

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

April 16, 2025

The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on April 16, 2025 at 10:00 am via Zoom. Thirty-nine people logged into the meeting.

PRESENT: HESAA Board Members: Dr. Brian Bridges, Secretary of Higher Education; Ms. Margo Chaly; Ms. Beatrice Daggett; Ms. Favour Oyelade; Ms. Shernelle Pringle; Mr. Scott Salmon; Ms. Ivona Szaro; Mr. Robert Tighue, Treasurer's Designee; Dr. Nelson Turcios; Ms. Christy Van Horn, Chair and Mr. Gary Williams.

ABSENT:

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:08 am. Executive Director Margo Chaly stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

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

Ms. Van Horn welcomed Kevin Milton, Deputy Attorney General from the New Jersey Division of Law, and Alexis Franklin, Senior Counsel from the Governor's Authorities Unit.

Ms. Van Horn asked Roseann Sorrentino to call the roll.

CONSIDERATION OF THE MINUTE OF THE JANUARY 22, 2025 MEETING

A motion to approve the minutes of the January 22, 2025 meeting was made by Mr. Robert Tighue and seconded by Dr. Brian Bridges. The minutes were approved unanimously with four abstentions, Ms. Ivona Szaro, Mr. Scott Salmon, Mr. Robert Tighue and Mr. Gary Williams who were not present at the January 22, 2025 meeting.

CHAIR TO ANNOUNCE NOMINATING COMMITTEE APPOINTMENTS

Christy Van Horn announced that Scott Salmon has agreed to chair, and Nelson Turcios and Favour Oyelade have agreed to serve, on the Nominating Committee. Ms. Van Horn advised that any members interested in serving on the Executive Committee should advise Roseann Sorrentino or the Nominating Committee Members of their intention by June 1st. She thanked the members for agreeing to be on the Committee.

RESOLUTION 02:25 ADOPTING A SCHEDULE OF MEETINGS FOR FISCAL YEAR 2026

Marnie Grodman presented Resolution 02:25 to the Board.

At the last Board meeting of the fiscal year HESAA sets the meeting schedule for the next fiscal year in order to provide notice to the public. After polling the Board members regarding their availability it is recommended that for fiscal year 2026 the Board meetings be scheduled on Wednesday, July 23, 2025; Wednesday, October 22, 2025; Wednesday, February 4, 2026; and Wednesday, April 15, 2026. All of these meetings will take place at 10:00 am.

In addition, HESAA may call additional meetings, including telephone conference meetings and online Zoom meetings. Specific notice of each meeting will be provided prior to the meeting pursuant to the Open Public Meetings Act.

A motion to approve Resolution 02:25 was made by Dr. Brian Bridges and seconded by Mr. Robert Tighue.

The motion passed unanimously.

RESOLUTION 03:25 APPROVING THE SECOND EXTENSION OF THE CONTRACT WITH CLA INDEPENDENT AUDITOR

Christy Van Horn presented Resolution 03:25 to the Board.

At our April 21, 2021 meeting this Board appointed CliftonLarsonAllen LLP as HESAA's independent auditor pursuant to Executive Order 122. The contract with CliftonLarsonAllen is for an initial three year term with two, one-year extensions at the option of HESAA. At its July 24, 2024 meeting the Board approved its first one-year extension. The contract is now subject to its second optional one-year renewal.

Over the past four years we have found that CLA maintains the experience and bandwidth to audit HESAA's complex financial statements. They have proven to be credible, efficient, and effective in their evaluations. Therefore, it would be in HESAA's best interest to exercise its second one-year option for extension. It is recommended that the Board approve Resolution 03:25.

A motion to approve Resolution 03:25 was made by Dr. Brian Bridges and seconded by Ms. Beatrice Daggett.

The motion passed unanimously.

RESOLUTION 04:25 APPROVING THE FIRST EXTENSION OF THE CONTRACT WITH MEKETA INVESTMENT GROUP, INC., NJBEST CONSULTANT

Marnie Grodman presented Resolution 04:25 to the Board.

In 2023, based on recent industry standards, the Division of Investment recommended that HESAA engage a consultant to review and analyze the New Jersey 529 plans. HESAA agreed with that

recommendation and, as the result of the competitive procurement process, engaged Meketa Invest Group, Inc. as a Consultant for 529 Plans for a term of two years with three optional one-year extensions. During the initial contract term, Meketa provided HESAA with in-depth reports and shared valuable insights on the New Jersey 529 programs, including evaluations of the performance of underlying funds, monitoring of overall risks, and clarifications to the Authority to assist in understanding the investment climate and market condition. Meketa's work over the past two years benefitted the New Jersey 529 Plans. Therefore, staff recommends exercising the first option to extend the contract with Meketa for one year at a cost of \$146,000 for the year.

A motion to approve Resolution 04:25 was made by Mr. Robert Tighue and seconded by Mr. Scott Salmon.

The motion passed unanimously.

REPORT OF THE PROGRAM REVIEW AND QUALITY CONTROL COMMITTEE

Jill Schmid, Director of Audits and Quality Assurance, provided the following report:

Good morning Chairwoman Van Horn and members of the Board – my name is Jill Schmid and as Director of HESAA's Audits and Quality Assurance unit I am pleased to report on my unit's progress and plans for the upcoming year.

