

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

November 19, 2013

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on November 19, 2013 at 2:00 pm at the HESAA offices in Hamilton.

PRESENT: Mr. James Allen; Fr. Michael Braden (teleconference); Ms. Gabrielle Charette, Esq.; Mr. Greg Edwards, Secretary of Higher Education Designee; Mr. Anthony Falcone; Mr. George Garcia, Esq. (teleconference); Dr. Harvey Kesselman (teleconference); Dr. Jon Larson; Ms. Jean McDonald Rash; (teleconference); Mr. David Reeth; Ms. Maria Torres (teleconference) and Ms. Christy Van Horn (teleconference), Members.

ABSENT: Mr. Christopher McDonough, Treasurer's Designee; Ms. Sumana Prasai; and Mr. Julio Marengo.

Also participating were Geoffrey Stark, DAG; Amy Herbold, Esq., Governor's Authorities Unit; Nancy Gunza and Andrew Lee, Clifton Larson Allen, Independent Auditors.

CALL TO ORDER

Anthony Falcone called the meeting to order at 2:03 pm. 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 Amy Herbold, Esq., Governor's Authorities Unit and Geoffrey Stark, Esq., DAG.

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 JULY 24, 2013 MEETING:

A motion to approve the minutes of the July 24, 2013 meeting was made by Mr. James Allen and seconded by Ms. Maria Torres. The minutes were approved unanimously with two abstentions, Gregg Edwards, and George Garcia who did not participate in the July 24, 2013 meeting.

REPORT OF THE AUDIT COMMITTEE AND RESOLUTION 18:13 ACCEPTING AND ADOPTING FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS FOR FISCAL YEAR 2014

James Allen reported that the audit committee, consisting of Christy Van Horn, Anthony Falcone, Chris McDonough and himself, met on numerous occasions with Nancy Gunza and Andrew Lee of CliftonLarsonAllen, the auditing firm for HESAA. At the last meeting, which was held on October 25, 2013 the committee met to review the audit findings and to review the draft financial statements. The audit committee was pleased to hear that no significant audit issues arose. Reports were completed timely and HESAA staff did a tremendous job cooperating with CliftonLarsonAllen.

Mr. Allen then turned the presentation over to Nancy Gunza from CliftonLarsonAllen.

Nancy Gunza reported that they met with the audit committee and went over the results of the audit. She explained that her firm was engaged to audit the financial statements of HESAA's NJCLASS/FFELP Loan Programs, NJ World Trade Center Scholarship Fund and Other HESAA Programs and Funds Financial Statements. The audits were performed in accordance with the generally accepted auditing standards and generally accepted government auditing standards as required. They found that management had prepared the financial statements in accordance with general accepted accounting principles. There were no instances of material weaknesses in internal control that were noted throughout the audit and there were no audit findings to report to the Board.

A motion to approve Resolution 18:13 was made by Mr. James Allen and seconded by Fr. Michael Braden. The motion was passed unanimously.

RESOLUTION 19:13 APPROVING THE EXTENSION OF THE CONTRACT WITH NELNET, DESIGNATED PURCHASER OF FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP) REHABILITATION & BANKRUPTCY LOANS FOR ONE YEAR

Robert Clark made the following presentation on Resolution 19:13 to the Board:

The attached memo describes the loan rehabilitation and bankruptcy process provided for under the federal Higher Education Act of 1965, as well as the history of Authority's role in administering this aspect of the Act in connection with its function as the State of New Jersey's designated guaranty agency by the U.S. Department of Education, responsible for the administration of the Federal Family Education Loan Program, also known as FFELP.

Loan and Bankruptcy Rehabilitation provide an opportunity for FFELP borrowers to exit default status and repair their credit history. In addition, HESAA receives payments of 18.5% of principal, interest and collection costs when loans held in its pool of defaulted loans are rehabilitated. As a result, it has also been a significant source of program revenue to the Authority's Guaranty Agency Operating Fund.

In order to continue its participation in the FFELP rehabilitation program after its 2010 decision to discontinue purchasing these loans into its NJCLASS Trust Estate due to unfavorable market conditions, HESAA issued an RFP for Rehabilitation Loan Purchases. As a result, the HESAA

Board appointed Nelnet, Inc. as the Authority's designated purchaser of FFELP rehabilitation and bankruptcy loans for the two year period ending December 31, 2012, with three 1-year extensions at the option of the Authority at its November 23, 2010 meeting. At its October 25, 2012 meeting the Board approved the initial 1-year extension.

The Board approved the selection of Nelnet because Nelnet offered to purchase the loans at a smaller discount than the other proposer. Nelnet's discount percentages, based on age of loans and type, range from 5% to 6%. It should be noted that even at the Nelnet proposed discount rate, HESAA still realizes a positive cash flow from these purchases. The business process for rehabilitation and bankruptcy loans provides for one regular monthly sale of rehabilitation loans and one of bankruptcy loans, each of which occurs on a designated calendar date. The relationship with Nelnet has been smooth since inception of the contract, with good on-going communications and few, if any, errors on the part of Nelnet. Nelnet has also been very cooperative with HESAA in resolving any issues that arise, such as the handling of adjustments that must be made when payments are received by HESAA after a loan has been sold to Nelnet.

The market conditions have not changed since the last contract extension and it remains necessary for HESAA to sell rehabilitated loans to an outside entity. Accordingly, it is in the best interest of the Authority to exercise its second option to extend the contract with Nelnet for 1 year.

HESAA recommends that the Board approve the attached Resolution 19:13 Approving the Extension of the Contract with Nelnet, Designated Purchaser of Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans for One Year.

A motion to approve Resolution 19:13 was made by Dr. Harvey Kesselman and seconded by Mr. James Allen.

Anthony Falcone questioned how many states Nelnet works with in terms of guaranty agencies. Gene Hutchins responded that they are one of the bigger administrators remaining. He further explained that the discounts that many of the other purchasers are offering are much higher than what's being offered by Nelnet so it is to HESAA's advantage to continue this contract.

The motion was passed unanimously.

Dr. Jon Larson joined the meeting after this vote was taken.

RESOLUTION 20:13 APPROVING THE EXTENSION OF THE CONTRACT WITH WELLS FARGO FOR LOCKBOX SERVICES

Robert Clark made the following presentation on Resolution 20:13 to the Board:

Every year, HESAA processes hundreds of thousands of loan payments from borrowers participating in its NJCLASS and FFELP guaranty agency programs. This task is accomplished by using an automated lockbox process under a contract with a major bank, which enables HESAA to receive the funds into its accounts sooner and under better controls than if payments were processed in house and then deposited. The lockbox process also creates an electronic file of the payment data that gets transmitted to HESAA for automatic posting to our loan systems.

In February 2010, HESAA approved the appointment of Wachovia Bank as the provider of lockbox banking services for a period of three years, and subject to extensions for two years. After the merger of Wachovia with Wells Fargo Bank, which culminated with a conversion to Wells Fargo's customer interface systems in February 2012, Wells Fargo became the successor lockbox service provider under the contract.

In addition to traditional payments by check, over half of HESAA's customers now make their loan payments through electronic means, including on-line payments through HESAA's web ACH process, customer initiated on-line payments through other banking institutions, monthly ACH drafts, and credit card payments, all of which are processed through the same lockbox bank accounts.

This successful move to electronic payments has been made possible by software development projects initiated by HESAA staff with the cooperation and assistance of our lockbox bank. These changes, along with improvements in our business processes that allow us to post more payments with less staff, have resulted in tremendous savings for the Authority since the bank charges much lower fees to process electronic payments. To illustrate these positive developments, in June 2010, there were 99,000 NJCLASS loans in repayment and interest only status, meaning these borrowers were receiving bills and making payments. In September 2013, there were over 138,000 loans making payments, a 39% increase. In 2010, a typical monthly bill received by HESAA for lockbox services on NJCLASS loans was in excess of \$30,000. Average bills in FY 2013 were around \$18,000 and in recent months, the charges are in the \$15,000 range. Our lockbox processing costs continue to decrease as our loan payment volume increases.

Simply stated, Wachovia, and its successor Wells Fargo, have established a track record of quality customer service, and have provided material assistance in implementation of technical improvements, and the quality of lockbox processing has improved further since Wells Fargo assumed full responsibility for providing this service.

Accordingly, it is in the Authority's best interest to exercise its option to extend the contract for lockbox banking services with Wells Fargo Bank.

HESAA recommends that the Board approve the attached Resolution 20:13 Approving the Extension of the Contract with Wells Fargo Bank as the Authority's Provider of Lockbox Banking Services.

A motion to approve Resolution 20:13 was made by Mr. David Reeth and seconded by Ms. Maria Torres.

Mr. Allen asked when the extension would expire to which Marnie Grodman responded, June 2015.

The motion was passed unanimously.

RESOLUTION 21:13 APPOINTING A SENIOR MANAGER FOR AUTHORITY BOND ISSUES

Robert Clark made the following presentation on Resolution 21:13 to the Board:

This memorandum recommends your approval of Bank of America Merrill Lynch for a two year appointment as Senior Manager for Authority bond transactions. In negotiated sales, such as those currently utilized by the Authority, the Senior Manager is responsible for developing structuring proposals, the marketing and management of the initial bond sale, and working with HESAA's Financial Advisor to answer any issues raised by bond counsel, the bond trustee, rating agencies, and potential investors.

