these Minutes.

The Board re-convened their discussion on additional compensation for HESAA management. Mr. Falcone stated that it is the Board's place to be advocates for management. Mr. Allen stated that the \$2 million saved because of the 20 positions that are being held open and the seven positions that are being eliminated could be used to fund raises. Ms. Torres asked how many people have been effected by the pay freeze and how many employees HESAA has lost because of it. Ms. Charette advised that staff would have to look up the exact number of employees effected and Gene Hutchins added that it was a handful.

Dr. Larson recommended that staff draft a resolution included the necessary data and a recommendation for the increase. Mr. Allen did not want to wait until the October meeting to propose this resolution.

Ms. Christy Van Horn made a motion that the Board approve the following resolution:

RESOLUTION 19:14 BASED UPON JON LARSON'S COMMENTS, THE BOARD RECOMMENDS THAT HESAA PERSONNEL OBTAIN THE APPROPRIATE DATA AND PROPOSE REASONABLE INCREASES FOR MANAGEMENT SALARIES.

The resolution was seconded by Dr. Jonathan Larson and passed unanimously.

The Board agreed that the Resolution should include information on the eight consecutive years HESAA management has gone without a raise, the notable successes HESAA has had over the past eight years and the fact that the administrative budget allows for the pay increases.

ADJOURNMENT

Mr. Falcone announced that the next Board meeting is scheduled for Thursday October 23, 2014 at 10:00 am and that the audit committee would be meeting immediately following the current meeting.

A motion to adjourn was made by Dr. Harvey Kesselman and seconded by Mr. James Allen. The motion passed unanimously.

The meeting adjourned at 11.10.

RESOLUTION 13:14

**ELECTING A CHAIRPERSON, VICE CHAIRPERSON AND
TWO MEMBERS OF THE EXECUTIVE COMMITTEE**

Moved by: Dr. Harvey Kesselman
Seconded by: Ms. Audrey Bennerson

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

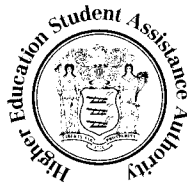
WHEREAS: The Bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee; and

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.

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board elects Anthony Falcone as Chairperson, Christy Van Horn as Vice Chairperson, James Allen as a member of the Executive Committee and Dr. Jon Larson as a member of the Executive committee for terms of one year, and recognizes the State Treasurer's Permanent designee, Chris McDonough, and Gabrielle Charette, Esq., Executive Director, ex-officio as members of the Executive Committee.

July 24, 2014



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

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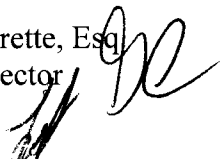
CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director 

FROM: Larry Sharp
Director, Grants and Scholarships 

SUBJECT: Resolution 14:14 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2014-2015

DATE: July 24, 2014

Summary

Attached for your review, comment, and approval is Resolution 14:14, Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2014-2015. In accordance with the provisions of the Tuition Aid Grant (TAG) program statute and subject to the limits of the Fiscal Year (FY) 2015 Appropriations Act, this action will establish a table of full-time TAG award values for the upcoming academic year.

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Language in the FY 2015 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

- Provide TAG awards to all qualified applicants at levels **not to exceed 2%** above those levels provided by the Higher Education Student Assistance Authority (HESAA) in FY 2014.
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to the Higher Education Student Assistance Authority 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. The Governor and the Legislature have been very supportive over the years in providing funding for TAG. Historically, the program has attempted to reach the maximum award levels authorized in statute, which provide awards up to full tuition at public institutions and awards up to 50 percent 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 July time frame for adoption of award amounts by the Board is essential to notify students and institutions of TAG award values prior to payment of fall semester bills.

Expenditure estimates for TAG are based on several variables, including a projection of the number of full-year ("annualized") awards for both renewal and new students. HESAA must estimate how many new eligible students will apply by the October 1 deadline for the fall 2014 semester and by the March 1 deadline for the spring 2015 semester and project the cost of these awards. While it is necessary to provide this information to the Board in July, it is a challenge to do so at this point in the award cycle, given the uncertainty in student attendance, shifts in enrollment patterns among the sectors and changes in financial need. Estimates must take into account early applicants who may or may not attend college in the fall and applicants who have not yet applied.

The reliability of the expenditure projections increases as more applications are processed. Accordingly, renewal students must file their applications by June 1. By the end of June, the time frame used for the projections discussed here, applications have been received from renewal TAG recipients as well as a substantial percentage of new applicants. In 2013-2014, approximately 71 percent of the applications that listed a New Jersey institution as the first choice were received prior to July 1.

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 uniform need analysis methodology. The evenly spaced categories representing NJEI ranges on the award table are referred to as "cells." Each succeeding cell increases by 1000 points on the scale.

Students demonstrating the highest need are those in the first cell with an NJEI under 1500. In 2013-2014, approximately 38 percent of all TAG recipients were in this cell. It is expected that these students and their families are able to pay less than \$1,500 toward college costs. Therefore, they are eligible for the maximum 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.

Since academic year 2003-2004, TAG awards for students with an NJEI under 1500 were based on the tuition levels from up to two years prior, less a percentage, to stay within budgeted appropriations. Since that same academic year, awards for students in all other eligibility indexes were based on the tuition levels from up to five years prior, less a percentage, to stay within budgeted appropriations. Students, families and even financial aid professionals found these lags confusing.

In January of 2014, the Board Budget Committee recommended moving away from the above-described "lag to tuition less a percentage" funding model to a "base plus percentage" funding model. Under the base plus percentage funding model all awards in all eligibility indexes at all sectors are increased by a fixed percentage across the board. In February of 2014, the full HESAA Board endorsed the base plus percentage model and included it in its Budget Policy Statement which was sent to the Governor for his consideration. Governor Christie included the base plus percentage model in his proposed budget to the Legislature, and the Legislature included the model in the final budget bill it sent to the Governor for his signature.