NJ Statute defines HESAA's power to perform audit and review functions to ensure HESAA's programs are in compliance with federal and state statutes, regulations, policies, and procedures. The Audits & Quality Assurance unit conducts institutional management reviews focusing on state grant and scholarship programs, special counsel reviews of the Authority's contracted collection attorneys, Garden State Guarantee (GSG) analysis of Maintenance of Effort (MOE) compliance, annual internal control evaluations, reviews of New Jersey institutions' of higher education (IHE) single audit reports, and ongoing compliance monitoring.

On April 9th, HESAA's Audits and Quality Assurance unit met with the Program Review and Quality Control Committee to discuss its accomplishments and progress during the 2024-2025 review cycle, as well as the proposed review schedule for the 2025-2026 cycle. I would like to share some highlights from our meeting:

This past year, our unit closed 4 full-scale reviews and 1 limited review resulting in refunds of approximately \$309,000 back to the state. Five more reviews are in progress, and three are in the final stages of the review process. One more full and limited review will be announced before the end of this fiscal year. The 2025-2026 review schedule includes 6 full and 6 limited management reviews.

HESAA contracts with 4 attorney firms to perform collection activities on defaulted NJCLASS loans. The Audits and Quality Assurance unit reviews these special counsels to verify their compliance with regulations for administering defaulted loans. One attorney review closed in December 2024 and another in March 2025. A third attorney review is in the analysis stage and an additional attorney review is scheduled to commence before the end of 2025.

The Garden State Guarantee (GSG) program was first introduced in Fiscal Year 2023 and administered by institutions of higher education as institutional student aid funded through the Outcomes Based Allocation of the State operating aid appropriation. Our unit performs annual data analysis on each participating institution's awarded aid for compliance with the Maintenance of Effort (MOE) requirements.

HESAA completed the 2024 annual internal control self-assessment as required by OMB and submitted its certified internal control assessment report in June 2024. No significant weaknesses were identified during this process. The 2025 internal control assessment is currently underway and the certified report will be submitted by OMB's July 1st deadline.

HESAA continues to review NJ institutions' Single Audit Reports annually and updates Treasury's Grantee Single Audit System with our review results. No special audits were required as a result of this past year's single audit report review process.

The Audits and Quality Assurance unit is involved with monitoring compliance with various laws including arbitration Public Law 2021, chapter 53. Our unit reviewed and tracked school certifications of compliance in 2024 and will continue to do so for 2025.

The proposed 2025-2026 review schedule, which has been provided in your board materials, adds 12 new management reviews, while still allowing flexibility for ad-hoc reviews, new programs, new laws, adjustments, and special projects as needed.

The proposed review schedule was approved by the Program Review and Quality Control committee on April 9th and it is recommended that the board approves the schedule today. Please let me know if you have any questions. Thank you.

A motion to accept the Program Review and Quality Control Report and the review schedule for FY 2025 was made by Mr. Scott Salmon and seconded by Ms. Beatrice Daggett.

Chairwoman Van Horn commented on the amount of work the team puts into this essential function at HESAA, which strengthens all of financial aid in the State. She stated that using the description of "quality" is good because HESAA demonstrates high quality services.

The motion passed unanimously.

REPORT OF THE STUDENT ADVISORY COMMITTEE

Ivona Szaro, Student Advisory Committee Chair, and Favour Oyelade Student Advisory Vice-Chair provided the Student Advisory Committee report.

Ivona Szaro reported as follows:

Good morning, and thank you for the opportunity for both of us to present today. This year the Student Advisory Committee focused on how we can better collaborate with HESAA in order to close gaps in New Jersey financial aid knowledge. At the October Board meeting Favour and I reported about the survey that the Student Advisory Committees established to ask New Jersey undergraduate students what they know, or understand, about HESAA and financial aid. I'm happy

to report that during this semester we did finalize the survey and distributed it among our campuses using a Google Form via a QR code.

To date, we received responses from a small sample of students representing four-year public institutions, an independent four-year institution, and the county colleges. We are optimistic that if the Student Advisory Committee re-distributes the survey earlier in the semester next fall that they will receive more responses.

Although there were not many, the answers we did receive to date provide insight into the financial aid knowledge of current students. I will now turn our report over to SAC Vice-Chair, Favour Oyelade, to talk about the results of the survey.

Favour Oyelade reported as follows:

Thank you. The Student Advisory Committee was pleased to see that the majority of respondents stated that they first became familiar with HESAA while in high school, which we attribute to the HESAA Outreach and Communications team for its work with New Jersey high schools. Respondents reported that upon matriculation they learned of additional financial aid available to them, which the SAC attributes to the efforts of both HESAA and the financial aid offices at the New Jersey colleges and universities.

That being said, some areas where students appear to lack financial aid knowledge relates to NJFAMS. One of the survey questions asks “If you have an NJFAMS account, when did you last log into it?” While many students answered “Within the last year” we were surprised at the number of participants who selected, “What is NJFAMS?” We are curious whether the students who selected that option use NJFAMS and just don’t realize what is called.

Finally, the survey includes the open-ended question, “What do you wish someone told you about financial aid and HESAA prior to enrolling in college?” Some striking answers include that they wished HESAA was emphasized as much as the FAFSA, and they wished someone informed them more on what HESAA is and what it does for students.

