

## **MINUTES**

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

April 19, 2016

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on April 19, 2016 at 10:00 am at the HESAA offices in Hamilton.

**PRESENT:** Mr. James Allen (teleconference); Fr. Michael Braden; Ms. Audrey Bennerson, Secretary of Higher Education Designee; Ms. Gabrielle Charette, Esq.; Mr. Anthony Falcone; Dr. Jon Larson; Mr. Corey Amon, Treasurer's Designee; Mr. Luis Padilla; Ms. Jean McDonald Rash; Mr. Bader Qarmout (teleconference); Mr. Shyam Sharma; Ms. Maria Torres and Ms. Christy Van Horn, Members.

**ABSENT:** George Garcia, Esq.

#### **CALL TO ORDER**

Anthony Falcone called the meeting to order at 10:02 am. Mr. Falcone stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

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

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

Mr. Falcone welcomed Chris Howard, Esq., Governor's Authorities Unit, Geoffrey Stark, Esq., Deputy Attorney General, Joseph Santoro of Bank of America Merrill Lynch, Steven Kantor of Hilltop Securities, Leah Sandbank, Esq., McManimon, Scotland & Baumann, LLC, Cliff Rones, Esq., Office of the Attorney General, Wil Casaine, The College of New Jersey and James Anderson, Montclair State University.

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 JANUARY 28, 2016 MEETING**

A motion to approve the minutes of the January 28, 2016 meeting was made by Dr. Jon Larson and seconded by Ms. Jean McDonald Rash. The minutes were approved unanimously with two abstentions, Mr. Luis Padilla and Mr. Bader Qarmout who did not participate in the January 28, 2016 meeting.

## **CHAIR TO ANNOUNCE NOMINATING COMMITTEE APPOINTMENTS**

Anthony Falcone announced that Maria Torres has agreed to chair, and Jean McDonald Rash and Shyam Sharma have agreed to serve on, the Nominating Committee. Mr. Falcone thanked them for agreeing to be on the Committee. He advised that the committee will be meeting prior to the July 26, 2016 Board meeting to select their recommendations for Chair, Co-chair and two additional members of the Executive Committee for the HESAA Board and that the Nominating Committee will present their recommendations to the full Board for approval at the July meeting.

Marnie Grodman, Esq., advised that any Board members interested in serving on the Executive Committee should contact Roseann Sorrentino by May 20th.

## **RESOLUTION 03:16 ADOPTING A SCHEDULE OF MEETINGS FOR FISCAL YEAR 2017**

Marnie Grodman, Esq., presented Resolution 03:16 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 2017 the board meetings be scheduled on Tuesday July 26, 2016; Wednesday October 26, 2016; Wednesday January 25, 2017 and Wednesday April 19, 2017. All of the meetings will take place at 10:00 am.

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

A motion to approve Resolution 03:16 was made by Mr. Bader Qarmout and seconded by Ms. Maria Torres.

The motion passed unanimously.

## **RESOLUTION 04:16 APPROVING STUDENT AID DEADLINE CHANGES COMMENCING WITH ACADEMIC YEAR 2017-2018**

Larry Sharp presented Resolution 04:16 to the Board.

On September 14, 2015, President Obama announced two major changes to the Free Application for Federal Student Aid (FAFSA) process that together are designed to make it easier to apply for financial aid and to know what aid is available earlier.

First, commencing with the 2017-2018 financial aid application cycle and each year thereafter, the FAFSA will be available on October 1 of the year prior to the upcoming award year. Therefore, students will be able to file a 2017-2018 FAFSA beginning on October 1, 2016 instead of January 1, 2017. This will be three months earlier in the FAFSA process.

Second, the President announced a change to which tax year's information will be collected on the FAFSA. Currently, students report income information on the FAFSA from the most

recently completed tax year prior to the beginning of the financial aid application cycle (e.g. 2015 income for the 2016-2017 FAFSA).

Effective with the 2017-2018 FAFSA, income information will be collected from one year earlier, which is referred to as “prior-prior year”. This means that on the 2017-2018 FAFSA, tax year 2015 information will be collected instead of 2016 tax year information. Use of prior-prior year income will enable most students and families to complete their FAFSA using the IRS Data Retrieval Tool (DRT) from an already completed tax return.

The IRS DRT allows students and parents to access the IRS tax return information needed to complete the Free Application for Federal Student Aid, and transfer the data directly into their FAFSA from the IRS Web site. The use of the IRS DRT is highly recommended for several reasons:

1. It’s the easiest way to provide tax data;
2. It’s the best way of ensuring that the FAFSA has accurate tax information;
3. In most cases, it eliminates the need to submit the student’s and/or parents’ tax returns for verification.

Since HESAA and the EOF Central Office use information from the FAFSA to determine student eligibility for State funded aid such as the Tuition Aid Grant (TAG) and the Educational Opportunity Fund (EOF), both Audrey Bennerson and Gabrielle Charette, along with their respective staff, met and discussed the impact prior-prior year would have on State-based programs.

HESAA and the EOF Central Office support the use of prior-prior year income, as we believe it will enable students to complete their aid applications earlier and more accurately and provide them with information on financial aid eligibility to make more informed college selection decisions earlier in the process.

Also, in light of that, the Department just announced that they are having a push for schools to have their students get their award letters earlier in the semester or earlier in the year based on this new process. Basically, it just goes in line with moving the dates forward and letting the students know exactly what they are going to be getting in a timely manner to make a more informed decision so hopefully a lot of schools will follow that lead and get their award letters out as early as they possibly can.