Review of FY 2014 Expenditures

During FY 2014, application volume decreased slightly by approximately 4,000 to 544,000 applications. While application volume decreased, the number of awards increased. Approximately 73,347 students (63,010 full-year equivalent awards) received full-time TAG awards in 2013-2014, compared to 71,255 students (61,237 full-year equivalent awards) in 2012-2013, an increase of approximately 2.9%. Also, during FY 2014, there were significant increases in the number of students eligible for the maximum award in every sector. Below is a sector-by-sector analysis.

Community College Sector - An additional 341 community college students were eligible for the maximum award in FY 2014, for unanticipated costs of \$1.016 million.

State College/University Sector - An additional 387 students were eligible for the maximum award, for unanticipated costs of \$2.847 million.

Independent College/University Sector - An additional 131 students were eligible for the maximum award, for unanticipated costs of \$2.234 million.

Public Research Sector - An additional 326 students were eligible for the maximum award, for unanticipated costs of \$3.39 million.

Due to the above-outlined increases in the number of students eligible for the maximum award, FY 2014 year-end expenditures for the Full-Time TAG Program were approximately \$350,801,000 - \$8.1 million above the appropriation and appropriated carry forward inclusive of FY 2013 refunds received during FY 2014. The \$8.1 million in additional expenditures were covered by a supplemental appropriation as provided for in budgetary footnote language in the FY 2014 Appropriations Act.

Given the unanticipated additional expenditures that occurred in FY 2014, an across the board increase of .5% in award values for FY 2015 is recommended.

FY 2015 Available Funds and Projected Award Volume

The FY 2015 Full-Time TAG appropriation is \$355,161,000. As shown on Attachment B, budgeted FY 2015 resources also include a State appropriation of \$558,000 for part-time students eligible to receive TAG awards under the Part-Time TAG for EOF Students Program for total FY 2015 TAG resources of \$355,719,000.

Pursuant to FY 2015 budgetary footnote language, unexpended balances reappropriated to the TAG account shall be available to fund increases in the number of applicants qualifying for full-time 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 budget also includes language appropriating such funds as are required as a result of these changes in program participation patterns.

The total FY 2015 resources are \$355,719,000, which are sufficient to fund the Full-Time Tuition Aid Grant Award Table for Academic Year 2014-2015 shown in Attachment B. This table is projected to fund 63,758 full-year equivalent awards, an increase of 552 awards above FY 2014 budgeted levels and reflects award values increased by approximately .5% above 2013-2014 levels for all students at all sectors.

Recommendation

It is recommended that the Board approve Resolution 14:14 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2014-2015.

Attachments (3)

RESOLUTION 14:14

ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2014-15

Moved by: Ms. Maria Torres

Seconded by: Mr. James Allen

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: The FY 2015 line-item appropriation for full-time TAG of \$355,161,000 and Part-Time TAG for EOF Students of \$558,000 total \$355,719,000 in FY 2015 TAG resources; and

WHEREAS: Language in the Appropriations Act stipulates the following:

- Provide TAG awards to all qualified applicants at levels not to exceed 2% above those levels provided by the Higher Education Student Assistance Authority in FY 2014.
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to the Higher Education Student Assistance Authority to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date; and

WHEREAS: Budgeted FY 2015 resources also include unexpended balances 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

WHEREAS: The FY 2015 Appropriations Act provides for such sums as are required to cover the costs of increases in the number of applicants qualifying for full-time Tuition Aid Grant 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 2014-2015 (Attachment A); and be it further

RESOLVED: That the attached Full-Time TAG Award Table for AY 2014-2015 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 Christie and the Legislature for their continued commitment to higher education access and affordability for all New Jersey citizens.

July 24, 2014

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
FULL-TIME TUITION AID GRANT (TAG) AWARD TABLE FOR 2014-15¹**

New Jersey Eligibility Index (NJEI)	County Colleges² Award <u>Average</u>	State Colleges² Award <u>Average</u>	Independent Non-Public³ Award <u>Value</u>	Rutgers Award <u>Value</u>	Rowan Award <u>Value</u>	NJIT Award <u>Value</u>
Under 1500	\$2,590	\$6,856	\$12,016	\$9,148	\$7,806	\$10,614
1500-2499	2,256	6,000	10,188	8,114	6,870	9,192
2500-3499	1,954	5,082	8,962	7,224	5,816	8,186
3500-4499	1,524	4,210	8,026	6,230	4,818	7,060
4500-5499	1,138	3,490	7,090	5,432	3,994	6,156
5500-6499	0	2,724	6,162	4,636	3,118	5,254
6500-7499		1,984	5,228	3,886	2,272	4,402
7500-8499		0	4,290	3,080	1,424	3,490
8500-9499			3,394	2,126	576	2,406
9500-10499			1,930	0	0	0

¹ Approximate annual award values at institutions licensed and approved for participation in the TAG Program as of September 1, 2009. In accordance with State law, the value of a student's grant may decrease depending on appropriated funds, actual tuition charges, cost of attendance, estimated family contribution, and other available resources.

² For county and state college sectors, this table displays projected average award values across the respective institutions in the sector. The award values at a given institution may be higher or lower depending on the level of tuition.

³ Limited to approved programs of study at Berkeley College, DeVry University, Eastern International College and Eastwick College.