This year’s SAC hopes that next year’s Student Advisory Committee follows up on our work by re-distributing the survey in the fall and then using the responses to collaborate with the HESAA staff on getting the word out regarding all of the financial aid opportunities in New Jersey. Thank you.

Chairwoman Van Horn commended the SAC for their undertaking with the survey this year and agreed with their suggestion for next year’s committee follow-up with the survey by re-issuing in the fall and analyzing the results.

Beatrice Daggett stated that the SAC’s work was outstanding this year and she enjoyed working as the liaison with this committee. Ms. Daggett commented on the amazing commitment of the students serving on the SAC.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Margo Chaly gave the following report:

Thank you Chair Van Horn. I am pleased to share updates on our work at HESAA since we all last met.

As the current academic year draws to a close, with more than 100,000 students receiving a state grant or scholarship, I applaud Jean Hathaway, Kristina Fripps, Patricia Johnson and the entire Grants & Scholarship team for working through various hurdles over the past 18 months to support New Jersey students pursuing a degree after high school.

Looking ahead to Academic Year 2025-2026, we have great news: the FAFSA is working. Unlike this time last year, there are no reports of system issues or delays. In fact, compared to the application cycle for Academic Year 2023-2024, which effectively represents the most recent submission cycle without any glitches, the number of New Jersey residents who submitted a financial application is up 5%!! Specific to the high school class of 2025, New Jersey leads the way in FAFSA submissions nationwide. The pilot graduation requirement, as well as the incredible efforts of the HESAA Outreach team, launched New Jersey to the top spot. We must thank Jennifer Azzarano, André Maglione and their team for this fantastic result. You can see on the deck that the number of events and individuals served is quite impressive, and preemptively addresses the concerns from the Student Advisory Committee survey. Keep up the great work, O&C team!

While the HESAA mission is to provide financial aid and financial aid resources to students pursuing a post-secondary degree in the Garden State, during the past few years, HESAA grew into the title of Student Loan Redemption Administrator for the state of New Jersey. These programs aim to incentivize professionals to start or continue serving in high-need positions of different workforce sectors. Today I am thrilled to report on three loan redemption programs we administer for healthcare providers.

- A total of 448 participants are enrolled in the Home- and Community-Based Services Provider Loan Redemption Program (HCBSPLRP), a one-time, federally-funded initiative administered by HESAA on behalf of Department of Human Service (DHS) and Department of Children & Families (DCF). HESAA reviewed more than 1,000 submitted applications to determine eligibility within the available funding of \$17 million. Upon successful completion of their one-year service term, HESAA will issue loan redemption payments, up to \$50,000 per participant, directly to participants' student loan servicers. Please join me in thanking HESAA Chief of Staff, Alia Abbas, who led our Technology, Communications, and Loan Redemption teams, and worked closely with the deputies at DHS and DCF, to bring us to this successful milestone.
- After the application period recently closed for the third round of the Behavioral Healthcare Provider Loan Redemption Program (BHPLRP), 71 participants were enrolled into the program. This brings the total number of BHPLRP participants through three (3) cohorts to 166, and 82% of those providers serve adolescent clients.
- At this time, our Nursing Faculty Loan Redemption Program application period is open, until Wednesday, April 30, 2025. You will recall that at our October 2024 meeting, this

board adopted expanded eligibility criteria for this program. We look forward to providing an update at a future board meeting.

For the past 17 months, various team members throughout the Authority facilitated CLASS migration weekends. This means that they moved our NJCLASS supplemental student loan accounts over the course of a strategic deployment plan, from an antiquated mainframe (green screen) to a modern, web-based platform. Under the leadership of Ruth Odom, Jerry Traino, Brooks Paulsen and Richard Bates, this monumental undertaking to upgrade our back-end account management system includes CLASS Ambassadors from the HTECH, Finance and Customer Care Solutions teams. I am thrilled to report that 94.5% of all loans are now in the new system, with less than 5,000 loans serviced in-house still handled in the mainframe. This is a wonderful accomplishment, and if we were gathered in-person today I would lead a round of applause. I also want to thank Angela Benson, a Software Development Specialist 3 who joined HESAA 37 years ago, as she led the HTECH migration team during every single migration weekend (37 Saturday mornings to be exact) since deployment. Thank you, Angela, and the entire team, for meeting this milestone.

A few more in-house updates to share. In 2025, HESAA continues robust Diversity Equity and Inclusion programming for our staff. The DEI Committee, led by Marnie Grodman, hosted Rutgers University President Jonathan Holloway as the keynote speaker for our inspiring Black History Month celebration and Assemblywomen Carmen Teresa Morales and Verlina Reynolds-Jackson for an engaging panel discussion for Women's History Month. The DEI Committee also produces informative monthly newsletters, which often feature insightful guest columns from our team members. At a time when DEI initiatives are challenged by unfounded claims they make workplaces less fair, we know these efforts ensure equitable opportunities within a society that historically excluded anyone who does not fit very narrow criteria. At HESAA we will continue to celebrate what makes each and every one of us unique and the ways in which our differences make us stronger.