HESAA and the EOF Central Office also believe when prior-prior year goes into effect in academic year 2017-2018, State deadlines should be revised. We have researched this matter and have determined that no statutory or regulatory amendments are necessary in order to institute a revised deadline schedule.

## **II. DEADLINE REVISION RATIONALE**

New Jersey currently has the most generous FAFSA filing deadline dates in the nation. HESAA surveyed other states with similar need-based student aid programs and found that all the other states required students to file well before HESAA's June 1 deadline for renewal students and October 1 deadline for first time filers.

HESAA gives all students until November 15 to complete their files or respond to any additional information requests to be considered for State aid for both the fall and spring terms. The November 15 deadline for fall and spring award consideration is particularly problematic as it allows students to wait until after the semester is well underway to complete their State aid application. The institutions of higher education complain to HESAA that students' State grant files are not complete and they do not want to allow students to register for the coming semester without the State aid for the current semester being in cleared status. It also creates processing backlogs at HESAA as many students wait until the deadline and HESAA is flooded with documents the week prior to the deadline's expiration.

With the advent of prior-prior year, HESAA and the EOF Central Office believe the deadlines can be moved without disenfranchising students for a number of reasons.

First, since students must use income data from two years prior, they already have all the information they need as they have already filed their income taxes over one year ago. As noted above, in October of 2016, a student can file the FAFSA for academic year 2017-2018 with his/her income from 2015. Income taxes for 2015 should have been filed by April 15, 2016. Due to prior-prior year and the IRS DRT, students and parents will no longer be estimating income on the FAFSA.

Second, since the FAFSA will now be available in October as opposed to January, HESAA's and EOF's revised deadlines actually provide students with additional time to file. For example, currently renewal students have from January 1 until June 1, five (5) months, to file the FAFSA. Under our proposed revised deadline schedule (copy attached) renewal students will have from October 1 until April 15, six (6) months and two weeks, to file the FAFSA. First-time students currently have from January 1 until October 1, nine (9) months, to file the FAFSA. Under our proposed revised deadline schedule, first time students will have from October 1 until September 15, eleven (11) months and two weeks, to file the FAFSA.

### **III. INSTITUTIONAL REACTION**

HESAA and the EOF Central Office have discussed the "proposed" deadline revisions with the New Jersey Advisory Council on Student Aid and the New Jersey Association of State Student Financial Aid Administrators. Both entities have representatives from all of the sectors of higher education. Most of the representatives understood and supported the rationale for moving the deadlines. HESAA listened to the concerns and took many into consideration. The "proposed" deadlines reflect dates in response to comments and suggestions received from the community. We are confident that these dates along with outreach by HESAA, colleges and high schools will make the changes positive for all parties and will result in students completing the state financial aid process earlier. Of course, given that there are 56 institutions of higher education in the TAG program complete unanimity will never be achieved.

Mr. Sharp then introduced three financial aid colleagues to provide their perspective on the proposed deadline changes.

Jean McDonald Rash University Director of Financial Aid for Rutgers University provided the following comments:

I would like to take this opportunity to obviously speak on behalf of Rutgers University and to let my fellow Board members know that we are in complete agreement with the changes to these dates. The current process in New Jersey creates a processing time frame that is very compressed and it really creates backlogs at HESAA and also at schools because students will wait until the deadline approaches before they are motivated to submit documents and do the things that they need to do. Our goal for incoming students, and HESAA's goal as well, I am sure is to provide them information in a timely way so they have all the information when they are choosing a school to enroll in to make sure they are financially able to make that choice. The current deadlines and the current calendar for our processing really have students committing to schools before they have a full picture about "is this the school I can afford" or "is this the right choice for myself and for my family." The other thing is, it gives parents a little more opportunity to understand where gaps in financing between financial aid and the cost of an institution may occur and gives them far more time to plan for other private financing options so that they can really understand what their obligation is personally and have enough time to go seek out opportunities for that financing prior to when the bill arrives in July.

Right now the way our processing works is both HESAA, and at least four year public institutions and I am sure private institutions, are trying to do a whole year's work in about three months' time for a large number of students. It is beneficial for everyone involved in this process to flatten that time line out, have students have more information earlier to make the right choices, have our renewal students a little more motivated to get done what they need to get done so by their ending their academic year they know where they stand for the next academic year and they are not trying to do that in July and August.

Wil Casaine, Executive Director of Financial Aid, Tutoring and The Center for Student Success at The College of New Jersey provided the following remarks:

Good morning. My name is Wil Casaine and I am Executive Director of Financial Aid, Tutoring and The Center for Student Success at The College of New Jersey. Thank you for allowing me to speak today in regards to the proposed deadline date changes.

First, I would like to start off by saying that sometimes change can be difficult. There are 56 TAG participating institutions, state associations, sector representatives, as well as thousands of students in New Jersey who are impacted by changes to deadline dates. I am sure it was not easy for HESAA to develop this final proposal taking into account all the feedback they received and I commend them for seeking that feedback and making any adjustments that were deemed necessary.