**FY 2015 TAG TABLE MODEL
RECOMMENDED MODEL FOR JULY BOARD MEETING**

Includes 552 New Awards and Increases 2013-14 TAG Awards by .5%

NJEI	ESTIM. AVERAGE FAMILY INCOME	COUNTY		STATE		NON-PUBLIC		ROWAN		RUTGERS/NJIT		TOTAL							
		NUM AWARD FUNDS	AVG.\$ (000)	NUM AWARD FUNDS	AVG.\$ (000)	NUM AWARD FUNDS	AVG.\$ (000)	NUM AWARD FUNDS	AVG.\$ (000)	NUM AWARD FUNDS	AVG.\$ (000)	NUM BER	AVG. FUNDS \$ (000)	NUM BER	AVG. FUNDS \$ (000)				
Under 1500	18,700	8,359	2,580	21,566	5,683	6,693	38,036	4,464	11,853	52,911	717	7,762	5,565	4,944	9,482	46,879	24,167	6,826	164,957
1500 - 2499	23,000	3,963	2,237	8,865	2,952	5,804	17,133	2,305	10,078	23,230	448	6,858	3,072	2,670	8,382	22,380	12,338	6,053	74,680
2500 - 3499	32,800	2,446	1,936	4,735	1,828	4,941	9,032	1,369	8,895	12,177	252	5,791	1,459	1,594	7,470	11,907	7,489	5,249	39,310
3500 - 4499	36,000	2,018	1,503	3,033	1,517	4,103	6,224	1,165	7,948	9,259	230	4,819	1,108	1,266	6,415	8,121	6,196	4,478	27,745
4500 - 5499	38,300	1,650	1,128	1,861	1,313	3,405	4,471	947	7,004	6,633	196	3,985	781	1,062	5,621	5,970	5,168	3,815	19,716
5500 - 6499	44,200				1,107	2,662	2,947	796	6,099	4,855	164	3,109	510	891	4,796	4,273	2,958	4,255	12,585
6500 - 7499	48,200				885	1,937	1,714	683	5,171	3,532	171	2,273	389	765	4,011	3,068	2,504	3,476	8,703
7500 - 8499	52,400							574	4,256	2,443	118	1,425	168	600	3,188	1,913	1,292	3,502	4,524
8500 - 9499	55,400							480	3,358	1,612	79	576	46	475	2,199	1,045	1,034	2,614	2,703
9500-10499	55,200							416	1,897	789							416	1,897	789
TOTAL		18,436	2,173	40,060	15,285	5,205	79,557	13,199	8,898	117,441	2,375	5,515	13,088	14,267	7,399	105,556	63,562	5,596	355,712

(000)

FY 2015 GOVERNOR'S RECOMMENDED APPROPRIATION

FY 2015 PT TAG/EOF APPROPRIATION

FY 2015 TOTAL RESOURCES

EST. MODEL COST

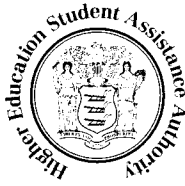
355,161

558

355,719

355,712

7



State of New Jersey

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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director 

FROM: Larry Sharp 
Director, Grants and Scholarships

SUBJECT: Resolution 15:14 Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year 2014-2015

DATE: July 24, 2014

Summary

Attached for your review, comment, and approval is Resolution 15:14, Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year (AY) 2014-2015. In accordance with the provisions of the Fiscal Year (FY) 2015 Appropriations Act, this action will establish a table of part-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

Background

The Part-Time TAG for County Colleges 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.

As provided in the FY 2015 Appropriations Act, part-time awards shall be pro-rated against full-time awards within the limits of available appropriations as follows: eligible students enrolled for 6–8 credits receive 50 percent of the value of a full-time award, while students enrolled for 9–11 credits 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.

Review of FY 2014 Expenditures

During the 2013-2014 academic year, 9,884 students received Part-Time TAG awards totaling \$8,269,540. This is a decrease of approximately 3.8% compared to the number of 2012-2013 awards.

Available Funds and Projected Award Volume

The FY 2015 Appropriations Act includes funding of \$9,782,000 for the Part-Time TAG for County Colleges Program.

Language in the FY 2015 Appropriations Act allows HESAA to retain the unexpended balances in the Part-Time TAG for County Colleges Program. These funds serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges 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 awards on the Part-Time TAG Award Table shown in Attachment A are based on the 2014-2015 full-time TAG award table and are pro-rated to one-half and three-quarters of the full-time semester award. That is, awards for eligible students enrolled for 6 to 8 credits reflect 50 percent of a full-time semester award while awards for eligible students enrolled for 9 to 11 credits reflect 75 percent of a full-time semester award.

Current projections indicate that the \$9,782,000 appropriation will fund the Part-Time TAG Award Table shown in Attachment B. This budget estimate reflects a 5% growth rate in the number of award recipients, which equates to approximately 676 new awards in FY 2015.

Recommendation

It is recommended that the Board approve Resolution 15:14 Adopting Attachment A as the Part-Time TAG for County Colleges Award Table for Academic Year 2014-2015. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$647 to a minimum of \$284 per semester for eligible students enrolled for 6-8 credits, and a maximum of \$971 to a minimum of \$426 for students enrolled for 9-11 credits.

Attachments (3)

RESOLUTION 15:14

ADOPTING A PART-TIME TUITION AID GRANT FOR COUNTY COLLEGES AWARD TABLE FOR ACADEMIC YEAR 2014-15

Moved by: Dr. Jon Larson

Seconded by: Ms. Maria Torres

WHEREAS: The Part-Time Tuition Aid Grant (TAG) for County Colleges Program was established effective AY 2003-2004 to provide awards to financially needy county college students who enroll for 6-11 credits; and

WHEREAS: Pursuant to the Fiscal Year (FY) 2015 Appropriations Act, part-time awards shall be pro-rated, within the limits of available appropriations, against full-time awards as follows: eligible students enrolled for 6–8 credits receive 50 percent of the value of a full-time award, and students enrolled for 9–11 credits receive 75 percent of the full-time award; and

WHEREAS: The FY 2015 Appropriation for the Part-Time TAG for County Colleges Program is \$9.782 million; and

WHEREAS: The Part-Time TAG for County Colleges Award Table shown in Attachment A is based on the 2014-2015 Full-Time TAG Award Table pro-rated to one-half and three-quarters of the full-time semester award; and

WHEREAS: Language in the Appropriations Act reappropriates unexpended balances in the Part-Time TAG for County Colleges account to serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges awards, 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 TAG Award Table for AY 2014-2015 (Attachment A); and be it further

RESOLVED: That the attached Part-Time TAG for County Colleges Award Table for AY 2014-2015 pertains to New Jersey County Colleges established pursuant to N.J.S.A. 18A:64A-1 et. seq. 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 Christie and the Legislature for their continued commitment to higher education access and affordability for all New Jersey citizens.