In accordance with Authority procedures, RFPs were sent to 35 underwriting firms who perform the role of Senior Manager in bond transactions. Three proposals were received in response. An evaluation team consisting of the Chief Financial Officer, Controller and Director of Legal & Governmental Affairs reviewed the proposals based on the criteria contained in the memorandum accompanying resolution 21:13.

Of these three, Bank of America Merrill Lynch's proposal outlined a set of services that most closely matches the Authority's needs. Bank of America Merrill Lynch has proposed to work closely with Authority staff in the continued development of financing structures tailored to match program delivery objectives and the firm has a proven track record in bringing bond issues to market in an effective and efficient manner. Additionally, the Bank of America Merrill Lynch proposal outlined a superior depth of experience of assigned staff and the firm's strong support of the Authority's after bond sale needs, including valuable portfolio analysis and consultation to the Authority regarding proposed changes to its loan programs, such as advice on restructuring of HESAA's student loan underwriting criteria, which has contributed to lower NJCLASS loan default rates in the past two years.

Bank of America Merrill Lynch has also proposed to continue its assistance to HESAA through post-sale management of trust estate finances, including advising the Authority's finance staff on the early retirement of bonds when possible, which will result in substantial additional cost savings to the Authority.

The other two proposals also reflected student loan industry experience. However, the Bank of America Merrill Lynch proposal reflected an in-depth understanding of the issues involved in the structuring of the Authority's bond issues and the financing and student benefit issues facing the Authority's loan programs. Bank of America Merrill Lynch has demonstrated its effectiveness as an underwriter in 2009 through 2012, by structuring transactions which eliminated nearly \$1.1 billion of failed Auction Rate Bonds and terminated two thirds of a billion dollars of swap notional amounts, while creating over \$100 million in equity. In the last year and a half, the firm structured transactions that provided another \$450 million in capital for the origination of NJCLASS loans at favorable rates, which enabled HESAA to lower its loan rates for two consecutive years.

The proposed fee caps to Bank of America from a negotiated bond sale are based upon rates per thousand dollars of bonds sold and the types of bonds sold. The proposed rates are inclusive of management fees, expenses, and 'takedown,' which is the commission rate paid to the bond

salespeople, that is set relative to market conditions at the time of sale in consultation with the Financial Advisor. Bank of America has proposed a cost of \$6.25 per thousand for fixed rate bonds. The proposed fees are based on an estimated \$250 Million Authority bond sale.

Although its fee structure is somewhat higher than the other two proposing firms, the anticipated savings in the lower costs of capital as a result of the firm's superior level of student loan financing experience are expected to benefit HESAA and its borrowers many multiples above the differential in proposed fees.

It is the opinion of the RFP Evaluation Committee that Bank of America Merrill Lynch's approach to developing the Authority's bond financings and the scope of services proposed were superior to other respondents, and closely meet the needs of the Authority.

It is recommended that the Board approve the attached Resolution 21:13, Approving the Appointment of Bank of America Merrill Lynch as the Authority's Senior Manager.

A motion to approve Resolution 21:13 was made by Ms. Jean McDonald Rash and seconded by Dr. Jon Larson.

The motion was passed unanimously with one abstention, Mr. James Allen who advised that his son works as an executive at Bank of America.

RESOLUTION 22:13 APPROVING ACTION ON PETITION FOR RULEMAKING

Marnie Grodman introduced Larry Sharp, Director of Grants and Scholarships and advised that he was available for any questions. She then made the following presentation on Resolution 22:13 to the Board:

On July 11, 2013 HESAA received a petition for rulemaking requesting amendments to the regulation that governs the residency requirements for student financial aid.

As background, students are statutorily required to be New Jersey residents for 12 months prior to receiving State grants and scholarships. Residency is determined by the FAFSA. Residency for dependent students is presumed to be that of their parents. Pursuant to the Appellate Court's 2012 decision in *AZ v. HESAA*, students are afforded the right to rebut the presumption that they have the same residency as their parents.

As such, all dependent students whose parents are not New Jersey residents receive notice that they are not eligible for TAG based on their parent's residency. However, they are referred to HESAA's website for information on how they can submit evidence establishing that they reside in New Jersey, notwithstanding the residency of their parent(s). The website lists the documents they can provide, which includes, but is not limited to:

- (1) Proof of graduation from a New Jersey high school;
- (2) A copy of their New Jersey resident income tax return;
- (3) A copy of their New Jersey driver license;
- (4) Evidence of home ownership or a long-term lease in New Jersey; and/or

(5) Such documentation as may be deemed necessary by HESAA upon specific review of their application.

The petitioners argue that this process is burdensome for students and therefore request that all students who attend or graduate from high school in New Jersey be presumed to be New Jersey residents. While HESAA attempts to make the application process as simple as possible for all students, it is not statutorily feasible to grant this request. While all students are required to be New Jersey residents to receive a State award, all students are not required to be New Jersey residents to attend New Jersey's public schools. As such, if HESAA made the presumption requested by petitioners, some students would receive State aid in violation of the statute.

Also, based on operational limitations, this amendment would not change the application process for affected students. Petitioners have claimed that presuming residency based on high school attendance will make the process simpler for students. However, HESAA's computer system is unable to determine the location of a student's high school from the information provided on the FAFSA. In order to make a residency determination based on proof of attendance at a New Jersey high school, students will still need to send their transcripts to HESAA. Therefore, even if HESAA was statutorily able to grant this petition, the application process would not change.

The petitioners have also requested that HESAA accept proof of voter registration and non-drivers identification cards as proof of residency. As explained in the memo, this documentation is not sufficient because, to register to vote a person need only reside in New Jersey for 30 days not the full year required for financial aid eligibility.

With regards to the non-drivers identification card, a regulatory change is not required as HESAA already accepts this documentation even though it is not enumerated in the current regulation. As the grant and scholarship regulations are scheduled to sunset in 2014, staff will be reviewing the entire chapter to see which sections require clarifications and will consider making this addition as part of the readoption.

Please note, that by denying this petition, the Board will not be denying aid to the affected students. Based on the existing application process HESAA has already granted 548 awards for \$2 million over the past two years. HESAA shares the same goal as the petitioners in ensuring that students receive the aid they need to further their education, however, it is not believed that this petition will enhance that goal.

A motion to approve Resolution 22:13 was made by Mr. James Allen and seconded by Mr. George Garcia.

Christy Van Horn questioned why the Board did not discuss the matter in October, and why the date of this meeting changed. She stated that the Board was just seeing this petition for the first time. Gabrielle Charette advised that she had sent the petition to Board members months ago and that the Board was advised when Chairman Falcone decided to defer deliberations so as not to act precipitously. Marnie Grodman advised that there was not an October Board meeting scheduled, and that the current Board meeting had been pushed back one week to avoid the need to schedule a second Special Board meeting to appoint the Senior Manager.

Ms. Van Horn also asked for clarification as to whether denying the petition means denying aid and whether HESAA would be changing the regulations to something in line with the appellate decision. Ms. Grodman explained that denying the petition is not denying aid to effected students. She further explained that HESAA already follows the appellate decision. She explained that the appellate decision requires that the presumption that a dependent student's residency is that of their parent must be rebuttable, which is what HESAA does. Students have the right to rebut that presumption by providing HESAA with documentation. This petition is looking to do this in a different way, which is not feasible, and does not alleviate the burden even if it were, because the students still need to send additional documentation. In response to a question from Ms. Van Horn, Gabrielle Charette explained that all students whose parents are not New Jersey residents are required to provide additional information, this procedure is not restricted to students who are undocumented.

Harvey Kesselman asked how this petition related to the tuition equality act bill just approved in the Senate. Ms. Grodman explained that the two issues are completely different. The Equality Act pertains to whether or not undocumented students are eligible for aid. The regulation pertains to how HESAA determine residency for students who are already eligible for the award.

Dr. Kesselman then asked about the technical difficulties in retrieving high school information and inquired whether it would be possible for the institutions to validate that students attended a New Jersey high school. Ms. Grodman explained that a student is not required to be a New Jersey resident to attend a New Jersey high school, so if residency was based on attendance at a New Jersey high school, ineligible students from other states would be receiving TAG awards. The other issue staff reviewed was whether HESAA has information as to where students attend high school and whether the computer system is able to obtain the information. She explained that while HESAA is able to get the name of the high school from the federal database, the information does not include the location of the high school. She explained that staff did not research whether the institutions could validate attendance at a New Jersey high school because the Department of Education provided data showing the number of students from out of state who attend school in New Jersey. Even if institutions validate the high school is in New Jersey, it is still not proof of New Jersey residency. Ms. Grodman explained that if the technology had been the only issue, staff would have figured a way around it.

Dr. Kesselman asked about the documents students need to provide and asked if each document is valued, as they are with points for receiving a driver's license. Ms. Grodman explained that once HESAA has enough proof that a student is eligible they get the award. HESAA is trying to provide awards to students. She gave the example that if a student sends a driver's license that has been issued at least 12 months prior to starting school then the student receives the award. David Reeth asked if a student would miss a year of TAG if they do not drive. Ms. Grodman explained that they can send a high school transcript. Ms. Van Horn worried that 17 and 18 year olds would not have a lease or own a house and Ms. Charette explained that the definition of a dependent student is any student under the age of 24 who is not married, a veteran and or supporting another individual more than 50 percent so it is not always 17 and 18 year olds. She explained that is why HESAA has the catch-all phrase allowing other documents. HESAA works with students and has been able to approve over 500 awards just since the AZ decision was decided a little over a year ago in August.