I had extensive discussions with my staff and colleagues on how these deadline date changes could impact us while taking into account: our student body makeup, federal changes to FAFSA data using prior-prior year income for 2017-2018, the admissions and financial aid processing cycles as well as HESAA's processing cycles. I also want to add, I worked in the community college sector for 12 years, I worked at HESAA for 5 years, I helped run the processing and verification unit and now I am at TCNJ so in writing my statement and discussing the deadlines I am trying to look at the overall population not just the four year institution I am currently at now. I also was thinking of our EOF population too and making sure that the deadline changes did not disenfranchise them.

After taking all these points into account, I am happy to state that I am in full support of the proposed deadline date changes. These changes will help streamline processing and assist students and institutions in receiving State grant determinations sooner which in turn will allow students to plan accordingly. Thank you.

James Anderson Director of Financial Aid from Montclair University provided the following comments:

I am Director of Financial Aid from Montclair University. Some of my colleagues already said some of the stuff I was going to say so I will try not to be repetitive. I want to make it clear I am not representing any of my colleagues in the financial aid profession. I realize there are some differences of opinion out there. I am speaking for myself and my own perspective. First of all, I am grateful for TAG. It is tremendously important to Montclair State University, as it is throughout the State. This year we have over 4000 students receiving TAG, totaling almost \$24.9 million. It is a huge factor in affordability for students coming to our school. We have a lot of needy students. It is important that this program works smoothly for the students, HESAA and the schools. As has been said already, it really is not working out well right now because of the compressed timeframe that we work with the calendars. Most of us, for entering freshman, will offer students estimated Tuition Aid Grant amounts and they often times will make that decision to attend the institution based on that information. However, many of those students later on fail to get in the documents by November 15<sup>th</sup>, the current deadline and they find themselves without an award for the fall semester which leads them with a balance due to the university which can also affect their ability to continue on as a student. That's a problem. The second problem is, because of the time frame, many of the students don't receive their TAG awards at the beginning of the semester. That could be the difference between them getting a refund and not get a refund which impacts them in terms of being able to buy their books at the beginning of the semester, to pay for transportation or off campus housing and meals. There are a lot of things that go into this that are problematic in terms of the calendar that we are working with right now, and again HESAA has to deal with a massive volume of documents coming in last minute which really isn't a whole lot different from what we are experiencing at the campuses with the federal system verification. At Montclair State we send our bills out in July. All of a sudden the students we have been asking for 6 months to send us documents start sending them, so our month of August is horrific just like it is at HESAA. It's important that they educate the students and try to get them to do things earlier.

With the availability of prior-prior year and the October 1<sup>st</sup> FAFSA it really gives us all an opportunity to achieve a new efficiency. When I first saw the proposal back in February my first reaction was, our students are going to be disenfranchised. I moved away from that because I think there are so many benefits with the earlier dates that far outweigh a handful of students who do things at the last minute. At Montclair State we are going to push current students to file their FAFSA as soon as possible after October 1<sup>st</sup>. I know a lot of them will not do that but we are hoping that some of them will, and for some of them that are selected for federal verification we can get to the verification before the crunch, so I think there are some advantages. For those who don't file right away in October, we are going to make a major push during their break, when they are home with their parents because when is a better time to fill out their FAFSA than when they are home with their parents?

We are also going to move back our preferred deadline, right now our preferred deadline for returning students is March 15<sup>th</sup> we are probably going to move back to February 1<sup>st</sup>.

I was in favor of the original proposal with a couple of minor tweaks, so I am certainly in favor of the proposal as it now stands. I wish the April 15<sup>th</sup> date was different. I mentioned it at a previous meeting because I think we need to keep students away from April 15<sup>th</sup>, always having significance with taxes which are irrelevant right now with the prior-year. I would have preferred if it was April 20<sup>th</sup> or April 10<sup>th</sup>, but that's just a minor thing.

In summary, I agree with the proposal full-heartedly. I think that it will be to the benefit of the vast majority of students who do things on time and will be able to get, as Jean Rash, mentioned definitive information to students before they enroll in the fall semester.

A motion to approve Resolution 04:16 was made by Ms. Audrey Bennerson and seconded by Ms. Jean McDonald Rash.

Audrey Bennerson stated that the EOF Program is totally in support of the changes to the deadline. She believes that it would make it possible for the EOF Program to truly identify their class she advised that most of our EOF Programs' first-time students participate in a summer program that begins in June and these deadline dates will make it possible to know that the students the program is selecting to participate in the summer program actually meet the eligibility criteria and that they went through all the verification processes.

Ms. Bennerson added that change is always difficult for people and that it is incumbent upon everybody who participates to engage in a public information campaign that says that the deadline has changed, and that you can use prior-year. Ms. Bennerson agreed with Jim Anderson that with April 15<sup>th</sup> people get hung up on that date in terms of taxes, but she believes that there has to be a way to provide deadline information to the students that are currently enrolled in college as well as our high school students and their families. I think the people are going to have to be very smart about how they advertise this change to the students and the high schools and the general college-going public.

As representative of the independent colleges, Father Braden complimented Gabrielle and the HESAA staff for working very hard to work out some of the tweaks of this change. He provided the following remarks:

We found the HESAA staff to be very responsive and when compromises were suggested we found them responsive and very helpful to make it happen.

Among this sector there is not unanimity among the schools about the dates so we hope that HESAA will have some ongoing evaluation about how the new dates are working so that the students are not being hurt by the change. Complimentary to that, we hope that HESAA might find a way to establish a kind of informal procedural safety net that will allow HESAA to deal with unexpected problems and unexpected consequences so as we work to implement these new procedures the rules aren't set in stone right at the beginning and that we can retain some kind of flexibility that would allow us to respond fairly to unexpected issues that may arise in a way that holds the student harmless if they miss one of these dates for some reason. I don't know if that is possible but I think it would be helpful.