Now we have two (2) debut announcements:

- Yesterday we updated our public website for easier navigation to and around Board information. We encourage you to browse at your leisure. Also, I encourage Board members and those listening-in to circulate the application for the next cohort of the Student Advisory Committee. Applications are due next Friday, April 25, 2025 and can be found in the SAC section of the revamped Board webpage.
- This week we will launch new job vacancy announcements for positions throughout the Authority. You can find the postings on the Careers section of our website.

Finally, and as always, we must recognize the team members who recently retired from HESAA:

- Mario Bermeo worked in our Customer Contact Center for nearly three (3) years assisting students and families with grants, scholarships, and FAFSA questions. Mario's calm and pleasant demeanor was very much appreciated by students, parents and HESAA staff as he assisted them with meeting all applicable deadlines during an often complex process.
- Chris Ritter began working at HESAA as a temporary contractor in the Grants unit in 1992 (then known as the Office of Student Assistance), and in 1998 became a permanent fixture at HESAA. For 32 years he assisted financial aid offices and his HESAA

colleagues with difficult verification questions, reviewed complicated tax documents, and served as our liaison between Embrella (formerly known as Foster and Adoptive Services) to help complete files for those students who were in the foster care system. His knowledge, helpfulness, and sense of humor is sorely missed at HESAA.

- After 40 years of service at HESAA, Andrea Sforza retired from the NJCLASS Originations Unit. Andrea started in 1985 as a part-time secretary, worked in various HESAA units, and eventually began working with the FFELP program in 1993. After the departure of FFELP in 2010, Andrea began working solely in the NJCLASS originations unit as a technical assistant where she helped thousands of student borrowers to navigate the NJCLASS loan process. She plans to enjoy her retirement spending time with her family, reading and doing puzzles, and she will be missed by her HESAA colleagues.

Again, I thank the Board for your actions today, and your continued commitment to the HESAA teams and the programs they administer.

Chairwoman Van Horn commented on the migration to CLASS and how this upgrade provides transparency and ease of use for both borrowers and HESAA staff.

Chairwoman also commended HESAA for its work with DEI and thanked the recent retirees for their service.

NEW BUSINESS

Chairwoman Van Horn advised that a member of the public, Kate Brady, contacted HESAA and requested to speak to the Board today. Ms. Brady made the following remarks:

Ms. Brady explained that a few years ago she started a search on HESAA's website to find information on the minimum credit score needed for a consolidation loan. She stated that she was unable to find the information she was looking for and found HESAA's website to be inaccessible. Ms. Brady advised that she works on websites and accessibility is important. She explained the areas where the HESAA website is deficient and stated she was not surprised students did not know what NJFAMS is. Ms. Brady requested that HESAA update the website. At this meeting she heard a lot about what is going on at HESAA but she does not believe the customers are seeing it. She ended her comments request that HESAA consider improving the website.

Chairwoman Van Horn thanked Kate Brady for her comments and advised that HESAA will take them into consideration.

Financial Disclosure Statements

Chairwoman Van Horn reminded the Board members that the Financial Disclosure Statements and Conflict of Interest Forms filing deadline is May 15, 2025.

ADJOURNMENT

Ms. Van Horn advised that there is a special Board meeting scheduled Tuesday, April 29, 2025 at 1:00 pm.

A motion to adjourn was made by Dr. Brian Bridges and seconded by Ms. Beatrice Daggett. The motion passed unanimously.

The meeting adjourned at 10:44 am.



PHILIP D. MURPHY
Governor


TAHESHA L. WAY
Lt. Governor


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HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
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MARGO CHALY, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Margo Chaly, Esq. 
Executive Director

FROM: Marnie B. Grodman, Esq. 
Director, Legal and Governmental Affairs

SUBJECT: Resolution 02:25 - Adopting a Schedule of Meetings for Fiscal Year 2026

DATE: April 16, 2025

Attached for your review is Resolution 02:25 recommending dates for the Fiscal Year 2026 HESAA Board meetings. The following dates were chosen after polling the Board members regarding their availability.

Wednesday, July 23, 2025
Wednesday, October 22, 2025
Wednesday, February 4, 2026
Wednesday, April 15, 2026

All regular Board meetings will take place at 10:00 a.m. either virtually or at HESAA offices, 4 Quakerbridge Plaza, Building 2, Hamilton, New Jersey. HESAA may call additional meetings, including virtual meetings, at its discretion.

The HESAA Board adopts a regular meeting schedule so that HESAA may notify Board members and the public of future meeting dates. Specific notice of each meeting will be provided to the public in a timely fashion in accordance with the provisions of the Open Public Meetings Act.

Recommendation

It is recommended that the Board approve the attached Resolution 02:25 – Adopting a Schedule of Meetings for Fiscal Year 2026.