The motion was passed unanimously with two abstentions, Ms. Jean McDonald Rash and Ms. Christy Van Horn.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Gabrielle Charette gave the following report:

In a recent conversation someone said to me, "HESAA is great. You give out a lot of money." While that statement is certainly true – HESAA does disburse hundreds of millions of dollars each year in grants, scholarships and loans – money alone is only part of what makes HESAA great.

The training, education and services we provide students, families, high school counselors, and college and university financial aid officers are just as important as the funds we distribute. Let me tell you about some activities that underscore the point.

HESAA's Customer Care Line fields over 150,000 phone calls a year from students, parents and school administrators. Inquiries range from types of available aid to eligibility and from the application process to the status of pending applications. As of the end of October, 143,221 calls have been handled by the Customer Care Line, more than 11,000 of which were handled in Spanish.

Heather Hillman manages the Customer Care Line and Claudia Espinosa-Willingham is its senior supervisor. Last month due to an unexpected staffing shortage, Claudia worked a double shift, from 8 a.m. to 8 p.m., because our Customer Care Line is open after normal business hours. I saw her in the hallway that day and I stopped her to thank her for doing double duty. She replied, "No need to thank me. I love my HESAA."

Many of the calls to the Customer Care Line are from high school counselors trying to motivate their students to pursue post secondary education. We have fostered a special relationship with the high school guidance community over the last several years, thanks in part to HESAA's share of the College Access Challenge Grant. Once again this fall, HESAA hosted its annual High School Counselor Training Institute. Over 700 high school counselors from every corner of our state participated in this intensive half-day training session and earned 4 professional development credits. High school counselors are students' first points of contact along the road to higher education. It is critically important that counselors have the correct information to point students in the right direction.

For our college and university financial aid officers, we hosted a training session on payment roster certification. While roster certification is not glamorous – in fact it's tedious – it is nonetheless critically important. Rosters allow colleges and universities to make certain that students who are eligible for aid are, in fact, receiving the aid. HESAA uses rosters to make sure we are within appropriation targets for the current year. Rosters also help us model projections for the upcoming academic year.

Speaking of the coming academic year, HESAA annually collects data on the top 15% of the high school junior year class from New Jersey high schools. We also collect this information from several high schools in Pennsylvania and Delaware where New Jersey students attend

school. A total of 494 high schools provide data. HESAA then sends a letter to the students in the top 15% of their high school class advising them of their potential eligibility for the NJ STARS award. These lists are also provided to the community colleges as a recruitment tool. For the last several years, securing this information from the 494 high schools has been a major challenge. In the past, the high schools submitted their lists on paper. HESAA then sent the paper lists to a vendor to be key-tabbed into an electronic document. This was a timely, costly and error-prone process. Jossette Green, our NJ STARS program officer, working with our Information Services team, has devised a way for each high school to log on to the HESAA website and submit their list through our secure portal. Commencing this fall, all high schools now use this automated tool.

While no one initiative can drive enrollment in higher education, clearly we are doing something right in New Jersey. The Pell Institute for the Study of Opportunity in Higher Education published a report in September about college participation rates for students from low-income families between the years 1993 and 2012. The report looked at all 50 states plus the District of Columbia. Only four jurisdictions had college participation rates above 50% for low-income students. The first was New Hampshire, followed by New Jersey, then New York and then Massachusetts.

Additionally, in September the U.S. Department of Education released the FY 2011 two-year cohort default rate for federal loans. For the second consecutive year, HESAA's guarantor rate went down. From FY10 – FY11 we went from 5.8% to 5.3%. To put this in perspective, the overall federal rate is 10%.

Another area where we are making headway is college savings. As of the end of October, NJBEST assets under management exceeded \$4 billion. As you may recall, 10 years ago assets under management were \$148 million. We have come a long way.

Finally, I'd like to update you on the status of a purchase this Board approved at the end of last year for an IBM eServer and storage device. Both components were acquired and installed, resulting in immediate and significant enhancements. Processing jobs such as the TAG applicant roster which is sent weekly to each of the 57 institutions participating in the program listing all the students who have applied for TAG and have listed that particular institution as the students first, second or third choice used to take two hours to run. It now requires 14 minutes. I would like to recognize Jenson Louie and Joan Stefanick who were the project managers for the installation and implementation. Both did a fine job. Investments in technology not only make our work easier, they make our service to students and higher education institutions better. So once again, I thank the Board for your foresight and support.

While it has been a busy and productive fall at HESAA, a very sad event stopped many of us in our tracks last month. Amy Novasel, a ten-year HESAA employee, lost her battle with breast cancer. Amy was 38 years old. She is missed.

Thank you.

NEW BUSINESS

Harvey Kesselman raised the issue as to whether HESAA, as the agency responsible for ensuring students receive financial aid in the State of New Jersey, wanted to show support for the Tuition

Equality Act to make it clear that that HESAA supports the bill and that the decision on the resolution was made on the letter of the law and not related to the bill. Father Braden agreed with that sentiment. Anthony Falcone stated that the issue of the Act could be explored at the Budget Committee meeting convening next month and James Allen agreed with that suggestion as a member of the committee.

Dr. Kesselman wanted to ensure that approval of the resolution was not misinterpreted. Discussion ensued between Dr. Kesselman and Ms. Van Horn over what could be done to the resolution to ensure it is not misinterpreted. Ms. Grodman explained that the resolution had already been approved. However, she advised that the minutes could reflect each Board member's individual support for the Act.

Harvey Kesselman, Michael Braden and Maria Torres wanted the minutes to reflect that although they approved the resolution they support the intent of the bill.

Christy Van Horn wanted the minutes to reflect that she also supports the bill and that she abstained from voting on the resolution.

Ms. Van Horn also questioned the content of the verbal description of the resolution and Gabrielle Charette assured her that the full presentation would be included in the minutes.

David Reeth stated that as the Chair of the Student Advisory Committee and the representative voice of the students in New Jersey he wanted to thank HESAA for their consideration of individuals who can prove that they are residents in New Jersey even though their parents live out of state. He believes that may be the core of the issue.

ADJOURNMENT

Mr. Falcone announced that after adjourning this meeting the Board will enter a closed session, pursuant to the Open Public Meetings Act, to discuss pending litigation. This will be a closed session pursuant to N.J.S.A. 10:4-b(7), matters that fall under the attorney-client privilege. Details of the discussion that takes place in the closed session cannot be disclosed to the public until the conclusion of the litigation. A motion to adjourn and go to closed session was made by Mr. James Allen and seconded by Ms. Maria Torres.

The motion passed unanimously.

Chairman Falcone announced the next regularly scheduled Board meeting is Wednesday January 22, 2014 at 11:30 am.

The meeting adjourned at 3:02 pm.



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: Gabrielle Charette, Esq., Executive Director 

SUBJECT: Report of the Audit Committee and Resolution 18:13 Accepting and Adopting the Financial Statements and Independent Auditors' Reports for Fiscal Year 2013

DATE: November 19, 2013

Summary

Attached for your review, comment and adoption is Resolution 18:13 Accepting and Adopting the Financial Statements and Independent Auditors' Reports for Fiscal Year 2013. James Allen, on behalf of the Audit Committee of the Board, will report for the Committee.

Background

The Audit Committee of the Authority is comprised of the Chair, Vice-Chair and one public member of the Board, as well as a member of the Board having accounting or related financial experience, which includes Anthony Falcone, Christy Van Horn, James Allen and Chris McDonough.

The Committee met with representatives of Clifton Gunderson LLP on October 24, 2013 to review and discuss the 2013 Financial Statements and Clifton Gunderson's unqualified reports.

Recommendations

The Audit Committee recommends that the HESAA Board accept and adopt the Financial Statements and Independent Auditors' Reports for Fiscal Year 2013.

Attachment

RESOLUTION 18:13

**Accepting and Adopting the Financial Statements and Independent Auditors'
Reports for Fiscal Year 2013**

Moved by: Mr. James Allen
Seconded by: Fr. Michael Braden

WHEREAS: The Higher Education Student Assistance Authority (HESAA) prepared three separate financial statements for Fiscal Year 2012 ("2012 Financial Statements") which were audited by the independent auditor Clifton Gunderson LLP.; and

WHEREAS: The members of the Board Audit Committee met with Clifton Gunderson LLP on July 24, 2013, prior to the commencement of the audit; and

WHEREAS: The members of the Board Audit Committee have received and reviewed the Financial Statements and the unqualified reports of Clifton Gunderson LLP dated for the year ending June 30, 2013; and

WHEREAS: The members of the Board Audit Committee met with representatives of Clifton Gunderson LLP on October 24, 2013 to discuss the 2013 Financial Statements and Clifton Gunderson's unqualified reports; and

WHEREAS: The members of the Board Audit Committee recommend that the HESAA Board accept and adopt the Financial Statements and Independent Auditors' Reports for Fiscal Year 2013.