Maria Torres asked for clarifications regarding prior-prior year. She wanted confirmation that students would be held harmless if there was a change in their family's circumstances in the two year period. Larry Sharp explained that HESAA has to review the whole file to see what the situation is and we do review those files every year if their situation changes. Audrey Bennerson added that for the EOF program as they review applications they do look at the financial aid information and if they see an anomaly they can ask for the 2016 tax information.

Ms. Torres stated that she had no questions or concerns with the deadlines she just wanted to make sure that a family wouldn't face the situation where they would lose funding because of prior-prior year. Jean McDonald Rash explained that, built into the processes for both state and federal need based aid is a process called professional judgment so families can alert the schools when there is a situation that is not reflected on a FAFSA. The schools solicit them for additional information that they share with HESAA and the federal government to say what was filed on the 2015 FAFSA does not accurately reflect what is going on in the family today. She advised that they anticipate getting a big bump in professional judgment requests. In the financial aid community there is a very active discussion right now that there will be a fair number of families in 2016 that aren't in the same financial situation as they may have been in 2015 and how to assist those families to make sure they maximize their eligibility for both federal and state aid.

On behalf of the New Jersey community college sector, of which he is a member as President of Ocean County College, Dr. Jon Larson made the following statement:

I do want to note for the record that we are very supportive of the effort that has been undertaken and the work that has been done by Executive Director Charette, and the staff of HESAA has been extraordinarily competent and thorough. We had numerous discussions, virtually with everyone, EOF, the State, the Colleges and, somewhat like the independent sector, the community colleges have a unique view of this situation. They are particularly concerned about one aspect, which is the returning students and the unique kind of behavior of community college students that worries not only worries but concerns and raises anxiety and creates a wee bit of hysteria among the presidents who are suffering at the moment on enrollment declines, which concern them greatly.

In order to help clarify the sector's concern, let me just talk about my college for this past year with regard to returning students who filed FAFSAs by the June 1<sup>st</sup> date. This past year 2,064 students filed their FAFSA form between April 15<sup>th</sup> and June 1<sup>st</sup>. The new deadline is April 15<sup>th</sup> and the existing deadline is June 1<sup>st</sup>. This represents 21% of the 9,731 FAFSA filers for the year. If you multiply that times the 19 community colleges, that's tens of thousands students. First reaction, the community college presidents were rather alarmed what might happen. So should that happen, that some percentage of those students, let's say that they average 20% in that category, and we can reduce that by the efforts that have been announced and the communication programs we discussed with the HESAA staff and Gabrielle, we can reduce that number with a goal of eliminating anybody who may miss out entirely. But should we not get there, should we end up in a position, where there is 2 or 3%, you're talking about a lot of students who end up being disadvantaged and perhaps because they miss out on attending fall semester they may end up terminating their progress towards a baccalaureate degree. In



transitional institutions it is very important to us to make sure they succeed and get that baccalaureate degree. In order to do that funding returning students is important.

I am very confident, because we have talked at length with Gabrielle and the HESAA staff about the plan for communication; I think that is a thorough one. I just want to say you can count on the community colleges to really go overboard in making sure that we do everything conceivably possible to make sure that every student understands the importance. We will have FAFSA signing days and notes up in every classroom, and I will personally go around to students. However, if notwithstanding that effort, it turns out to be March 1<sup>st</sup> or March 15<sup>th</sup> an inordinate number of students who have yet not completed and failed to meet the new deadline, the sector is just looking for a safety net and an indication that HESAA will look at this issue in light of the important role here in doing what we are supposed to do which is getting aid. We know they play a role. It's important for them to take responsibility for their own behavior but the life circumstances of some of our students are such that they just find situations, whether it's like Maria described or a thousand others, that you couldn't begin to imagine which would otherwise be a reasonable effort in which they manage their own affairs. These concerns, however valid they may be, really are deep seeded among the Presidents in particular who are sitting there looking at the possibilities and facing the existing enrollment situation are really quite upset by it. We are hoping that the general approach will be we will do something sensible. So basically that is the request of the sector and for that reason I will abstain. Not that I don't support what we are doing, but on the other hand I support the statement of concern by our sector's Presidents. This is something to be careful about coming into this process, sticking to a deadline.

Jean McDonald Rash questioned whether Dr. Larson is concerned that their students won't pay attention to the opening of the FAFSA being earlier, moving to October instead of January. Dr. Larson responded that while they think most of the students will do the reasonable thing they have a lot of students that are not from families that have a clear understanding of what the college experience is all about. He hopes that if those students fail to do the reasonable, responsible thing we will be able to help them.

Shyam Sharma thanked Gabrielle, HESAA staff and everyone who had input into this process and commended them for the new deadlines. He advised that he spoke with students and to those who are entering colleges and universities who were forced to either transfer or take out additional loans and he thinks this change would be helpful in those situations.

The motion passed with one abstention by Dr. Larson.