July 24, 2014

STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGES AWARD TABLE FOR
2014-2015¹

NJEI	1/2 Time Semester Award (6-8 credits)	3/4 Time Semester Award (9-11 credits)
0-1499	\$647	\$971
1500-2499	564	846
2500-3499	488	732
3500-4499	381	571
4500-5499	284	426

¹ The awards are based on the 2014-2015 full-time county college sector average TAG award table pro-rated to one-half and three-quarters of the full-time semester award. That is, awards for eligible students enrolled for 6 to 8 credits reflect 50 percent of a full-time semester award while awards for eligible students enrolled for 9 to 11 credits reflect 75 percent of a full-time semester award.

**2014-15 PART-TIME TAG FOR COUNTY COLLEGES PROGRAM
FY 2015 Budget Estimate**

Awards Pro-rated Against 2014-15 Full-Time County College Sector TAG Awards
Number of Awards increased by 5% (676 Awards) Over FY 2014 Projection

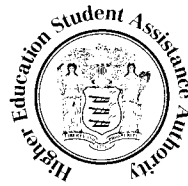
NJCI	Est. # of 1/2 Awards	Semester 1/2 Award Value	Est. Cost of 1/2 Awards	Est. # of 3/4 Awards	Semester 3/4 Award Value	Est. Cost of 3/4 Awards	Est. # of All Awards	Est. Total Cost	Proj. Headcount
	0-1499	2,636	\$647	\$1,705,492	3,277	\$971	\$3,181,967	5,913	\$4,887,459
1500-2499	1,488	\$564	\$839,232	1,496	\$846	\$1,265,616	2,985	\$2,104,848	2,341
2500-3499	946	\$488	\$461,648	1,041	\$732	\$762,012	1,987	\$1,223,660	1,560
3500-4499	921	\$381	\$350,901	878	\$571	\$501,338	1,800	\$852,239	1,411
4500-5499	808	\$284	\$229,472	811	\$426	\$345,486	1,620	\$574,958	1,247
Total	6,799	\$528	\$3,586,745	7,503	\$807	\$6,056,419	14,302	\$9,643,164	11,278

FY2015 APPROPRIATION 9,782,000

EST. FY2015 MODEL COST 9,643,164

138,836

7/24/2014



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: James Allen *JA*
Member, Board Budget Committee

SUBJECT: Resolution 16:14 Approving HESAA's FY 2015 Administrative and Capital Budgets

DATE: July 24, 2014

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, on June 24, 2014 staff presented the FY 2015 administrative and capital budgets to the Board Budget Committee for its review and approval. The Budget Committee approved the budgets and is now recommending that the full Board approve these budgets through the attached resolution.

HESAA's FY 2015 operating budget reflect the loss of federal revenues associated with the phase-out of the Federal Family Education Loan Program and the further impact of revenue reductions that resulted from the federal balanced budget act of last winter, while at the same time preserving HESAA's ability to efficiently and effectively deliver financial aid funds and services to its constituents.

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 FY 2015 HESAA revenues will fully provide the resources required to pay for the expenditure budgets outlined below. These revenues include amounts earned under HESAA Guaranty Agency agreements with the federal government and from the administration of the NJCLASS and NJBEST programs. HESAA administrative revenues projected for FY 2015 total \$28.4 million, a decrease of \$3.3 million or -10.5%

below FY 2014 levels as detailed in the attached Schedule I. These revenues are broken down as follows:

Federal Student Loan Program Administration – HESAA is projected to earn \$9.0 million under its Guaranty Agency Agreements with the federal government, a decrease of \$4.5 million from the FY 2014 budget. This includes revenue earned from the collection of defaulted student loans, the rehabilitation of previously defaulted loans, the maintenance of existing loan guarantees, and the prevention of loans from going into default. The decrease results primarily from a provision in the Balance Budget Act passed by Congress in December 2013 which reduced the revenue retained by the Guaranty Agencies such as HESAA from the rehabilitation of defaulted federal student loans and accounts for \$2.1 million of the decrease. Revenue totaling \$400,000 from the federal College Access Challenge Grant has also been discontinued in its entirety. Other decreases in federal revenue result from continued amortization of HESAA's federal student loan guaranty portfolio, decreased loan defaults, and associated decreases in defaulted loan collections.

NJCLASS Program Administration – HESAA is anticipated to earn \$14.7 million for the origination and servicing of NJCLASS loans, an increase of \$0.1 million from FY 2014. HESAA retains 1% of the 3% origination fee charged to borrowers with the other 2% deposited to a Default Reserve within the NJCLASS Bond Trust Estates. HESAA also earns a servicing fee and an administrative fee from the Bond Trust Estate which are paid from the spread between the cost of capital and the loan rate, as required by the rating agencies. HESAA also retains revenue from the recovery of NJCLASS loans that have defaulted. NJCLASS revenue is increasing due to an increase of administrative fees on loans from the new bond fund to 40 basis points from 10 basis points in previous years, and an increase in the size of the portfolio. Revenue increases are partially offset by reduced application and servicing fees due to an anticipated slight reduction in the number of new NJCLASS loans.

NJBEST Administration – NJBEST revenue for FY 2015 is projected to total \$5.4 million from fees and interest earnings related to the NJBEST trust for oversight of the program. This amount is reduced by \$0.7 million set aside for NJBEST scholarship obligations resulting in net revenues available for administration of \$4.7 million, an increase of \$1.2 million over FY 2014. Fees to participants have been reduced as part of the new program services contract with Franklin Templeton; however the assets under management are expected to continue to grow from the current level of \$4.3 billion.