NOW THEREFORE, BE IT:

RESOLVED: That the HESAA Board accepts and adopts the Fiscal Year 2013 Financial Statements and Independent Auditor's Reports as attached hereto; and be it further

RESOLVED: That the attached Fiscal Year 2013 Financial Statements and Independent Auditor's Reports shall be posted on HESAA's website at www.HESAA.org, and submitted to the State Treasurer and Governor's Authorities Unit.

November 19, 2013



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, Esquire
Executive Director 

FROM: Robert J. Clark, CPA
Controller 

SUBJECT: Resolution 19:13 Approving the Extension of the Contract with Nelnet, Designated Purchaser of Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans for One Year

DATE: November 19, 2013

Background

Loan Rehabilitation is provided for under the federal Higher Education Act of 1965, as amended, and N.J.S.A. 18A:71C-1, and allows borrowers with defaulted Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans to remove the default status on their loans and repair their credit history if nine (9) consecutive, on-time, voluntary monthly payments are made within a ten (10) month period. HESAA is the State of New Jersey's designated guaranty agency by the U.S. Department of Education, responsible for the administration of the Federal Family Education Loan Program, hereinafter referred to as FFELP, which includes the Federal Stafford (subsidized and unsubsidized) Loan, Federal PLUS (parent and graduate/professional) Loan, and Federal Consolidation Loan Bankruptcy loans are the Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans where the borrowers have completed their bankruptcy actions and are similarly eligible to exit default status.

In addition, the Higher Education Act provides for payments of 18.5% of principal, interest and collection cost to the guaranty agency when loans held in its pool of defaulted loans are rehabilitated. As a result, in addition to the benefits that the

rehabilitation program provides to FFELP borrowers, it has been a significant source of program revenue to the Authority's Guaranty Agency Operating Fund.

From February 2002 through May 2010, the NJCLASS/FFELP Loan Program 1998 Trust Estate purchased monthly pools of rehabilitated defaulted FFELP loans after they met the requirements for rehabilitation as described above. (Prior to that date, rehabilitation loans were sold to an outside entity).

These loans were purchased from the portfolio of defaulted FFELP loans administered by HESAA as the New Jersey State Guarantor under the FFEL Program. Those loans still outstanding from these purchases continue to provide a source of positive cash flows to NJCLASS/FFELP as borrowers make principal and interest payments.

Due to the collapse of the Auction Bond market and the need for the Authority to refinance Auction Rate Certificates, HESAA management was advised by its Senior Manager and Financial Advisor in the Spring of 2010 that the continued financing of rehabilitated and bankruptcy loans through the purchase of these loans into its NJCLASS/FFELP Loan Program Trust Estate was no longer economically feasible, primarily due to the current adverse view of these loans by the rating agencies.

The refinancing plan for the debt supporting existing FFELP loans owned by HESAA, including rehab loans, resulted in a bond issue that did not allow for origination or purchase of additional FFELP loans by the NJCLASS/FFELP Program. Consequently, as indicated above, the FFELP refunding trust was unable to make funds available for new Rehabilitation and Bankruptcy loan purchases.

As a result of these circumstances, and in order to be able to continue to offer the rehabilitation option to its defaulted FFELP borrowers, as well as continue to earn rehabilitation fees from the USDE, HESAA has found it necessary to once again sell rehabilitated loans to an outside entity.

In order to achieve this objective, on September 27, 2010, HESAA issued an RFP for Rehabilitation Loan Purchases. As a result of that RFP, at its November 23, 2010 meeting, the HESAA Board appointed Nelnet, Inc. as the Authority's designated purchaser of FFELP rehabilitation and bankruptcy loans for the two year period ending December 31, 2012, with three 1-year extensions at the option of the Authority. At its October 25, 2012 meeting the Board approved the initial 1-year extension.

The Board approved the selection of Nelnet because Nelnet offered to purchase the loans at a smaller discount than the other bidder. Nelnet's discount percentages, based on age of loans and type, range from 5% to 6%. It should be noted that even at the Nelnet proposed discount rate, HESAA still realizes a positive cash flow from these purchases.

The market conditions have not changed and it remains necessary for HESAA to sell rehabilitated loans to an outside entity. Accordingly, it is in the best interest of HESAA to exercise its second option to extend the contract with Nelnet for 1 year.

Recommendation

HESAA recommends that the Board approve the attached Resolution 19:13 Approving the Extension of the Contract with Nelnet, Designated Purchaser of Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans for One Year.

Attachment

RESOLUTION 19:13

**APPROVING THE EXTENSION OF THE CONTRACT WITH NELNET,
DESIGNATED PURCHASER OF FEDERAL FAMILY EDUCATION LOAN
PROGRAM (FFELP) REHABILITATION & BANKRUPTCY LOANS FOR ONE YEAR**

Moved: Dr. Harvey Kesselman
Seconded: Mr. James Allen

WHEREAS: At its November 23, 2010 meeting, as the result of a Request for Proposals, the Higher Education Student Assistance Authority Board appointed Nelnet, Inc. as the Authority's designated purchaser of FFELP rehabilitation and bankruptcy loans for the two year period ending December 31, 2012, with three 1-year extensions at the option of the Authority; and

WHEREAS: At its October 25, 2012 meeting the Board approved the first 1-year contract extension; and

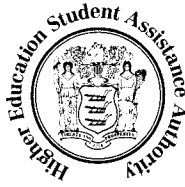
WHEREAS: The market conditions have not changed and it remains necessary for HESAA to sell rehabilitated loans to an outside entity; and

WHEREAS: The Authority desires to exercise its second option to extend the contract with Nelnet for 1 year.

NOW THEREFORE, LET IT BE:

RESOLVED: The Higher Education Student Assistance Authority hereby approves extending its contract with Nelnet, Inc. appointing Nelnet as designated purchaser of Federal Family Education Loan Program (FFELP) rehabilitation & bankruptcy loans for one year at discount percentages, based on age of loans and type, ranging from 5% to 6%.

November 19, 2013



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, Esquire
Executive Director 

FROM: Robert J. Clark, CPA
Controller 

SUBJECT: Resolution 20:13 Approving the Extension of the Contract with Wells Fargo Bank, Provider of Lockbox Banking Services

DATE: November 19, 2013

Background

Every year, the Higher Education Student Assistance Authority (HESAA) processes hundreds of thousands of loan payments from borrowers participating in its NJCLASS and FFELP guaranty agency programs. This task is accomplished by using an automated "lockbox" process to handle the receipt and posting of the majority of these payments. This is similar to the process that all consumers participate in when mailing bill payments to a P.O. Box address on a tear-off remittance form. Those P.O. boxes are often special boxes assigned to receive the payments for a particular business client at a bank that does lockbox processing. By using a lockbox bank, an organization receives the funds into its account sooner than it would if payments were processed in house and then deposited, and the tight controls in place at the bank are designed to prevent fraud and errors in handling payments. In the Authority's case, in addition to opening the remittance envelope and depositing the check in the business's account, the lockbox bank runs the remittance form thru a reader that uses the data on the remittance form to generate an electronic file with payment data that gets transmitted to HESAA for automatic posting to our loan system. In addition to traditional payments by check processed through the lockbox, a large percentage of HESAA customers now make their loan payments through electronic means, including on-line payments through the HESAA provided web ACH payment system, customer initiated on line payments through other banking institutions, monthly ACH drafts, and credit card payments. All payments received through these other means are also deposited in the same lockbox

accounts and utilize various automated processes that have been developed in recent years to post them to the HESAA loan systems.

In February 2010, HESAA approved the appointment of Wachovia Bank as the provider of lockbox banking services for a period of three years, and subject to extensions for two years. After the merger of Wachovia Bank with Wells Fargo Bank, which culminated with a conversion to Wells Fargo's customer interface systems in February 2012, Wells Fargo became the successor lockbox service provider under the contract.

Wachovia, and its successor Wells Fargo, have established a track record of quality service, including assistance in implementation of technical improvements, as well as excellent customer service, by providing prompt and helpful responses at no additional cost whenever staff needs to communicate regarding lockbox banking issues.

Accordingly, it is in the Authority's best interest to exercise its option to extend the contract for lockbox banking services with Wells Fargo Bank.

Recommendation

HESAA recommends that the Board approve the attached Resolution 20:13 Approving the Extension of the Contract with Wells Fargo Bank as the Authority's provider of lockbox banking services.

Attachment

RESOLUTION 20:13

APPROVING THE EXTENSION OF THE CONTRACT WITH WELLS FARGO BANK, PROVIDER OF LOCKBOX BANKING SERVICES FOR ONE YEAR

Moved By: Mr. David Reeth
Seconded By: Ms. Maria Torres

WHEREAS: By using a lockbox bank, the Authority receives the funds from loan payments into its account sooner than it would if payments were processed in house and then deposited; and

WHEREAS: The tight controls in place in connection with a lockbox processing operation at a major bank help to prevent fraud and errors in handling payments; and

WHEREAS: The lockbox processing programs developed by HESAA and utilized in cooperation with its lockbox banking vendor generate electronic files that enable payment data to be transmitted to the Authority for automatic posting to its loan systems; and

WHEREAS: In February 2010, as the result of a Request for Proposals, HESAA appointed Wachovia Bank as the provider of lockbox banking services to the Authority for a period of three (3) years, subject to extensions up to two years at the option of the Higher Education Student Assistance Authority; and

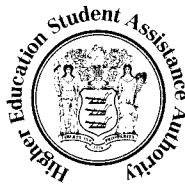
WHEREAS: Wachovia, and its successor Wells Fargo have established a track record of quality service, including assistance in implementation of technical improvements, as well as excellent customer service, by providing prompt and helpful responses at no additional cost whenever staff needs to communicate regarding lockbox banking issues; and

WHEREAS: The Authority desires to exercise its second option to extend the contract with Wells Fargo Bank.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby approves extending its contract with Wells Fargo Bank as the provider of lockbox banking services to the Authority.