**RESOLUTION 05:16 AUTHORIZING THE ISSUANCE AND SALE OF STUDENT LOAN REVENUE BONDS AND SUBORDINATE OBLIGATIONS AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT, ACKNOWLEDGEMENT OF SERVICING, BOND PURCHASE AGREEMENT AND OTHER MATTERS IN CONNECTION THEREWITH AND AUTHORIZING AMENDMENTS TO THE PRIOR SERIES OF BONDS ISSUED PURSUANT TO THE INDENTURE OF TRUST**

Gene Hutchins presented Resolution 05:16 to the Board.

Before you is the proposed resolution relating to the 2016-1 Bond Issue together with drafts of the various bond documents referenced in the resolution. The resolution authorizes a total bond sale not to exceed \$250.0 million in bonds with a final maturity not later than June 1, 2051. These bonds will be issued under the existing 2012-1 Master Indenture of Trust and will maintain the structure of senior and subordinate bonds that has been utilized in this indenture. The memorandum details the need for HESAA to contribute up to \$4.0 million in HESAA reserves into the trust estate in order to meet the rating agencies overcollateralization requirements. These funds will be paid back to the Authority with interest over time.

The proceeds of the bonds, net of the funds required for bond reserves will be used to finance standard NJCLASS loans including loans to parent-only borrowers, NJCLASS Consolidation Loans, the new NJCLASS Refinance Loans, and Graduate/Professional NJCLASS Loans.

As outlined in the memorandum, guidance from the US Department of Treasury will allow HESAA to again originate parent-only loans and consolidation loans as well as start a new refinance loan program. Under the new NJCLASS Refinance loan program, HESAA will be able to refinance previous loans at significantly lower interest rates. Loans eligible for refinancing include certain Federal, private, and previous NJCLASS loans borrowed by students and families as long as they have a New Jersey nexus and the original loans were used to finance post-secondary education. This is a tremendous opportunity for New Jersey residents to reduce the costs of their student loan debt. We are very excited about this program and are looking forward to launching it following the sale of bonds.

Interest rates for the refinance loans will be tiered dependent upon credit scores and borrowers will be actively encouraged to obtain credit worthy co-signers as a means of improving the interest rates they qualify for, which is similar to the current program. We expect to see a large number of co-signers.

The memorandum also outlines the credit criteria used for underwriting NJCLASS loans which remain the same as the last several years and the same credit criteria for the refinance loans. HESAA will be adding to the Refinance Loan underwriting process a maximum debt to income ratio test of 40% to ensure that families are not overextending themselves as a result of the refinancing process. We do not want students and their family to refinance without being able to repay.

HESAA's underwriting standards have proven themselves in the period since 2012 with default rates under 1% for loans made during that period, and we anticipate that default rates will remain very low for the refinance program as well.

Mr. Hutchins introduced Leah Sandbank, Bond Counsel from McManimon, Scotland and Baumann to review the provisions of the Bond resolution with the Board.

Resolution 05:16 before you today sets forth the authorizations for (i) a transaction to finance the Authority's loan origination needs for the upcoming academic year, (ii) the transfer of certain reserves to meet rating agency parity requirements, (iii) an acknowledgement of the change in loan rates made with remaining proceeds of the 2015 bond transaction, (iv) certain amendments to the 2012 Master Trust Indenture to permit a pilot loan program to originate loans the proceeds of which will refinance student loans and (v) certain amendments to each prior supplemental

indenture issued under the 2012 Master Trust to clarify that the Authority holds the authoritative electronically signed promissory notes and not the Trustee.

First, the resolution sets forth the customary authorizations for a new issue of Student Loan Revenue Bonds, Series 2016-1. The 2016 bonds are authorized in a principal amount not to exceed \$250 million, are made up of two series, a senior series and a subordinate series and are authorized to be sold to Merrill Lynch as the underwriter representative. The parameters for the Bonds include a final maturity date not later than June 1, 2051, not to exceed redemption price of 103%, a 10 year call protection and a not to exceed bond interest rate of 8.5%. The expected terms of the 2016 bonds and the loans that can be originated with proceeds of the 2016 Bonds are further described in the Fifth Supplemental Indenture before you.

In connection with such approvals, the resolution authorizes the Chairperson, Vice Chair, Secretary-Treasurer, Executive Director or Chief Financial Officer to execute and deliver the customary bond documents, including a Bond Purchase Contract, a Fifth Supplemental Indenture, a Continuing Disclosure Agreement, an Acknowledgement of Servicing and a Preliminary Official Statement, the forms of each of such operative documents is before you today.

In addition to the above authorizations, the resolution authorizes the use of reserves in an amount not to exceed \$4 million, which as Gene explained, is required by the rating agencies to meet their cash flow stress tests and so that the Authority can meet the initial parity requirement necessary to obtaining the desired rating from the rating agencies.

The resolution also authorizes an amendment to the definition of Eligible Loan in the Master Trust Indenture to clarify that an eligible loan includes loans made to finance or refinance post-secondary education and authorizes amendments to each of the prior supplemental indentures relating to the 2012, 2013, 2014 and 2015 series Bonds to clarify that with respect to electronically signed promissory notes, the authoritative notes will be held by the Authority, with copies provided to the Trustee at their request. The Resolution further acknowledges, per the 2015 bond documents, that from and after the date the 2016 bonds are issued, any 2015 loans originated with remaining proceeds of the 2015 bonds will be originated at the loan rates established for the 2016 Bonds. All of the amendments described herein and in the resolution are set forth in the Fifth Supplemental Indenture.

A motion to approve Resolution 05:16 was made by Dr. Jon Larson and seconded by Fr. Michael Braden.