Attachment

RESOLUTION 02:25

**ADOPTING A SCHEDULE OF MEETINGS
FOR FISCAL YEAR 2026**

Moved By: Dr. Brian Bridges
Seconded By: Mr. Robert Tighue

WHEREAS: Adopting a regular meeting schedule provides general notice to Board members and to the public of meetings of the Higher Education Student Assistance Authority Board; and

WHEREAS: The dates for the regular meetings for Fiscal Year 2026 were chosen after polling the Board members regarding their availability; and

WHEREAS: The Higher Education Student Assistance Authority may call additional meetings, including telephone conference meetings; and

WHEREAS: Specific notice of each meeting will be provided to the public in accordance with the provisions of the Open Public Meetings Act.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the following schedule of meetings for Fiscal Year 2026:

Wednesday July 23, 2025
Wednesday October 22, 2025
Wednesday February 4, 2026
Wednesday April 15, 2026

April 16, 2025



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MARGO CHALY, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

FROM: Christy Van Horn *CVH*
Audit Committee

SUBJECT: Resolution 03:25 – Approving the Second Extension of the Contract with CliftonLarsonAllen LLP, Independent Auditor

DATE: April 16, 2025

Background

Executive Order (E.O.) 122 (2004) requires public authorities, agencies and commissions to create an Audit Committee. Among other duties, the Audit Committee is charged with recommending to the Board the appointment of an independent auditor to conduct an audit of the Authority's financial statements. Under E.O. 122, an Evaluation Committee is responsible for issuing a Request for Proposal (RFP) for auditing services, evaluating responses to the RFP, and forwarding its recommendation to the Audit Committee. After reviewing and accepting the Evaluation Committee recommendation, the Audit Committee forwards the recommendation to the full HESAA Board for approval.

At its April 21, 2021 meeting the Board appointed CliftonLarsonAllen LLP (CLA) as the auditing firm for HESAA for the initial term of three (3) years, beginning with Fiscal Year 2021, and subject to two (2) one-year extensions at the option of HESAA. The Board appointed CliftonLarsonAllen because CLA maintains the experience and bandwidth to audit HESAA's complex financial statements by assigning senior CLA staff members to the HESAA audit. The Board also noted that as a large nationwide firm, CliftonLarsonAllen has depth in personnel as well as experts in a

variety of areas that can be called upon if necessary. Additionally, the Board appreciated the attention CLA pays to cybersecurity due to the sensitivity of the information audited for HESAA.

At its July 24, 2024 meeting the Board approved the first extension of the contract with CLA noting that CLA is professional and effective, providing clear explanations of the processes the firm uses and of their findings.

The contract with CLA is subject to its second optional one-year renewal. Based on the previous years of service, it would be in the best interest of HESAA to exercise this option and extend the contract with CLA for one year.

Recommendation

It is recommended that the Board approve the attached Resolution 03:25 providing a one-year extension to the appointment of CliftonLarsonAllen LLP as Independent Auditor, at a cost of \$84,300 for auditing services for the year and an additional \$24,500 for the year if an Agreed Upon Procedures review is requested.

Attachment

RESOLUTION 03:25

APPROVING THE SECOND EXTENSION OF THE CONTRACT WITH CLIFTONLARSONALLEN LLP, INDEPENDENT AUDITOR

Moved By: Dr. Brian Bridges
Seconded By: Ms. Beatrice Daggett

WHEREAS: Executive Order (E.O.) 122 (2004) requires the Higher Education Student Assistance Authority (HESAA) to appoint an Independent Auditor; and

WHEREAS: At its April 21, 2021 meeting the Board appointed CliftonLarsonAllen LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2021 fiscal year, subject to two one-year extensions at the option of HESAA; and

WHEREAS: At its July 24, 2024 meeting the Board approved the first extension of the contract with CliftonLarsonAllen LLP; and

WHEREAS: The contract with CliftonLarsonAllen LLP is subject to its second optional renewal; and

WHEREAS: It was determined that it would be in the best interest of HESAA to exercise the second of its options to extend the contract with CliftonLarsonAllen LLP for one year.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby approves a one-year extension to the appointment of CliftonLarsonAllen as independent auditor at a cost of \$84,300 for auditing services for the year and an additional \$24,500 for the year if an Agreed Upon Procedures review is requested.

April 16, 2025



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MARGO CHALY, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Margo Chaly, Esq. 
Executive Director

FROM: Marnie Grodman, Esq. 
Director, Legal and Governmental Affairs

SUBJECT: Resolution 04:25 Approving the First Extension of the Contract with Meketa Investment Group, Inc., Consultant for 529 Plans

DATE: April 16, 2025

Background

On April 4, 2023, the Higher Education Student Assistance Authority (HESAA) issued a Request for Proposal (RFP) seeking proposals from firms interested in serving as a fiduciary consultant for the New Jersey Better Educational Savings Trust (NJBEST) Program.

The responsibilities of the fiduciary consultant include evaluating, monitoring, and advising HESAA regarding New Jersey 529 College Savings Plan program fees, investment policies, and investment manager performance. Additionally, the consultant assists HESAA in responding to the annual requests for information that are sent to all 529 College Savings Plans nationwide, such as the information annually requested by Morningstar and Savingforcollege.com.

At its June 14, 2023 meeting, the Board appointed Meketa Investment Group, Inc. as Consultant for 529 Plans for a term of two (2) years with three (3) optional one-year extensions.

During the initial contract term, Meketa demonstrated a detailed approach to analyzing the investment strategies, provided in-depth reports, and shared valuable insights on 529 programs. Therefore, staff recommends exercising the first option to extend the contract with Meketa for one year.

Recommendation

It is recommended that the Board approve Resolution 04:25 providing a one-year extension to the Agreement with Meketa Investment Group, Inc., Consultant for 529 Plans at a cost of \$146,000 for the year.