Expenditure and Capital Budgets

Operating Expenditures – HESAA's administrative expenditure budget for FY 2015 totals \$28.1 million which is a decrease of \$1.3 million or -4.5% from the FY 2014 budget as detailed in the attached Schedule I. Budget decreases are planned in all major expenditure categories with the exception of fringe benefit costs which will continue to increase based on State assessments. The budget funds 143 HESAA positions and all

non-salary costs associated with delivering State and Federal student assistance funds and services to over 1 million New Jersey residents each year. It should be noted that once again the FY 2015 budget contains no salary increases for HESAA employees other than \$0.242 million in incremental increases mandated under existing collective bargaining agreements. During FY 2014 there were 20 retirements and resignations, of which 7 have been refilled at lower salary levels with the approval of the Governor's office.

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:

- A decrease of \$1.2 million, or -10.6%, in the salary costs compared to FY 2014 as 20 positions will be held vacant and 7 positions have been eliminated.
- A Temporary Personnel budget of \$3.3 million will give the agency the ability to meet peak program demands and train replacements for critical vacancies due to pending retirements of key personnel.
- The implementation of electronic bill presentment and a document imaging system as well as additional self-service functionality of the website for all HESAA programs will result in \$0.5 million in savings for printing, telephone, and postage.

Capital Budget – The Authority maintains a capital fund that is utilized for investments in the improvement of HESAA's technological infrastructure and Federal Information Security Management Act compliance (FISMA). The capital fund has been funded via budgeted transfers of federal Guaranty Agency Operating Fund balances over the years and is restricted by the federal Higher Education Act to expenditures associated with the delivery of student financial aid. This fund has a projected opening balance of \$6.3 million as of July 1, 2014. The major expenditures for next year include Secure2Disk Network Backup and Recovery software, upgrades to telecommunications and network capacities, improved disaster recovery capability for networks through direct backup of the federal data center systems to the secure disaster recovery site, replacement of the antiquated Grants and Scholarship system and continued enhancements to the NJCLASS loan application and servicing platform software, wireless access throughout the buildings, virtual servicer capacity expansion, and replacement of postage equipment. With increasing amounts of data and media being transported over the web, it is critical that HESAA make these investments to continue to adequately serve students, families and institutions and continue to deliver services with a reduced workforce. The expenditure budget for the capital fund is \$1.90 million, an increase of \$39,000, or 2%, over the FY 2014 capital budget as detailed in the attached Schedule II.

Summary

FY 2015 administrative revenues of \$28.4 million will exceed budgeted expenditures of \$28.1 million by \$289,000. HESAA has continued to contain administrative costs wherever possible while making additional investments in HESAA's infrastructure in support of federal contracts, better service to constituents, and continued improvements to staff productivity.

The Board Budget Committee recommends that the Board approve Resolution 16:14 Approving HESAA's FY 2015 Administrative and Capital Budgets.

Attachments

RESOLUTION 16:14

APPROVING HESAA's FY 2015 ADMINISTRATIVE AND CAPITAL BUDGETS

Moved by: Dr. Harvey Kesselman
Seconded by: Ms. Maria Torres

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 2015 administrative and capital budgets to the Board for its review and approval; and

WHEREAS: On June 17, 2014 the Board's Budget Committee met with staff to review and approve the FY 2015 administrative and capital budgets for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the Board hereby approves the FY 2015 administrative and capital budgets as advanced by the Budget Committee and described in the attachment to this resolution.

July 24, 2014

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Appropriated Administrative Revenues FY 2013-2015
(\$000)

	FY 2013 Final	FY 2014 Governor's Budget	FY 2014 Revised	FY 2015 Budget	\$ Increase (Decrease) From FY 2014 Budget	% Increase (Decrease) From FY 2014 Budget
Federal Student Loan Program Administration:						
Net Retained Collections (1)	4,943	5,365	4,893	5,047	(\$317)	-5.9%
Proceeds from Sale of Rehabilitated Loans (2)	4,379	4,285	4,579	2,139	(\$2,146)	-50.1%
Account Maintenance Fee (3)	1,471	1,456	1,325	1,197	(\$259)	-17.8%
Loan Processing and Issuance Fee (4)	0	0	0	0	\$0	0.0%
Default Aversion Fee (5)	9	75	203	194	\$119	158.2%
MOHELA	1,696	1,722	240	200	(\$1,522)	100.0%
Interest Earnings (6)	30	24	27	22	(\$3)	-10.9%
Secondary Market Administrative Fees (7)	235	175	209	155	(\$20)	-11.3%
Reimbursement of Default Fee to FSLR	0					
Council for Economic Education Grant (8)	0	0	0	0	\$0	0.0%
College Access Challenge Grant (9)	311	400	0	0	(\$400)	-100.0%
Total Federal Student Loan Program Administration	\$13,074	\$13,502	\$11,474	\$8,954	(\$4,548)	-33.7%
NJCLASS						
Application Fees (10)	1,773	2,819	2,478	2,688	(\$131)	-4.6%
Servicing Fees (11)	6,575	7,080	6,632	6,880	(\$200)	-2.8%
Administrative Fees (12)	1,991	2,456	2,323	2,882	\$425	17.3%
Net Collection Revenue (13)	1,915	2,253	1,945	2,203	(\$49)	-2.2%
Interest Earnings (14)	4	3	5	6	\$3	92.8%
Total NJCLASS Program Administration	\$12,259	\$14,610	\$13,382	\$14,658	\$47	0.3%
NJBEST:						
Fee Income From Provider (15)	4,291	4,121	5,309	5,439	\$1,318	32.0%
Interest Earnings (16)	15	10	14	13	\$3	32.9%
Scholarship Awards (17)	(522)	(560)	(589)	(706)	(\$146)	26.1%
Total NJBEST Program Administration	\$3,784	\$3,570	\$4,735	\$4,745	\$1,175	32.9%
Total All Funds	\$29,117	\$31,683	\$29,591	\$28,357	(\$3,325)	-10.5%
FY 2015 HESAA Program Administrative Budgets						
Salary and Wages	10,520	11,282	10,184	10,084	(\$1,198)	-10.6%
Employee Benefits	3,877	5,078	5,169	5,220	\$142	2.8%
Materials/Supplies	255	578	430	469	(\$109)	-18.8%
Services Other Than Personnel	13,589	10,959	9,520	10,781	(\$178)	-1.6%
Maintenance and Fixed Charges	1,158	1,299	1,369	1,316	\$17	1.3%
Special Purpose/Indirect Cost Additions, Improvement and Equipment	223	210	199	199	(\$11)	-5.2%
Total Program Administrative Expenditures	\$29,622	\$29,406	\$26,871	\$28,069	(\$1,337)	-4.5%