Corey Amon stated that he found the memorandum for Resolution 05:16 to be very thorough. He thought the analysis of the actual transaction was excellent and stated he is grateful for the priority New Jersey places on the NJCLASS bond issue because, as it points out in the memo, it helps New Jersey families to lower their cost to borrow, particularly when you compare NJCLASS to other programs like the federal PLUS program.

The motion passed unanimously.

**RESOLUTION 06:16 PROPOSED READOPTION WITH AMENDMENTS OF REGULATIONS GOVERNING STUDENT LOAN AND COLLEGE SAVING PROGRAMS, N.J.A.C. 9A:10**

Marnie B. Grodman, Esq., presented Resolution 06:16 to the Board.

The rules governing student loans and savings programs are scheduled to expire May 1, 2016. In Submission of this notice of proposal to the Office of Administrative Law will extend that date 180 days. The Authority has reviewed the rules and determined that they continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. The full proposal is included in the Board materials.

To summarize, subchapter 1 details the policies and procedures governing the implementation of the Federal Family Education Loan Program (FFELP) administered by the Authority. Pursuant to 20 U.S.C. 1071, originations of new FFELP loans ceased as of June 30, 2010. As such, the rules are being proposed for readoption with amendments to clarify that while HESAA continues to service FFELP loans, HESAA no longer originates FFELP loans.

Subchapter 2 incorporates the rules for the administration of the Social Services Student Loan Redemption Program (SSSLRP). While this program is currently unfunded, the regulations remain necessary as the authorizing statute remains in place. There are no amendments to this subchapter.

Subchapter 3 provides the rules and regulations for the OB/GYN Student Loan Expense Reimbursement Program. This was a limited duration program and all participants have completed their service. As such, the proposal is repealing this subchapter.

Subchapter 4 details the policies and procedures for participating in the Nursing Faculty Loan Redemption Program. The only proposed amendment in this subchapter is to the definition of "Eligible Institution" reflecting the replacement of the Commission on Higher Education with the Office of the Secretary of Higher Education pursuant to Executive Reorganization Plan No. 005.

Subchapter 6 incorporates the rules governing the New Jersey College Loans to Assist State Students (NJCLASS) Program. The proposed amendments to this chapter clarify definitions of terms, delete reference to the Postgraduate Program which is neither offered nor funded, and clarify that references to the bonds specifically are referencing the bond indentures.

Subchapter 7 provides the rules for the administration of the State's college savings program, the New Jersey Better Educational Savings Trust (NJBEST) Program. The only proposed amendment to this subchapter is the addition of a new subparagraph in section 15 to define first time enrollment for purposes of the NJBEST scholarship.

It is recommended that the Board approve Resolution 06:16 so that the proposed readoption with amendments of the regulations governing student loans and savings programs can be published in the New Jersey Register.

Ms. Christy Van Horn arrived at this point.

A motion to approve Resolution 06:16 was made by Mr. Bader Qarmout and seconded by Ms. Maria Torres.

The motion passed unanimously.

**RESOLUTION 07:16 ADOPTING AMENDMENTS TO THE REGULATIONS GOVERNING THE PRIMARY CARE PRACTITIONER LOAN REDEMPTION PROGRAM, N.J.A.C. 9A:16-2.1**

Marnie Grodman presented Resolution 07:16 to the Board.

When readopting the rules that administer the Primary Care Practitioner Loan Redemption Program HESAA received comments recommending amendments to expand the applicant pool for potential participants. HESAA agreed that these amendments would be beneficial to the program. However, as the amendments were substantive they could not be made upon adoption and therefore needed to be noticed as a new proposal.

At its October 22, 2015 meeting the Board approved proposed regulatory amendments to permit potential participants to apply to the Program before they move to New Jersey and in anticipation of receiving their license. The proposal was published in the December 7, 2015 New Jersey Register. In response HESAA received comments from the Medical Society of New Jersey and the New Jersey Hospital Association. The comments and HESAA's responses are summarized in the Board materials. As none of the responses warrant an amendment to the proposal, it is recommended that the Board approve Resolution 07:16 adopting the amendments to the regulations governing the Primary Care Practitioner Loan Redemption Program.

A motion to approve Resolution 07:16 was made by Fr. Michael Braden and seconded by Ms. Jean McDonald Rash.

The motion passed unanimously.

**RESOLUTION 08:16 APPROVING CONTRACTORS TO PROVIDE TEMPORARY EMPLOYMENT SERVICES**

Patricia Maske presented Resolution 08:16 to the Board.

The current Temporary Employment Services Contracts expire May 31, 2016. In February HESAA issued three separate Requests for Proposals, one for Administrative, Office and Clerical positions, one for Finance positions and one for Information Technology positions.

HESAA received 11 proposals for the Administrative RFP, 8 for the Finance RFP and 12 for the IT RFP.

An evaluation committee was developed for each category. Each committee determined the weights for the following selection criteria to provide each firm with a qualitative score:

1. Experience;
2. Ability of vendor to provide needed personnel;
3. Ability of vendor to provide needed personnel in a timely manner;
4. The vendor's references and/or past experiences; and
5. Additional fees for conversion to fulltime employment and background checks.

Once the firms were scored they were then ranked from highest to lowest score. The firms were also ranked from lowest to highest price. The qualitative rankings were weighted at 65% and the price rankings were weighted at 35%. The weighted ranks were totaled and the award recommendations went to the firms with the highest combined ranking.