November 19, 2013



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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, Esquire 
Executive Director

Eugene Hutchins 
Chief Financial Officer

FROM: Robert J. Clark, Controller 

SUBJECT: Resolution 21:13 Appointment of a Senior Manager for Authority Bond Issues

DATE: November 19, 2013

Introduction

This memorandum recommends your approval of Bank of America Merrill Lynch for a two year appointment as Senior Manager for Authority bond transactions. In negotiated sales, such as those currently utilized by the Authority, the Senior Manager is responsible for developing structuring proposals, and the marketing and management of the initial sale of the bonds. The Senior Manager works with HESAA's Financial Advisor to answer any issues raised by bond counsel, the bond trustee, rating agencies, and potential investors.

Background

A. Selection Process

The Authority procedures call for Request for Proposal (RFP) documents to be developed and circulated to prospective underwriting firms by Authority staff. The RFPs were sent to 35 underwriting firms who perform the role of Senior Manager in bond transactions. An evaluation team consisting of the Chief Financial Officer, Controller and Director of Legal & Governmental Affairs reviewed the proposals based on the following criteria:

1. The experience of the firm in advising on tax-exempt student loan revenue bond offerings;
2. the relevant experience of the staff assigned to the Authority;
3. the quality of the response to the RFP;
4. the ability to meet the needs of the Authority; and
5. the fee proposed.

The Committee recommends the appointment of Bank of America Merrill Lynch as the Authority's Senior Manager. Three proposals were submitted by underwriting firms. Of the three proposals, Bank of America Merrill Lynch's proposal outlined a set of services that most closely matches the Authority's needs. Bank of America Merrill Lynch has proposed to work closely with Authority staff in the continued development of financing structures tailored to match program delivery objectives and the firm has a proven track record in bringing bond issues to market in an effective and efficient manner. Additionally, the Bank of America Merrill Lynch proposal outlined the depth of experience of assigned staff and the firm's strong support of the Authority's after bond sale needs, including consultation to the Authority regarding proposed changes to its loan programs. The other two proposals also reflected student loan industry experience. However, the Bank of America Merrill Lynch proposal reflected an in-depth understanding of the issues involved in the structuring of the Authority's bond issues and the financing and student benefit issues facing the Authority's loan programs. Bank of America Merrill Lynch has demonstrated its effectiveness as an underwriter during previous HESAA bond issues. In 2009 - 2012, Bank of America Merrill Lynch structured transactions which eliminated nearly \$1.1 billion of failed ARS and terminated two thirds of a billion dollars of swap notional amounts, while creating over \$100 million in equity. Bank of America Merrill Lynch also completed the first placement of municipal subordinated bonds for student loans since before the financial crisis. In the last year and a half, the firm structured transactions that provided another \$450 million in capital for the origination of NJCLASS loans at favorable rates, which enabled HESAA to offer its borrowers lower loan rates for two consecutive years. Bank of America Merrill Lynch has also provided valuable portfolio analysis and advice to the Authority on restructuring of its student loan underwriting criteria, which has contributed to lower NJCLASS loan default rates in the past two years.

The proposed fee caps to Bank of America from a negotiated bond sale are based upon rates per thousand dollars of bonds sold and the types of bonds sold. The proposed rates are inclusive of management fees, expenses, and 'takedown' (or the commission rate paid to the bond salespeople). Takedown is set relative to market conditions at the time of sale in consultation with the Financial Advisor. Bank of America has proposed a cost of \$6.25 per thousand for fixed rate bonds. The proposed fees are based on an estimated \$250 Million Authority bond sale.

Although its fee structure is somewhat higher than the other two proposing firms, the anticipated savings in resulting lower costs of capital as a result of the firm's superior level of student loan financing experience, along with its demonstrated strength in developing innovative structures and excellent execution are expected to benefit HESAA and its borrowers many multiples above the differential in proposed fees.

Bank of America Merrill Lynch has also proposed to continue its assistance to HESAA through post-sale management of trust estate finances, including advising the Authority's finance staff on the early retirement of bonds when possible, which will result in substantial additional cost savings to the Authority.

It should also be noted that Bank of America Merrill Lynch was the only proposing firm that submitted a data security plan as requested by the Authority as a supplement to its proposal.

It is the opinion of the RFP Evaluation Committee that Bank of America Merrill Lynch's approach to developing the Authority's bond financings and the scope of services proposed were superior to other respondents, and closely meet the needs of the Authority.

Recommendation

It is recommended that the Board approve the attached Resolution 21:13, Approving the Appointment of Bank of America Merrill Lynch as the Authority's Senior Manager.

Attachments

RESOLUTION 21:13

APPOINTING A SENIOR MANAGER FOR AUTHORITY BOND ISSUES

Moved by: Ms. Jean McDonald Rash

Seconded by: Dr. Jon Larson

WHEREAS: There is a need for the Higher Education Student Assistance Authority (the "Authority") to appoint a Senior Manager in connection with its Student Loan Revenue Bonds; and

WHEREAS: The Authority has established procedures for the methods of procurement of advisory services related to the issuance of bonds; and

WHEREAS: These procedures have been appropriately applied through the circulation of an RFP to 35 underwriting firms; and

WHEREAS: An Evaluation Committee comprised of the Authority's Chief Financial Officer, Controller and Director of Legal Affairs reviewed all of the proposals.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves a 2- year appointment of Bank of America Merrill Lynch as the Senior Manager at a cost of \$6.25 per thousand of fixed rate bonds based on a \$250 Million bond issue.

November 19, 2013

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)	
BIDDER Bank of America Merrill Lynch	DATE	11/14/2013
<p>SUMMARY OF EVALUATION TEAM'S COMMENTS: BAML's proposal demonstrates strength in innovative structures and excellent execution. They were the first firm to place subordinated bonds for student loans since before the financial crisis. The savings in the resulting costs of capital benefit HESAA and borrowers at a much high amount than the differential in proposed fees. The proposed post-sale management of trust estate finances will result in substantial cost savings to the Authority. BAML is the only firm that submitted a security data plan as requested in 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 experience of the firm in advising on tax-exempt student loan revenue bond offerings	9	10	10	20	580	
The relevant experience of the staff assigned to the Authority	9	9	10	20	560	
The quality of the response to the RFP	9	8	9	15	390	
The ability to meet the needs of the Authority	9	9	8	15	390	
The fee proposed	6	6	5	15	255	
The technical qualifications, experience and time commitment of personnel assigned to the project, as demonstrated by descriptions of experience contained in the RFP response	9	9	9	15	405	
Total					2580	

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)			
BIDDER Ramirez & Co., Inc.		DATE 11/14/2013			
SUMMARY OF EVALUATION TEAM'S COMMENTS: Ramirez's proposal demonstrates that they do not have the retail distribution network in New Jersey that has made HESAA bond issues so successful over the last several years. Additionally, their analytical staff does not appear to be as strong as that of BAML or RBC. Ramirez did not submit the data security plan as requested in the RFP.					
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 experience of the firm in advising on tax-exempt student loan revenue bond offerings	6	6	6	20	360
The relevant experience of the staff assigned to the Authority	8	6	7	20	420
The quality of the response to the RFP	6	5	7	15	270
The ability to meet the needs of the Authority	4	4	6	15	210
The fee proposed	7	6	8	15	315
The technical qualifications, experience and time commitment of personnel assigned to the project, as demonstrated by descriptions of experience contained in the RFP response	6	6	7	15	285
Total					1860

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)				
BIDDER RBC Capital Markets LLC	DATE	11/14/2013			
<p>SUMMARY OF EVALUATION TEAM'S COMMENTS: This proposal raises concerns of a possible conflict of interest as RBC recommends the retirement of HESAA's failed auction bonds at par through the issuance of SIFMA or LIBOR indexed floating rate bonds. RBC is currently the majority bondholder of \$80 million of the remaining \$125 million (64%) in outstanding HESAA failed auction rate bonds and they are recommending retirement at par while all of the other investment bank holders of the failed ARC's have liquidated their holdings at below par, which was reflective of continuing market values. Additionally, RBC recommends the use of synthetic fixed financing of HESAA bonds which would be susceptible to the same type of vulnerabilities as the auction bonds caused by potential market disruptions and/or investor flight from holding the bonds. RBC did not submit the data security plan as requested in the RFP.</p>					
<p>Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response</p>					
CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The experience of the firm in advising on tax-exempt student loan revenue bond offerings	7	7	6	20	400
The relevant experience of the staff assigned to the Authority	8	7	7	20	440
The quality of the response to the RFP	7	5	5	15	255
The ability to meet the needs of the Authority	7	7	5	15	285
The fee proposed	8	7	9	15	360
The technical qualifications, experience and time commitment of personnel assigned to the project, as demonstrated by descriptions of experience contained in the RFP response	7	7	7	15	315
Total				15	2055