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
SFY 2014 AND SFY 2015 BUDGETS**

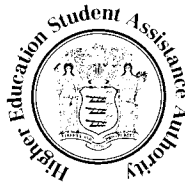
	<u>FY14 Budget</u>	<u>FY15 Budget</u>
Opening Balance, 7/1/13	\$8,258,865	\$6,327,116
Total Capital Fund Available, FY 2014	\$8,258,865	6,327,116
Purchases and Encumbrances From Capital Fund (See B	<u>\$1,931,749</u>	<u>\$1,970,252</u>
Ending Balance, 6/30/14	<u>\$6,327,116</u>	<u>\$4,356,864</u>

Capital Fund Purchases:

Telephone System Upgrade	\$246,780	
New Network Infrastructure Equipment (Chassis Based)	\$20,000	45,000
Secure2Disk Backup and Recovery Software		170,000
Periodic replacement of Network switches, routers, etc.	\$10,000	10,000
Replacement computers, scanners and printers	\$10,000	
Replacement furniture	\$10,000	10,000
New Projector for Presentations and a new Portable Printer for Management Reviews (CCO)	\$2,000	
Miscellaneous Hardware (IS)	\$20,000	
Proposed FISMA Software Procurements		
Email Software Upgrade & Archival System	\$18,000	18,000
VPN Software		
Imaging System and Electronic Bill Presentment	\$658,883	
Virtual Tape System 60 mo	\$90,000	50,000
Websphere Upgrade	\$150,000	
Supplemental approval 12/17/2012 - Enterprise Server Hardware 60 mo	\$48,249	48,249
Supplemental approval 12/17/2012 - Storage Solution Subsystem 60 mo	\$24,837	24,837
PC Replacements	\$300,000	
e-Sign upgrade	\$225,000	

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
SFY 2014 AND SFY 2015 BUDGETS**

	<u>FY14 Budget</u>	<u>FY15 Budget</u>
Web service load balancer	\$10,000	
Three new cars	\$65,000	
Upgrade of Postage Equipment	\$23,000	127,166
SAN Upgrade		70,000
Wireless Access		40,000
Printer replacement (\$78,500 over 60 mo)		16,000
Capitalized Software		1,227,000
Software - Grants & Scholarship		500,000
Software - NJCLASS		727,000
Nuvera - Printer 60 months		78,000
Bulk Email		36,000
Total Budget	<u><u>\$1,931,749</u></u>	<u><u>1,970,252</u></u>



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

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CHRIS CHRISTIE
Governor

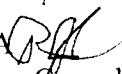
KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director 

FROM: Robert J. Clark, CPA 
Arbitrage Calculation Consultant Request for Proposal (RFP) Evaluation
Committee

SUBJECT: Resolution 17:14 – Appointment of Arbitrage Calculation Consultant

DATE: July 24, 2014

Background

Under the federal tax code, municipal bond issuers, including the issuers of student loan revenue bonds, are required to produce two types of arbitrage reports on a periodic basis, and remit any liability determined as a result of the calculations to the IRS. These reports are required at specific intervals during the life of a bond issue, including as of the date of final retirement. In the case of HESAA, these arbitrage compliance computation services are required for its student loan bond issues used to establish and maintain the New Jersey College Loans to Assist State Students (NJCLASS) Program and the Federal Family Education Loan Program (FFELP) Portfolio of Loans owned by the NJCLASS/FFELP Trust Estate. Due to the complexity of the federal tax code as it relates to arbitrage calculations for the structures of HESAA asset-backed bonds, which include variable rate bonds and interest rate exchange agreements, the services of a specialist in this area of accounting are required to ensure compliance. The responsibilities of the provider of these services include, but may not necessarily be limited to, those on the following list, which is excerpted from the Arbitrage Calculation Consultant RFP:

- Calculate applicable bond yield and student loan-yield for each of the Authority's respective issues as requested by the Authority. Identify, and separately account for, all "Gross Proceeds" (as that term is defined in the Arbitrage Requirements) and "Acquired Program Investments" (i.e., the loans) allocable to each bond issue, including those requiring allocation

analyses due to circumstances such as refunding, “transferred proceeds” and/or “commingled funds”.

- Calculate each issue’s excess yield, if any, on student loans.
- Calculate each issue’s excess earnings, if any, on non-purpose investments, taking into account any available temporary periods, spending exceptions and exceptions for funds on deposit in a qualified reserve fund.
- Prepare clear and concise reports, for each issue.
- Deliver appropriate documentation required to support calculations.
- Provide an executive summary identifying the methodology employed, major assumptions, conclusions, and any recommendations for changes in the Authority’s record keeping.
- Assist the Authority as necessary in the event of an IRS inquiry.
- Provide assistance and consultation as necessary to retain records and documentation at least six years after the issue's final maturity.
- Provide a professional opinion or certificate on the mathematical accuracy of all calculations performed. Such opinion or certificate is to include a statement that the calculation results are consistent with the requirements of the Arbitrage Requirements.
- (Optional) - Provide a legal opinion that the arbitrage calculations are done in a manner that is consistent with the Arbitrage Requirements or an explanation as to why such is not necessary.
- Perform the required yield reduction or yield adjustment calculations and provide documentation to support such calculations.
- Prepare the necessary forms, if any, which need to be filed by the Authority with the Internal Revenue Service in connection with making yield reduction or arbitrage payments.
- Consult with Authority staff and provide such other incidental advice and assistance as the Authority may deem necessary to ensure full compliance with the arbitrage restrictions imposed by the Arbitrage Requirements.