Attachments

RESOLUTION 04:25

APPROVING THE FIRST EXTENSION OF THE CONTRACT WITH MEKETA INVESTMENT GROUP, INC., CONSULTANT FOR 529 PLANS

Moved by: Mr. Robert Tighue

Seconded by: Mr. Scott Salmon

WHEREAS: On April 4, 2023 The Higher Education Student Assistance Authority (HESAA) issued a Request for Proposal (RFP) seeking proposals from firms interested in serving as a fiduciary consultant for the New Jersey Better Educational Savings Trust (NJBEST) Program; and

WHEREAS: The responsibilities of the fiduciary consultant include evaluating, monitoring, and advising HESAA regarding New Jersey's 529 College Savings Plan program fees, investment policies, and investment manager performance. Additionally, the consultant assists HESAA in responding to the annual requests for information that are sent to all 529 College Savings Plans nationwide, such as the information annually requested by Morningstar and Savingforcollege.com.; and

WHEREAS: At its June 14, 2023 meeting the Board appointed Meketa Investment Group, Inc. as Consultant for 529 Plans for a term of two (2) years with three (3) optional one-year extensions; and

WHEREAS: During the initial contract term, Meketa demonstrated a detailed approach to analyzing the investment strategies, provided in-depth reports, and shared valuable insights on 529 programs; and

WHEREAS: It was determined that it would be in the best interest of HESAA to exercise the first option to extend the contract with Meketa Investment Group, Inc. for one (1) year.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves a one-year extension to the appointment of Meketa Investment Group, Inc. as HESAA's 529 consultant at a cost of \$146,000 for the year.

April 16, 2025

HESAA Audits & Quality Assurance 2025 Update for the Program Review and Quality Control Committee

Presented by Jill Schmid, Director, Audits & Quality Assurance

April 9, 2025

Introduction

To ensure that the New Jersey Higher Education Student Assistance Authority (“HESAA” or the “Authority”) student assistance award programs are in compliance with federal and state statutes, regulations, policies, and procedures, the Audits & Quality Assurance unit (A&QA) conducts (1) institutional management reviews focusing on state grant and scholarship programs; (2) special counsel reviews of the Authority’s contracted collection attorneys; (3) Garden State Guarantee (GSG) analysis of Maintenance of Effort (MOE) compliance; (4) annual internal control evaluations; (5) reviews of New Jersey institutions’ of higher education (IHE) single audit reports; and (6) ongoing compliance monitoring.

Institutional Management Reviews

HESAA conducts institutional management reviews to verify that New Jersey IHEs administer state grant and scholarship programs in accordance with all applicable federal and state statutes, regulations, policies, and procedures. The management reviews are designed to provide IHEs with recommendations on how to improve the operations of the business offices that have a part in the administration of their student financial aid to ensure compliance with state and federal statutes and regulations. These include the Financial Aid, Admissions, Registrar, Bursar, and Accounting offices.

HESAA conducts two types of reviews. Limited reviews focus on areas with the greatest potential for error, such as reconciliations, certification of student eligibility, dependency overrides, and professional judgment cases. Full-scale reviews have more in-depth testing and consist of the limited review components as well as adding a review of students selected for verification. Several variables are evaluated to determine if an institutional review is going to be limited or full-scale. These variables include, but are not limited to, the total dollar amount of awards, length of time since the last review, recent news or changes at the institution, unexpected trends observed, and findings from single audit reviews.

The following provides a summary of the 2024-2025 reviews:

Full-scale reviews: A&QA identified nine (9) full-scale reviews during Fiscal Year 2025. Four (4) of these reviews closed with refunds of almost \$301,000 issued back to the State. Two (2) reviews are in the final stage of analysis and two (2) reviews are in the initial stage of analysis. An additional full-scale review will be announced by the end of the quarter.

Limited reviews: A&QA identified six (6) limited reviews during Fiscal Year 2025. One (1) review closed with a refund of \$8,670 due back to the State. One (1) review is in the final stage of analysis and three (3) more are in the initial stage of analysis. An additional limited review will be announced by the end of Fiscal Year 2025.

Special Counsel Reviews

HESAA contracts with four (4) firms acting as special counsel to perform collection activities on defaulted NJCLASS loans. The Audits & Quality Assurance unit conducts reviews of these special counsels to verify compliance with regulations for administering defaulted loans.

A&QA closed one attorney review in December 2024 and another in March 2025. A third attorney review is in the analysis stage. An additional attorney review is scheduled to commence before the end of 2025.

Garden State Guarantee (GSG) Maintenance of Effort (MOE) Analysis

The Garden State Guarantee (GSG) program was first introduced in Fiscal Year 2023 and administered by IHEs as institutional student aid funded through the Outcomes Based Allocation of the State operating aid appropriation. Beginning with the Fiscal Year 2024 Appropriations Act, HESAA became solely responsible for administering GSG as a student financial aid program. A&QA performs data analysis on each participating institution's awarded aid to ensure compliance with the Garden State Guarantee maintenance of effort (MOE) requirements.

A&QA performed a mid-year analysis on Fall 2024 data to help identify any potential non-compliant areas to be addressed, will perform an additional Spring 2025 semester analysis, and will perform the final, determinative MOE analysis at the end of Academic Year 2024-2025.