Higher Education Student Assistance Authority			
Firm	Total Score	Rank	Fees
BAML	2580	1	\$6.25
Ramirez	1860	3	\$5.37
RBC	2055	2	\$4.50

Senior Manager Fees				
Firm	Management Fee	Takedown	Expenses	Total
BAML	\$0.95	\$5.00	\$0.30	\$6.25
Ramirez	\$0.50	\$4.60	\$0.27	\$5.37
RBC	\$0.61	\$3.78	\$0.11	\$4.50



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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, Esquire
Executive Director 

FROM: Marnie Grodman, Esquire 
Director, Legal & Governmental Affairs
Administrative Practice Officer

SUBJECT: Resolution 22:13- Approving Action on a Petition for Rulemaking

DATE: November 19, 2013

Background

On July 11, 2013, the Higher Education Student Assistance Authority (“Authority” or “HESAA”) received a Petition for Rulemaking from the Rutgers Constitutional Litigation Clinic, the American Civil Liberties Union of New Jersey, Latin American Legal Defense and Education Fund, and LatinoJustice PRLDEF (“Petitioners”) requesting that the Authority amend N.J.A.C. 9A:9-2.2 which governs residency requirements for student financial aid.

Petitioners requested that the regulation be amended to include language rebuttably presuming that any student who is a United States citizen or permanent resident, currently enrolled in a New Jersey public high school or non-residential private high school, or had graduated from a New Jersey high school within one year of making first application for financial aid, is a resident of New Jersey for purposes of higher education student aid eligibility. Additionally, Petitioners request adding proof of voter registration and non-driver identification cards to the list of acceptable documents to provide evidentiary proof of New Jersey residency.

A notice acknowledging receipt of the petition was published in the August 19, 2013, New Jersey Register at 45 N.J.R. 1970. In its Notice of Action, filed with the Office of Administrative Law on September 9, 2013, and published in the New Jersey Register on

October 7, 2013, the Authority determined that additional time was needed to consider this matter in order to bring the matter before the Board.

After researching the matter, and reviewing the feasibility of the request, staff recommends denying Petitioners' request for rulemaking for the following reasons:

New Jersey High School as Proof of Residency

Pursuant to N.J.S.A. 18A:71B-2b, HESAA is not permitted to award financial aid to a person who has been a resident of New Jersey for less than 12 months immediately prior to receiving the financial aid. The court's holding in A.Z. v. Higher Education Student Assistance Authority, 427 N.J. Super. 389, 399 (App. Div. 2012), that HESAA cannot irrebuttably presume that a dependent student's residence is the same as his or her parents' residence, does not negate the statutory requirement. Presuming that all students currently enrolled in a New Jersey public high school or non-residential private high school, or had graduated from a New Jersey high school within one year of making first application for financial aid, are residents of New Jersey would not meet the statutory requirements. Students are not required to be legal New Jersey residents to attend school in New Jersey. N.J.S.A. 18A:38-1(b) provides the requirements for students who are not domiciled in New Jersey to attend New Jersey schools. Pursuant to information received from the Department of Education, for the 2012-13 academic year 173 out-of state students attended high school in New Jersey. Statistics were unavailable for HESAA to determine how many additional students moved to New Jersey during their senior year in high school, and therefore were not New Jersey residents for twelve months prior to commencing their higher education. Petitioners' requested amendment would provide these students with State financial aid in violation of the statute.

Additionally, the requested regulatory change would not meet Petitioners' goal of simplifying the application process for the effected students. While HESAA's computer systems have been updated to receive the name of a student's high school from the Free Application for Federal Student Aid, HESAA does not receive the location of the high school. HESAA's systems do not have the capability to cross-reference the name with a directory of New Jersey high schools. As HESAA receives over a 500,000 applications annually, the Authority is unable to manually process all applications to look for high school information. As such, students would still have to send HESAA their high school transcripts to prove that they graduated from a New Jersey high school. Since HESAA's system is capable of maintaining the residency determination to apply to future year awards, HESAA has been able to ease the process for effected students by ensuring that they do not need to establish New Jersey residency each time they apply for aid.

Non-Driver Identification Card as Proof of Residency

The Authority also denies Petitioners' request to amend the regulations to add proof of voter registration and non-driver identification cards to the list of acceptable documents to provide evidentiary proof of New Jersey residency.

Although not specifically enumerated in regulations HESAA does currently accept non-driver identification cards as proof of residence pursuant to N.J.A.C. 9A:9-2.2(b)3. While a regulatory amendment is not necessary to allow submission of the cards, for clarity the Authority will consider adding specific reference to non-driver identification cards when it readopts 9A:9 prior to the chapter's August 7, 2014, expiration.

Voter Registration as Proof of Residency

The Authority also denies Petitioners' request to amend the regulations to accept proof of voter registration as proof of residency. The residency requirements to register to vote are significantly less stringent than the residency requirements to receive financial aid. While N.J.S.A. 18A:71B-2b requires twelve months residency to receive financial aid, the New Jersey Constitution only requires a person to reside in state for thirty days to register to vote. See N.J. Const. Art. II §1¶2(a), N.J.S.A. 19:31-5. Additionally, no proof of residency is required to register. See N.J.S.A. 19:31-6.4. It is common practice for New Jersey colleges and universities to encourage students to utilize the more lenient residency requirements so they can participate in the electoral process. As such, many out-of-state students register to vote in New Jersey without intending to change their residency or meeting the statutory residency requirements for receiving State aid.

Upon the Board's approval of Resolution 22:13, a Notice of Action will be filed with the Office of Administrative Law and a copy of the public notice will be mailed to Petitioners.

Recommendation

It is recommended that the Board approve Resolution 22:13 – Approving HESAA's action in denying the July 11, 2013, Petition to amend N.J.A.C. 9A:9-2.2.

Attachments:

1. Resolution 22:13
2. Petition for Rulemaking

RESOLUTION 22:13

APPROVING ACTION ON A PETITION FOR RULEMAKING

Moved by: Mr. James Allen
Seconded by: Mr. George Garcia

WHEREAS: On July 11, 2013, the Higher Education Student Assistance Authority (“Authority”) received a Petition for Rulemaking from the Rutgers Constitutional Litigation Clinic, the American Civil Liberties Union of New Jersey, Latin American Legal Defense and Education Fund, and LatinoJustice PRLDEF (“Petitioners”) requesting that the Authority amend N.J.A.C. 9A:9-2.2 which governs residency requirements for student financial aid; and

WHEREAS: A notice acknowledging receipt of the petition was published in the August 19, 2013, New Jersey Register at 45 N.J.R. 1970; and

WHEREAS: In its Notice of Action, filed with the Office of Administrative Law on September 9, 2013, and published in the October 7, 2013, New Jersey Register at 45 N.J.R. 2274, the Authority determined that additional time was needed to consider this matter in order to bring the matter before the Board; and

WHEREAS: The Board has determined that the requested amendments do not meet the statutory requirement of N.J.S.A. 18A:71B-2b.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board denies Petitioners’ request to amend N.J.A.C. 9A:9-2.2; and let it be further

RESOLVED: That notice of the Board’s Action will be sent to the Office of Administrative Law for publication in the New Jersey Register; and let it be further

RESOLVED: That copies of the Public Notice will be sent to Petitioners.

November 19, 2013

July 10, 2013

Higher Education Student Assistance Authority
c/o Gabrielle Charette Esq., Executive Director
2 Quakerbridge Plaza
Hamilton Township, NJ

Re: Petition for Rulemaking
Eligibility for Higher Education Student Aid

Pursuant to N.J.S.A. 52:14B-4(f), Petitioners the Rutgers Constitutional Litigation Clinic (“Clinic”) the American Civil Liberties Union of New Jersey (“ACLU-NJ”), Latin American Legal Defense and Education Fund (“LALDEF”), and LatinoJustice PRLDEF (collectively the “Petitioners”) hereby petition to amend N.J.A.C. 9A:9-2.2(a)(1), which establishes the criteria and documentation necessary for determining eligibility for State financial aid for higher education.

Since 1970, Petitioner Rutgers Constitutional Rights Clinic (previously Rutgers Constitutional Litigation Clinic) has engaged in impact litigation and cutting edge constitutional reform. In recent years, the Clinic has represented multiple clients, including the plaintiff in *A.Z. v. Higher Education Assistance Authority*, 427 N.J. Super. 389, 398 (App. Div. 2012), who despite being natural United States citizens and New Jersey residents, were denied higher education financial aid due to their parents’ undocumented status.

Petitioner ACLU-NJ works to defend liberty and individual rights throughout New Jersey. It is involved in litigation and advocacy on behalf of individuals, and it takes positions on important matters of public policy. The ACLU-NJ served as co-counsel with the Clinic to represent the above mentioned clients.