The Authority has previously issued RFPs for arbitrage compliance services.

At the present time, the Authority is seeking another term contract with a provider of arbitrage calculation services in order to maintain compliance with Arbitrage Reporting Requirements for all of its outstanding bond issues. This is particularly important since HESAA seeks to refund and retire all of its remaining Auction rate bonds as funds in the NJCLASS Trust Estate become available. All of these issues will require final arbitrage calculations to be performed within 60 days after retirement.

In order to achieve this objective, on June 2, 2014, HESAA issued an RFP for Arbitrage Compliance Computation Services, advertised the RFP in the Newark Star Ledger, the Courier News, the Home News Tribune and the Trenton Times and posted it to the HESAA website. This memo and the accompanying Resolution 17:14 document the results of this effort.

In response to the RFP, two (2) proposals were received from potential arbitrage compliance computation service providers, BLX Group (BLX) and Hawkins, Delafield & Wood LLP (Hawkins).

The Compliance Computation Services Evaluation Committee (“the Committee”) met on July 9, 2014 to discuss the two proposals received in response to the RFP and score them, based on the technical merits and relative cost of each.

Both firms evaluated appear to have personnel with the requisite skills to perform the required services. The costs to the Authority of each proposal were relatively close. Accordingly, cost differences were not the deciding factor in the final selection. However, when the combined cost of all services listed on the proposals was compared, BLX’s costs were slightly lower, primarily because it offers some services at no additional cost that are an extra cost item in the Hawkins cost schedule. Also, Hawkins lists the cost of some services that might be routinely needed at a proposed negotiated hourly legal billing rate, which might result in an undetermined higher cost, while BLX offers the same service at no additional charge.

One of the more heavily weighted evaluation factors was the firm’s relative experience in preparing student loan arbitrage calculations. In this area, BLX, listing twenty six (26) student loan entities for which it provides services, far exceeding Hawkins, which listed six (6). In addition, as the Authority’s current provider of arbitrage calculation services, BLX has established a track record of quality service at reasonable rates, as well as prompt and helpful responses to questions at no additional cost.

In addition, the Committee’s evaluation of the proposing firm’s general and technical approach, as evidenced by the quality of its proposal, clearly favored BLX. The evaluation committee unanimously agreed that its proposal provided the most appropriate level of detail in its answers to the RFP questions, as well as helpful suggestions for minimizing arbitrage liability and the cost of compliance.

Both of the firms that responded to the RFP either are or have a relationship with a law firm, through common ownership. BLX is owned by Orrick Herrington & Sutcliffe, LLP, a leading national firm with recognized expertise in arbitrage compliance. When needed, the resources of this firm were made available on short notice to respond to IRS requests for audits of two HESAA bond issues. In both cases, this service resulted in a resolution in favor of HESAA with a minimum of interruption to the Authority’s normal business and at a reasonable cost.

Recommendation

Based on the factors cited above the Arbitrage Calculation Consultant Evaluation Committee recommends the appointment of BLX Group as the Authority's provider of arbitrage calculation services, as detailed in this memo, for the initial contract period of three years, with up to three (3) one year extensions at the option of the Authority. The initial contract expiration date will be July 31, 2017.

Attachments

RESOLUTION 17:14

APPOINTMENT OF ARBITRAGE CALCULATION CONSULTANT

Moved By: Dr. Jon Larson
Seconded By: Mr. James Allen

WHEREAS: Under the federal tax code (“the code”), issuers of tax exempt municipal bonds, which include the student loan revenue bonds issued by the Higher Education Student Assistance Authority (“HESAA or the Authority”), are required to produce two types of arbitrage reports on a periodic basis, and remit any liability determined as a result of the calculations to the IRS; and

WHEREAS: Due to the complexity of the code as it relates to arbitrage calculations for asset-backed bonds such as those issued by HESAA, the services of a specialist in this area of tax accounting are required in order to ensure compliance; and

WHEREAS: The term of the Authority’s most recent contract with a provider of arbitrage calculation services is expired; and

WHEREAS: On June 2, 2014, HESAA issued a request for proposal (RFP), seeking a firm interested in providing arbitrage calculation consulting services, advertised it in the Newark Star Ledger, the Courier News, the Home News Tribune and the Trenton Times and posted it to the HESAA website, and appointed an evaluation committee, consisting of members of its professional staff, to make a recommendation regarding selection of this firm; and

WHEREAS: The Arbitrage Calculation Consultant RFP Evaluation Committee (“the Committee”) met to discuss the two proposals received in response to the RFP and score them, based on the technical merits and relative cost of each; and

WHEREAS: Based on its review of these proposals, the Committee expressed their unanimous support for the selection of BLX Group, LLC, as the arbitrage calculation consultant to the Authority.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority appoints BLX Group, LLC, as the provider of arbitrage calculation consulting services to the Authority for a period of three (3) years, with an initial expiration date of July 31, 2017, and subject to three additional one-year extensions at the option of the Higher Education Student Assistance Authority.