Annual Internal Control Evaluation

The State Office of Management & Budget (OMB) requires all executive branch agencies to conduct an annual self-assessment of their internal controls. HESAA participates in this process through a series of evaluations and discussions that are conducted during the first and second quarters of each year by the Audits & Quality Assurance unit and senior staff members. The results of the internal control evaluations are analyzed, summarized, and reported to HESAA Executive Director and Chief Financial Officer in a report detailing the review requirements, reviews conducted, and any weaknesses identified, along with recommendations for remediation.

On June 27, 2024, HESAA Executive Director and Chief Financial Officer sent a letter to the Director of OMB confirming that HESAA performed the 2024 Internal Control Evaluation as required and that HESAA's system of internal accounting and administrative controls complies with the standards prescribed by the State of New Jersey. HESAA was pleased to report that no significant weaknesses were identified as a result of the review.

A&QA is currently in the process of completing the 2025 assessment, which is due to OMB by July 1, 2025.

New Jersey Institution Single Audit Report Reviews

As of Academic Year 2016, HESAA has audit cognizance over New Jersey's IHEs. In accordance with state policy, OMB Circular Letter 15-08, HESAA must obtain and review the annual single audit reports for IHEs identified by New Jersey's Treasury department and update Treasury's Grantee Single Audit (GSA) system with the review results on an annual basis.

HESAA completed the review of all required single audit reports and updated the GSA in 2024, and is currently reviewing the institutions' most recent audit reports to update the GSA system by the 2025 deadline.

Compliance Monitoring

Public Law 2021, chapter 53 eliminates eligibility of postsecondary students and other individuals for State student assistance, training, and employment services if the school or training provider requires students to consent to arbitration agreements or proceedings or to waive certain rights. Since the enactment of the law in April 2021, HESAA, in coordination with the Office of the Secretary of Higher Education (OSHE), is responsible for monitoring the annual compliance of New Jersey IHEs with the new legislation. A joint directive from HESAA and OSHE was issued in June 2021 requiring schools to certify compliance with the law. HESAA requires this certification annually.

A&QA reviewed and tracked the certifications required in 2024. A request for this year's certification will be sent in June 2025 and A&QA will ensure receipt of the certification from the institutions.

Conclusion

HESAA's Audits & Quality Assurance team is on target to complete the reviews listed on the 2024-2025 review schedule. The proposed 2025-2026 review schedule includes all of the elements of the previous year's schedule, adds more management reviews, and has flexibility to address additional needs as they arise. The details of the proposed 2025-2026 plan are listed in the attached review schedule.

Higher Education Student Assistance Authority

Compliance and Audits & Quality Assurance Unit

Proposed Review Schedule for 2025-2026

Type of Review	Auditee	Description	Review Date / Status
Full Review (24/25 – F2)	2024-2025 Senior Public Institution Full Review #2	State Grants and Scholarship Program Review	In Progress
Limited Review (24/25 – L2)	2024-2025 Senior Public Institution Limited Review #2	State Grants and Scholarship Program Review	In Progress
Full Review (24/25 – F3)	2024-2025 Community College Full Review #3	State Grants and Scholarship Program Review	In Progress
Limited Review (24/25– L3)	2024-2025 Community College Limited Review #3	State Grants and Scholarship Program Review	In Progress
Limited Review (24/25 – F4)	2024-2025 Community College Full Review #4	State Grants and Scholarship Program Review	In Progress
Collection Counsel Review	Attorney	Review of compliance with regulations for administering defaulted loans	In Progress
Annual Internal Control Evaluation 2025	HESAA	Assessment of Internal Accounting and Administration Controls	In Progress–June 2025

Higher Education Student Assistance Authority

Compliance and Audits & Quality Assurance Unit

Proposed Review Schedule for 2025-2026

Type of Review	Auditee	Description	Review Date / Status
Limited Review (24/25 – L4)	2024-2025 Independent Institution Limited Review #4	State Grants and Scholarship Program Review	May – June 2025
Full Review (24/25 – F5)	2024-2025 Independent Institution Full Review #5	State Grants and Scholarship Program Review	May – June 2025
Garden State Guarantee	Compliance review of GSG implementation at Senior Public Institutions - Spring 2025 Semester	State Grants and Scholarship Program Review	May – June 2025
Single Audit Reports	All institutions for which HESAA has audit cognizance	Review institutions' single audit reports and update Treasury's Grantee Single Audit System	Ongoing through June 2025
Garden State Guarantee	Compliance review of GSG implementation at Senior Public Institutions - AY 2024-2025	State Grants and Scholarship Program Review	June – August 2025
Compliance	All NJ institutions certifying students for State aid	Annual certifications for compliance with Public Law 2021, chapter 53	June – September 2025
Full Review (25/26 – F1)	2025-2026 Community College Full Review #1	State Grants and Scholarship Program Review	July – October 2025