Petitioner Latin American Legal Defense and Education Fund (LALDEF) defends the civil rights of Latin American, facilitates their access to health care and education, and works to advance cross-cultural understanding in our region. It serves the Latino immigrant communities in the Mercer County region and adjacent areas in central New Jersey. LALDEF seeks to prevent human rights violations, educate Latino immigrants about their rights and responsibilities, and foster their incorporation into the social and economic fabric of their communities. LALDEF sees its role as that of a conduit between existing community resources and immigrants, helping dismantle the barriers that stand in the way to a more fair and just society.

Petitioner LatinoJustice PRLDEF uses the power of the law together with advocacy and education, to ensure opportunities for all Latinos to succeed in school and work, fulfill their dreams, and sustain their families and communities. LatinoJustice PRLDEF’s impact litigation

and legal advocacy work ensure that Latinos living in the United States are afforded the rights guaranteed to them under the United States Constitution.

1. Name, address, and phone number of the Petitioners.

The Petitioners for this new rule and rule amendments are the following:

Constitutional Rights Clinic
Attn: Ronald K. Chen, Esq.
Center for Law and Justice
Rutgers, The State University of New Jersey
123 Washington Street
Newark, New Jersey 07102-3192
Phone: (973) 353-5551
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American Civil Liberties Union of New Jersey
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The substance of the rulemaking request.

The Petitioners request that the Higher Education Student Assistance Authority (“HESAA”) amend N.J.A.C. 9A:9-2.2(a)(1) to include the language annexed to this petition. The proposed amendment would state that:

Any student who is a United States citizen or permanent resident, and currently enrolled in, or has within one year of making first application for financial aid graduated from, a New Jersey public high school or equivalent, or a non-

residential New Jersey private school, shall be rebuttably presumed to be a resident of New Jersey for purposes of higher education student aid eligibility.

HESAA would have the burden to rebut that presumption.

The proposed amendment also adds to the list of documents that provide evidentiary proof of New Jersey residency, including proof of voter registration in New Jersey.

2. The reasons for the request and the Petitioners' interest in the request.

As described in the published Appellate Division opinion in *A.Z. v. Higher Education Assistance Authority*, 427 N.J. Super. 389, 398 (App. Div. 2012), the current practices and procedures of HESAA have "misinterpreted the governing statute, and applied a regulation that alters the statutory terms," at least when applied to students who are United States citizens residing in New Jersey but whose parents are undocumented immigrants. *A.Z. v. HESAA*, 427 N.J. Super. at 395.

a. Creating a presumption of residency for NJ high school graduates

The New Jersey Legislature has established higher education student financial aid programs for eligible needy students. Specifically, the Legislature "created State tuition aid grants which shall be maintained by the State, awarded and administered pursuant to the Act, and used by the holders thereof for undergraduate study in eligible institutions." N.J.S.A. 18A:71B-18. The basic residency requirement to be eligible for state higher education financial aid under N.J.S.A. 18A:71B-2(b) is that:

A person shall not be awarded financial aid under this chapter unless the person has been a resident of this State for a period of not less than 12 months immediately prior to receiving the financial aid.

N.J.A.C. 9A:9-2.2(a)(1) currently states that a dependent student must be a legal resident of New Jersey. "Residence is defined in terms of domicile, and a dependent student's legal residence coincides with his or her parent's domicile." *A.Z. v. HESAA*, 427 N.J. Super. at 398.

In *A.Z.*, however, the Appellate Division found that, as applied by HESAA, N.J.A.C. 9A:9-2.2(a)(1) contravened the plain meaning, and the underlying legislative intent, of N.J.S.A. 18A:71B-2(b), with regard to U.S. citizen students who reside in New Jersey whose parents were undocumented immigrants. As *A.Z.* made clear, "the aid recipient here is *A.Z.*, a citizen, and not her mother. HESAA's argument to the contrary runs afoul of the plain meaning of the TAG statute, which expressly provides for the award of the TAG to the student." 427 N.J. Super. at 397. By applying the current text of N.J.A.C. 9A:9-2.2(a)(1) uncritically, however, to deny student aid to students who are U.S. citizens or permanent residents who have resided in New Jersey for one year or more, and who whose parents physically reside in New Jersey even though undocumented, HESAA is contravening the clear intent of the statute.

Even after the decision in *A.Z. v. HESAA*, however, HESAA has apparently continued the practice of denying financial aid under the Tuition Assistance Grant program and similar

programs to students who are themselves United States citizens and who are by all rational definitions also residents of the State of New Jersey, but whose parents cannot establish lawful presence in the United States (even though for all practical purposes, and indeed for relevant legal purposes, they also are residents of New Jersey). Attached hereto as Appendix B is an example of a notice received by an applicant in April 2013 who is in functionally the equivalent position as was A.Z., i.e. a U.S. citizen who is residing in New Jersey, a senior at a New Jersey public high school, whose parents are undocumented immigrants. He/she was declared ineligible, however, because “your parent is not a legal resident of New Jersey.” The notice further states that if the student still believes he or she is a legal resident of New Jersey, he must initiate the appeal procedures within HESAA.

Clearly, HESAA is continuing to separate out for disparate treatment those U.S. citizen students whose parents are identified as undocumented immigrants.¹ Imposing the burden upon a young student to do what no other student must do – provide often difficult to obtain documentation to prove what should be obviously the case, that the *student* is an eligible resident of New Jersey – is burdensome and unfair. Especially when such students fear drawing unnecessary attention to their parents’ immigration simply in order to apply for benefits to which they are completely entitled by law, imposing such a burden on students amounts to arbitrary and capricious treatment that cannot be countenanced under New Jersey law, to say nothing of federal constitutional principles.

Hundreds of students are affected by N.J.A.C. 9A:9-2.2(a)(1) every year. For example, during the 2011-2012 fiscal year, the Office of Legislative Services (“OLS”) found that 718 students were eligible to receive TAG grants, but were denied aid because of this regulation. Fiscal Note, Sen. No. 1760, Sept. 18, 2012, *available at* http://www.njleg.state.nj.us/2012/Bills/S2000/1760_F1.HTM. N.J.A.C. 9A:9-2.2(a)(1) therefore is being used to systematically deny eligibility to students whom the statute deems eligible, and therefore must be revised. Nor is it sufficient to argue that a student in these circumstances can attempt to rebut the presumption by affirmatively establishing New Jersey residency through further documentary evidence. Imposing such an evidentiary burden on students who, by definition, are of limited financial means, simply because of the immigration status of their parents, treats them in an unfair and discriminatory fashion. Such wholesale mischaracterization must be corrected in the regulation in order to make it comport with the intent of the statute.

Petitioners therefore suggest that the regulation be amended to create a presumption in favor of New Jersey residency for any student who is a United States citizen or permanent resident, and who is currently enrolled in, or has within one year of making first application for financial aid graduated from, a New Jersey high school or equivalent. Students who fall into this category are easily identifiable by the State through the Department of Education databases, and recent New Jersey high school attendance would provide reliable evidence of New Jersey residency for the vast majority of students who are the subject of concern. Indeed, students attending a New Jersey public school have already been reliably determined to be residents of this State pursuant to N.J.S.A. 18A:38-1 and N.J.A.C. 6A:22-3.1(a)(1), and requiring further proof of New Jersey residency is redundant, unduly burdensome, and therefore arbitrary.

¹ Presumably such parents are identified when they either supply 000-00-0000 as their Social Security Number, or use a Taxpayer Identification Number in lieu of a Social Security Number.

As the *A.Z.* court made clear, the ultimate focus of the relevant legal inquiry is whether the *student* is a resident of New Jersey, not the parent. Regulations must be drafted to comport with that inquiry. The number of students whose New Jersey residency can be reliably determined by the fact that they are currently enrolled or just graduated from a New Jersey high school dwarves the trivial number of students who, despite attending or having just graduated from a New Jersey high school, are not themselves residents of New Jersey. Burdens of proof should be drafted with the most likely factual scenario in mind. The most likely scenario for a student who is attending a New Jersey high school is that the student is a New Jersey resident, regardless of the immigration status of his/her parent. The probability that a student is attending Lawrenceville or Trenton High School but is actually a resident of Pennsylvania is so remote that the burden should be upon the State to rebut the presumption that the student is ineligible in that relatively rare situation.

Revision of N.J.A.C. 9A:9-2.2(a)(1) would make unnecessary further litigation over the issue that the Appellate Division reserved – whether an undocumented immigrant parent may nevertheless become a domiciliary of the state for purposes of state law. Nevertheless, the court noted the “substantial authority supporting the proposition that a person's federal immigration status does not necessarily bar a person from becoming a domiciliary of a state.” 427 N.J. Super. at 402.

b. Utilizing Voter Registration as Evidence of NJ Residency

Petitioners further suggest that N.J.A.C. 9A:9-2.2(b) be amended to include documentary proof of New Jersey voter registration as sufficient evidence of New Jersey residency. The existing documentation listed in N.J.A.C. 9A:9-2.2(b) – the student's and/or parent(s)' New Jersey driver license, and the student's and/or parent(s)' New Jersey State Income Tax-Resident Return(s) – are often either irrelevant or unavailable even for a U.S. citizen student with undocumented parents who is of limited economic means, since such a student may not have the resources to have access to an automobile or pay for a driver's license or non-driver identification card,² and will often have no need of filing a state income tax return in his or her own name.