The awards for Administrative positions are:

Primary agency – J&J Staffing Resources

Secondary agency – Careers USA

Tertiary agency – Office Team

The awards for Finance positions are:

Primary agency – AccounTemps

Secondary agency – J&J Staffing Resources

Tertiary agency – Careers USA

The awards for IT positions are:

Primary agency – Robert Half International

Secondary agency – TEK Systems

Tertiary agency – LikeMinds Consulting, Inc.

In addition, HESAA requested each firm provide a pass-through rate in which HESAA finds the qualified employees the Authority wishes to retain for temporary work. The firm then hires those employees and provides them to HESAA for temporary employment. HESAA would set the hourly rate for these employees and pay the firm a set percentage above that rate.

Three firms provided pass-through rates for Administrative positions and two firms provided a pass-through rate for Finance positions. No firms provided a pass-through rate for IT positions. It is recommended that the award for providing temporary employees on a pass-through basis for all positions be made to J&J staffing because they provided the lowest rate above the hourly rate for both the Administrative and Finance RFPs. As the IT RFP provided that HESAA reserves the right to hire temporary staff and consultants outside of the contracts awarded pursuant to the RFP it is recommended that HESAA also engage J&J to provide temporary employees on a pass-through basis for IT positions at the rate of 30% above the hourly rate.

We are asking the Board to approve these recommendations.

A motion to approve Resolution 08:16 was made by Ms. Jean McDonald Rash and Fr. Michael Braden.

The motion passed unanimously.

## **RESOLUTION 09:16 APPROVING THE EXTENSION OF THE AGREEMENT WITH EQUIFAX TO PROVIDE CREDIT REPORTING PRODUCTS AND SERVICES**

Lorraine Staley presented Resolution 09:16 to the Board.

Pursuant to HESAA's pre-set procurement policy, the Board is permitted to authorize a waiver of bid advertising under specific circumstances as defined by statute. Specifically, N.J.S.A. 52:34-10(c), permits a bid waiver when a vendor is the sole source of supply, and N.J.S.A. 52:34-10(d) permits a bid waiver when more favorable terms can be obtained from a primary source of supply.

At its April 2012 meeting the Board approved a waiver of bid advertising permitting HESAA to enter into a five-year contract with Equifax to provide the needed services. The bid waiver was approved pursuant to N.J.S.A. 52:34-10(c), as the sole source of supply, as well as under N.J.S.A. 52:34-10(d) because more favorable terms were obtained from a primary source of supply.

At its April 23, 2015 meeting, the Board approved the first one-year extension.

As explained more completely in the Board documents, Equifax is the sole source of supply for the credit scores HESAA relies on for approving NJCLASS loans and marketing HESAA's bonds. Equifax is the only source that can provide HESAA with credit scores consistent with the data previously reviewed by the credit rating agencies.

Additionally, as Equifax was the only credit-reporting agency to respond to HESAA's previous Request for Proposals, Equifax has been HESAA's primary source of supply for credit services since the inception of the FICO based loan eligibility determination process. As such, HESAA built interfaces to embed Equifax's platform into the processing functions. Included but not limited to these processing functions are credit scores, credit histories, fraud warnings, Office of Foreign Asset Control (OFAC) checks, Identity Red Flag alerts, and e-signature identity authentication. Also information supplied by Equifax is used by the rating agencies to assist in developing stress models for the upcoming Bond Sale.

In order to change HESAA's source of supply for the credit bureau services HESAA would need to make changes to the web process, database, business processes on the Mainframe and online. When requesting the bid waiver in 2012, HESAA staff estimated that in order to change this source of supply it would take the full-time equivalent of twelve and half months work at a cost of \$162,000.

In 2012 Equifax provided HESAA with a five-year pricing proposal with a price per transaction cost for each product. Based on previous usage, as well as projected usage the total cost for the full five-year contract included both extensions would not exceed \$1,485,837.78.

It is recommended that the Board approve Resolution 09:16 approving the extension of the agreement with Equifax to provide credit reporting products and services, thereby permitting HESAA to exercise its second option for a one-year renewal of its contract with Equifax, for a total amount not to exceed \$1,485,837.78 over the full five years of the contract.

A motion to approve Resolution 09:16 was made by Ms. Christy Van Horn and seconded by Mr. James Allen.

Anthony Falcone asked whether HESAA has reached, or is close to reaching, the not to exceed amount of \$1,485.837.78. Ms. Staley advised that HESAA will most likely end up below that amount.

The motion was passed unanimously.

**RESOLUTION 10:16 CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2015 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)**

Jules Cornelius presented Resolution 10:16 to the Board:

Executive Order 37 requires independent State authorities such as the Higher Education Student Assistance Authority to publish annual reports detailing the work of the Authority and explaining how that work promotes the State's overall economic growth strategies.

Before you is a copy of HESAA's proposed 2015 annual report. As you know, in recent years, we have made considerable investments in technology to better serve our students and to help our staff realize their full potential. Therefore, it seemed fitting to choose technology as a theme for this report. Through an agency-wide voting process, HESAA staff elected the title "HESAA's Tomorrow, Here Today."

While the report delves into areas of technological advancement, it also highlights students from across the State who have benefited from our programs. We hope everyone will take a moment to be inspired by these students. Because they are the reason we do what we do at HESAA.

We recommend that the Board approve Resolution 10:16.