Higher Education Student Assistance Authority

Compliance and Audits & Quality Assurance Unit

Proposed Review Schedule for 2025-2026

Type of Review	Auditee	Description	Review Date / Status
Limited Review (25/26 – L1)	2025-2026 Community College Limited Review #1	State Grants and Scholarship Program Review	July – October 2025
Full Review (25/26 – F2)	2025-2026 Proprietary School Full Review #2	State Grants and Scholarship Program Review	August – November 2025
Limited Review (25/26 – L2)	2025-2026 Independent Institution Limited Review #2	State Grants and Scholarship Program Review	September – December 2025
Full Review (25/26 – F3)	2025-2026 Independent Institution Full Review #3	State Grants and Scholarship Program Review	October 2025 – February 2026
Limited Review (25/26 – L3)	2025-2026 Community College Limited Review #3	State Grants and Scholarship Program Review	November 2025 – March 2026
Collection Counsel Review	Attorney Review	Review of compliance with regulations for administering defaulted loans	November 2025 – May 2026

Higher Education Student Assistance Authority

Compliance and Audits & Quality Assurance Unit

Proposed Review Schedule for 2025-2026

Type of Review	Auditee	Description	Review Date / Status
Full Review (25/26 – F4)	2025-2026 Senior Public Institution Full Review #4	State Grants and Scholarship Program Review	December 2025 – April 2026
Limited Review (25/26 – L4)	2025-2026 Independent Institution Limited Review #4	State Grants and Scholarship Program Review	January – May 2026
Single Audit Reports	All institutions for which HESAA has audit cognizance	Review institutions' single audit reports and update Treasury's Grantee Single Audit System	January – June 2026
Garden State Guarantee	Compliance review of GSG implementation at Senior Public Institutions – Fall 2025 Semester	State Grants and Scholarship Program Review	January – March 2026
Full Review (25/26 – F5)	2025-2026 Independent Institution Full Review #5	State Grants and Scholarship Program Review	February – June 2026
Limited Review (25/26 – L5)	2025-2026 Independent Institution Limited Review #5	State Grants and Scholarship Program Review	March – July 2026

Higher Education Student Assistance Authority

Compliance and Audits & Quality Assurance Unit

Proposed Review Schedule for 2025-2026

Type of Review	Auditee	Description	Review Date / Status
Annual Internal Control Evaluation 2026	HESAA	Assessment of Internal Accounting and Administration Controls	April – June 2026
Garden State Guarantee	Compliance review of GSG implementation at Senior Public Institutions – Spring 2026 Semester	State Grants and Scholarship Program Review	May – June 2026
Full Review (25/26 – F6)	2025-2026 Community College Full Review #6	State Grants and Scholarship Program Review	April – August 2026
Limited Review (25/26 – L6)	2025-2026 Independent Institution Limited Review #6	State Grants and Scholarship Program Review	May – September 2026
Garden State Guarantee	Compliance review of GSG implementation at Senior Public Institutions – AY 2025-2026	State Grants and Scholarship Program Review	June – August 2026

Report to the Board April 16, 2025

Presented by Margo Chaly, Esq. Executive Director



AY 2025-2026 Looking Ahead

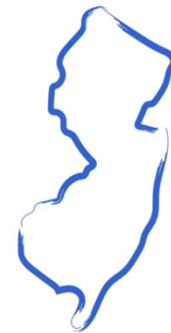
- **Financial Aid Applications completed by New Jersey residents (4/10/25)**
 - FAFSA: over 292,000
 - Alternative App: over 3,100

- **Compared to AY2023-204 cycle**
 - Up 5%

- **Outreach Events for AY24-25, through end of March 2025**
 - Total of **878** events, covering all 21 counties
 - Financial Aid Sessions: 365
 - Application Workshops: 374
 - College Fairs: 25

- **Individuals Reached, through end of March 2025**
 - High School Students: 40K+
 - Parents/Guardians: 20K+
 - School Counselors: approx. 1,500

- **Statewide Awareness Campaign, through end of March 2025**
 - 482.1K visits to the microsite: CollegeForYou.NJ.gov
 - 2.5K visitors signed up for the email series



Loan Redemption Programs (LRP) Update

- **Home- and Community-Bases Services Provider LRP**

- One-time, federally funded loan redemption program
- HESAA administers obo Department of Human Services (DHS) and Department of Children and Families (DCF)
- **448 Participants** enrolled:
 - 34% serving under DCF *Division of the Children's System of Care*
 - 32% serving under DHS *Division of Mental Health and Addiction Services*
 - 19% serving under DHS *Division of Developmental Disabilities*
 - 15% are private-duty nurses serving Medicaid members

- **Behavioral Healthcare Provider LRP**

- FY 2025 cohort: 71 Participants
- Since program inception:

Fiscal Year	# Serving Youth (%)	Total Participants
2023	23 (46%)	50
2024	43 (96%)	45
2025	70 (99%)	71
Total	136 (82%)	166

CLASS Update

- **Migration statistics as of April 12, 2025**

- First migration weekend: October 28, 2023
- 37 Saturday mornings
- **85,497 student loans** (94.5% of portfolio) migrated into CLASS
- Less than 5,000 student loans remain in the mainframe

In-house Programming

- **DEI Committee**



- **NEW! Board hub**



Personnel

- **Job Postings launch this week**

- Audits, Chief of Staff, Finance, Grants & Scholarship, HTECH, Legal, Outreach & Communication, Student Loans
- More to come through Civil Service Commission (CSC) postings

- **Recent Retirees**

- Mario Bermeo, Customer Contact Center, 3 years
- Chris Ritter, Grants & Scholarships, 32 years
- Andrea Sforza, Student Loan Originations, 40 years

Thank you