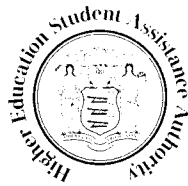
July 24, 2014

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Arbitrage Calculation Services	
BIDDER		DATE	July 9, 2014
<p>This firm identified additional cost savings opportunities that may be available to the Authority. They proposed a lower overall cost structure with many services included in the basic price which are extra cost items on the proposal of the competing firm. The student loan experience level of the personnel assigned to HESAA appears to be outstanding.</p>			

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response					
CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The firm's general and technical approach and plans to meet the requirements of the RFP	9	9	8	15	390
The experience of the firm and the assigned primary professionals in providing student loan arbitrage compliance services	10	10	10	30	900
Assurance of the availability and timely performance of the primary professionals assigned to the Authority's work	10	9	8	10	270
The quality of the response to the RFP	9	10	8	10	270
The ability to meet the needs of the Authority	10	10	8	20	560
The fee proposed	8	10	6	15	360
Total	56	58	48	100	2750

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Arbitrage Calculation Services	
BIDDER Hawkins Delafield & Wood LLP	DATE	7/9/2014	
<p>This firm has a potentially higher cost structure due to more itemized charges in its pricing matrix. The firm listed several highly qualified staff. However, its proposal included a comment complimenting the Authority on its previous selection of an Arbitrage specialist (BLX) and suggesting that HESAA continue using BLX for its current bond issues, but select Hawkins for new bond issues. This comment casts doubt on the firm's desire to win the contract and such an arrangement would not be consistent with the terms of the RFP.</p>			

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response					
CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The firm's general and technical approach and plans to meet the requirements of the RFP	8	9	7	15	360
The experience of the firm and the assigned primary professionals in providing student loan arbitrage compliance services	7	8	6	30	630
Assurance of the availability and timely performance of the primary professionals assigned to the Authority's work	6	8	8	10	220
The quality of the response to the RFP	7	8	6	10	210
The ability to meet the needs of the Authority	8	7	7	20	440
The fee proposed	5	8	5	15	270
Total	41	48	39	100	2130



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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: Ruth A. Odom 
Acting Chief Information Officer

SUBJECT: Resolution 18:14 Approving the Transfer of FY 2013 and 2014 Capital Fund Monies to Procure a New Integrated Telephone System.

DATE: July 24, 2014

Background

Currently the Higher Education Student Assistance Authority (HESAA) supports two telephone systems. The oldest system was installed upon moving into the Quakerbridge facility in 1981. Support of this system is becoming more challenging due to the age of the infrastructure and telephone headsets. The newer system was purchased in 2005 to support the HESAA call center.

As with all technology, telephonic technology continues to evolve and improve. There are now systems which provide infrastructure that is easier to maintain and upgrade. Additionally these systems are more energy efficient which results in reduced costs.

Multiple telephone systems are currently available through the New Jersey State contract. Staff believes that HESAA may be able to both reduce telephone costs and utilize new technological features through one of these vendors. The Board approved a \$15,000 line item in the FY 2013 Capital Fund to acquire new stations for the Avaya Interactive Voice Response system and a \$246,780 line item in the FY 2014 Capital Fund to upgrade the Avaya call management system. As these funds have not yet been expended, it is believed that the \$261,780 in available funds would be better spent to replace the existing phone systems through one of the vendors selected via the State contract. For the same cost as the budgeted upgrades, HESAA would be able to replace the two separate phone systems currently in place with one modern phone system that would include all necessary upgrades and position all employees on the same phone system.

Recommendation

It is recommended that the Board approve Resolution 18:14 approving the transfer of monies from the FY 2013 and FY 2014 Capital Funds originally designated for upgrades to the existing phone system to be used to procure a new integrated telephone system.

Attachment

RESOLUTION 18:14

**APPROVING THE TRANSFER OF FY 2013 AND 2014 CAPITAL FUND MONIES TO
PROCURE A NEW INTEGRATED TELEPHONE SYSTEM**

Moved by: Dr. Harvey Kesselman

Seconded by: Fr. Michael Braden

WHEREAS: The Higher Education Student Assistance Authority (HESAA) supports two separate telephone systems, one of which was purchased in 1981; and

WHEREAS: New improved systems which provide infrastructure that are more cost efficient to maintain and upgrade is now available via New Jersey State contract; and

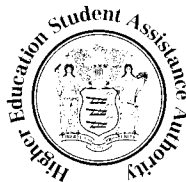
WHEREAS: The Board approved a \$15,000 line item in the FY 2013 Capital Fund to acquire new stations for the Avaya Interactive Voice Response system and a \$246,780 line item in the FY 2014 Capital Fund to upgrade the Avaya call management system; and

WHEREAS: For the same cost as the budgeted upgrades, HESAA would be able to replace the two separate phone systems currently in place with one modern phone system that would include all necessary upgrades and position all employees on the same phone system.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the transfer of a \$15,000 originally designated to acquire new stations for the Avaya Interactive Voice Response system and \$246,780 originally designated to upgrade the Avaya call management system to be used instead to procure a new integrated telephone system.

July 24, 2014



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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

RESOLUTION

Expression of Appreciation to Mr. David Reeth

- WHEREAS: Mr. David Reeth has served with distinction on the Student Advisory Committee (SAC) and was elected vice chairperson for 2012-2013; and chairperson for 2013-2014; and
- WHEREAS: In his role as an officer of the SAC, Mr. Reeth served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS: Mr. Reeth has proven himself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WHEREAS: His contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and
- WHEREAS: The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Mr. Reeth's fine service and contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED: That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Mr. Reeth's service and dedication; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Mr. Reeth for his outstanding leadership and dedication on behalf of New Jersey students; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. Reeth for success in all of his future endeavors; and be it further
- RESOLVED: That a copy of this resolution be noted in the official records of the Authority and the original be presented to Mr. Reeth.

July 24, 2014



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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

RESOLUTION

*Expression of Appreciation to
Ms. Sumana Prasai*

- WSHEREAS: Ms. Sumana Prasai has served with distinction on the Student Advisory Committee (SAC) and was elected vice chairperson for 2013-2014; and
- WSHEREAS: In her role as an officer of the SAC, Ms. Prasai served as a member of the Board of the Higher Education Student Assistance Authority (SHESAA), effectively representing New Jersey students; and
- WSHEREAS: Ms. Prasai has proven himself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WSHEREAS: Her contributions as a Board member of SHESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and
- WSHEREAS: The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Ms. Prasai's fine service and contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED: That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Ms. Prasai's service and dedication; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Ms. Prasai for her outstanding leadership and dedication on behalf of New Jersey students; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Ms. Prasai for success in all of her future endeavors; and be it further
- RESOLVED: That a copy of this resolution be noted in the official records of the Authority and the original be presented to Ms. Prasai.

July 24, 2014