A document that is deemed sufficient under the law to establish residency for such an important event as voting should also be sufficient to establish residency for purposes of student financial aid eligibility. N.J.S.A. § 19:31-5 provides that:

Each person, who at the time he or she applies for registration *resides in the district in which he or she expects to vote*, who will be of the age of 18 years or more at the next ensuing election, who is *a citizen of the United States*, and who, if he or she continues to reside in the district until the next election, will at the time have fulfilled all the requirements as to length of residence to qualify him or her as a legal voter, *shall, unless otherwise disqualified, be entitled to be registered in such district.*

² Petitioners do also recommend that a New Jersey non-driver identification card be added to the list of documents relevant to establish residency. Since there is a fee for such a card, however, using it as a substitute for voter registration would have a disparate impact on poor students.

(Emphasis added.) *See also* N.J.S.A. § 19:4-1 (“every person possessing the qualifications required by Article II, paragraph 3, of the Constitution of the State of New Jersey and having none of the disqualifications hereinafter stated and being duly registered as required by Title 19, shall have the right of suffrage and shall be entitled to vote in the polling place assigned to the election district *in which he actually resides, and not elsewhere.*”).

The law further provides that “No registrant shall be considered a registered voter until the commissioner of registration reviews the application submitted by the registrant and deems it acceptable.” N.J.S.A. § 19:31-6.5(a)(1). “As with all voters, the commissioner of registration in each county has the duty to verify the continued voter qualifications of registrants.” *Formal Opinion of the Attorney General No. 2*, 1991 N.J. AG LEXIS 2. N.J.S.A. § 19:32-5 imposes upon superintendents of election the duty to “investigate all complaints relating to the registration of voters, and for that purpose the superintendents and their assistants shall have full power and authority to visit and inspect any house, dwelling, building, inn, lodging house or hotel” Since the place of residency within New Jersey is of such paramount importance under New Jersey statutes for purposes of voting, it seems logical to rely on the apparatus provided by law to establish such residency for purposes of student aid eligibility.

Using voter registration as presumptive evidence of New Jersey residency has many salutary aspects. It is *efficient*, in that it utilizes currently existing government mechanisms without need of duplication. It is *reliable*, and it can hardly be argued that HESAA can establish a more comprehensive system to ascertain residency than already exists for purposes of voting. Lastly, it is *accessible*, since voter registration is a cost free process that any young citizen can accomplish with little effort. Indeed, N.J.S.A. § 18A:36-27 requires that “The board of education of each school district and the appropriate school officials in each nonpublic school shall provide a voter registration form, a summary of voter registration eligibility requirements, and material describing the role of a citizen and the importance of voting to each eligible high school pupil prior to the graduation date for the school year.” Thus, the pool of students most likely to apply to HESAA for student aid are presumably given an opportunity to acquire proof of registration at the same time that they are applying for higher education assistance.

3. References to the authority of the agency to take the requested action.

Pursuant to N.J.S.A. 18A:71A-8(a), HESAA has the power to “adopt by-laws for the regulation of its affairs and the conduct of its business.” Such a “grant of authority to an administrative agency is to be liberally construed in order to enable the agency to accomplish its statutory responsibilities and . . . courts should readily imply such incidental powers as are necessary to effectuate fully the legislative intent.” *N.J. State League of Municipalities v. Dep't of Cmty. Affairs*, 158 N.J. 211, 223 (1999) (citations omitted).

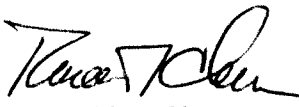
CONCLUSION

For these reasons, Petitioners respectfully request that the Higher Education Student Assistance Authority adopt the annexed rules.

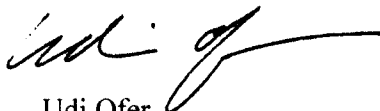
July 10, 2013

Respectfully submitted,

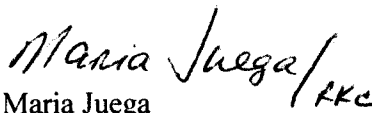
RUTGERS CONSTITUTIONAL RIGHTS CLINIC

By: 
Ronald K. Chen


AMERICAN CIVIL LIBERTIES UNION OF NEW
JERSEY

By: 
Udi Ofer
Executive Director

THE LATIN AMERICAN LEGAL DEFENSE AND
EDUCATION FUND, INC.

By: 
Maria Juega
Executive Director

LATINOJUSTICE PRLDEF

By: 
Juan Cartagena
President and General Counsel

APPENDIX A

PROPOSED AMENDMENTS TO N.J.A.C. 9A:9-2.2

9A:9-2.2 Residency

(a) Students must be legal residents of New Jersey for a period of not less than 12 consecutive months immediately prior to the academic period for which aid is being requested. The residence of a student is defined in terms of domicile. Domicile is defined as the place where a person has his or her true, fixed, permanent home and principal establishment, and to which, whenever he or she is absent, he or she has the intention of returning.

1. A dependent student, as defined in N.J.A.C. 9A:9-2.6, shall be considered a legal resident of the state in which his or her parent(s) is domiciled. A dependent student whose parent(s) has not established a domicile in New Jersey shall be considered to be in the State for the temporary purpose of obtaining an education and shall be ineligible for State student financial aid. However, any dependent student who continues to reside in this State and who has previously received at least one semester of payment of a State grant or scholarship shall continue to be eligible for State student financial aid during the course of each academic year at an eligible institution of higher education in New Jersey, despite his or her parent(s)' subsequent change of domicile to another state.

2. **Any student who is:**

- a. **a United States citizen or permanent resident, and**
- b. **currently enrolled in, or has within one year of making first application for financial aid graduated from, a New Jersey public high school or equivalent, or a non-residential New Jersey private high school.**

shall be rebuttably presumed to be a resident of New Jersey for purposes of higher education student aid eligibility.

3. A student may not establish State residence solely for the purpose of attending a particular college and will not be considered as fulfilling the definition of domicile for the purposes of State student financial aid.

(b) When a student's domicile is in question, he or she must demonstrate proof of residence by submitting to the Higher Education Student Assistance Authority one or more of the following documents:

1. Student's and/or parent(s)' New Jersey driver license **or non-driver identification card;**
2. **Student's and/or parent(s) New Jersey voter registration;**

3. Student's and/or parent(s)' New Jersey State Income Tax-Resident Return(s); or
4. Such documentation as may be deemed necessary by the Authority upon specific case review.

(c) The provisions for establishing legal residence in New Jersey as stipulated in (a) and (b) above are excepted for a dependent child of a parent who has been transferred to a military installation located in this State and such dependent child shall be considered a resident of New Jersey for the purposes of qualifying for State student financial aid under the State Tuition Aid Grant Program pursuant to P.L. 2005, c.60.

(d) Institutions that certify a student's state of legal residence shall maintain documentation concerning the student's New Jersey residency and shall provide this certified documentation, if requested by the Authority, to substantiate an appeal.

(e) The Higher Education Student Assistance Authority shall have final decision making authority to determine the state of residence/domicile for any individual whose residency/domicile is in question.

Highlighted Underlined Bold *text represents proposed new additions.*

State of New Jersey
Higher Education Student Assistance Authority
Grants and Scholarships
PO Box 540, Trenton, New Jersey 08625-0540

STUDENT ELIGIBILITY NOTICE

FOR THE 2013-2014 ACADEMIC YEAR

[REDACTED]
NEW BRUNSWICK NJ 08901

DATE: 04/30/2013

CID: [REDACTED]

YOUR ELIGIBILITY FOR A TUITION AID GRANT IS SHOWN BELOW:

NJ ELIGIBILITY INDEX 00250

INELIGIBLE FOR THE 2013-2014 ACADEMIC YEAR AT MIDDLESEX COUNTY COLLEGE BECAUSE YOUR PARENT IS NOT A LEGAL RESIDENT OF NEW JERSEY. IF YOU BELIEVE YOUR LEGAL RESIDENCY IS IN NEW JERSEY NOTWITHSTANDING THE RESIDENCY OF YOUR PARENTS(S), PLEASE FOLLOW THE APPEAL PROCEDURE FOUND AT:
[HTTP://WWW.HESAA.ORG/PAGES/RESIDENCY.ASPX](http://www.hesaa.org/pages/residency.aspx).

(NJ Residents may apply for an NJCLASS loan for colleges in or out-of-state. Always borrow responsibly, visit www.njclass.org.)



FAFSA Filing Reminder: If you receive payment of a TAG award for the 2013-2014 academic year, you accept responsibility to reapply for the award by filing your 2014-2015 FAFSA by June 1, 2014. All deadlines within this notice are also applicable to NJ STARS/NJ STARS II students.



FINANCIAL/HOUSEHOLD INFORMATION
(see Instructions on reverse side if information is incorrect)

ADJUSTED GROSS INCOME	\$27,676	FAMILY SIZE	04
UNTAXED INCOME	\$0	NUMBER IN COLLEGE	1
NET ASSETS	\$0	DEPENDENCY STATUS	DEPENDENT

REPORT COLLEGE CHANGE BELOW

College Choice: _____ I will be enrolled effective the: Fall Term Spring Term
(Name) (City) (State)

(To reduce the processing time required to change your college choice, report the change electronically at www.hesaa.org)

REPORT CHANGES BELOW

Address: _____