A motion to approve Resolution 10:16 was made by Ms. Audrey Bennerson and seconded by Fr. Michael Braden.

The Board commended how great the report is including the graphics.

The motion passed unanimously.

**REPORT OF THE PROGRAM REVIEW AND QUALITY CONTROL COMMITTEE**

Anthony Falcone reported that the Program Review and Quality Control Committee met on April 6, 2016 via teleconference. He advised that he, Christy Van Horn and James Allen participated in the call. Also included, on behalf of HESAA were Gena Carapezza, Michael McCulley, Gene Hutchins and Marnie Grodman.



Gena Carapezza, Director of Audits and Quality Assurance (A& QA) gave the following report to the Board:

HESAA's Audits & Quality Assurance department met with the Program Review and Quality Control committee on April 6, 2016 to discuss the results of our performance for the last year as well as our proposed review schedule for the coming year.

I would like to take this opportunity to provide a short summary of the Audits & QA department's performance over the last year as discussed with the Committee; our full report was provided as item #11 of the Board materials. To highlight just a few of our accomplishments, the department:

- Completed the 2015 Internal Controls Assessment required by the State, reporting no material weaknesses;
- Completed a review over one of HESAA's collection attorneys, and are currently working to finalize a 2nd;
- Assisted in the development of a Policies & Procedures manual for the NJ STARS / NJ STARS II program which has been issued to our NJ colleges and universities to assist institutions in maintaining compliance with program regulations.
- Performed 5 management reviews which focused on compliance with regulations and policies over State grant & scholarship award distributions, and are working to finalize an additional 2 reviews.

Reviews which were worked on during the last year resulted in the return of just under \$450,000 to the State general fund.

Due to the addition of our new staff member last year, we will be increasing the number of management reviews for the upcoming year. These are reflected in the proposed review schedule planned for the coming year that was approved by the Program Review and Quality Control Committee on April 6th.

If there are any questions I would be happy to answer them at this time.

Dr. Jon Larson made a motion to approve the Program Review and Quality Control Report and the review schedule for FY 2017. Ms. Christy Van Horn seconded the motion.

Christy Van Horn commended the completion of the procedure manual.

The motion passed unanimously.

## **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Gabrielle Charette gave the following report:

Thank you Chairman Falcone, members of the Board and guests.

Since this Board last met, Governor Christie delivered his Fiscal Year 2017 proposed budget to a joint session of the Legislature. The Governor's proposed budget included this Board's recommended \$17.817 million increase for the full-time Tuition Aid Grant (TAG) program. Should the Legislature include the Governor's proposed funding level in the final budget bill, there will be \$403.647 million available to fund TAG award in academic year 2016-2017. Therefore, in July, you will be able to approve TAG award tables that increase all awards, in all eligibility indexes, at all institutions, in all sectors by an amount not to exceed 2.0%

The Senate Budget and Appropriations Committee met last Thursday to discuss the Governor's proposed higher education funding and the Assembly Budget Committee meets on May 4th. I testified at the Senate hearing and will be participating in the May hearing testifying on behalf of this and all HESAA's very important programs.

Speaking of TAG, we have had the chance to thoroughly analyze all 56 institutional TAG graduation rate reports. In every sector, at both 100% of normal time to completion and 150% of normal time to completion, there were institutions that reported that TAG recipients outperformed their general population peers. Where institutions reported that their TAG recipients did not do as well as their general population peers, the negative differential was often de minimis, sometimes less than 1.0%. While one year does not a trend make, I think this is extremely good news for the TAG program. At your place settings is an article about this initiative that ran in the Press of Atlantic City.

Also garnering us positive publicity is our work in the financial education and literacy space. Last week, HESAA was honored at the second annual Innovation in Financial Education Awards ceremony presented by NASDAQ and EverFi. Andre Maglione accepted the award on behalf of the Authority. In addition to this beautiful trophy, the HESAA logo was displayed in Times Square. There's Andre standing in front of our logo at the crossroads of the world.

In February, executive and senior staff at HESAA engaged in strategic planning. Our last strategic plan was a three year plan that was created in 2012, so it was time to once again chart a direction for the Authority. The time was well spent and a copy of our new strategic plan, that will guide us for the next three years, also with your materials.

Of course like any organization, achieving our strategic goals is dependent upon being adequately staffed with professionals who possess the requisite skill set. I am incredibly grateful to the Governor's office for recognizing our hiring needs and approving our personnel requests. In February, Patricia Johnson joined our Finance and Accounting Unit as an Assistant Director and Toni Frye was promoted from a Student Financial Aid Administrator 2 to a Student Financial Aid Administrator 1. Last month, we welcomed Angela Wilks and Patricia Borden to our Grants and Scholarships Unit as tax verification experts. Earlier this month, Julie Downs joined the NJCLASS loan originations unit and yesterday, Justin Pavia joined our mailroom staff.

While it is often my practice to advise you of new hires, I don't recall ever announcing a pending retirement. Today, however, I will break with precedent because it is not every day or even every year that we have someone who retires after over half a century of service. Linda Quick joined the New Jersey State Scholarship Commission, the precursor to HESAA, in 1964 as a clerk stenographer at the still tender age of 17. Linda's career has spanned 13 governors and acting governors, 2 assistant chancellors for Student Assistance, 5 executive directors and 11 Directors of Grants and Scholarships.

While assigned to the Grants and Scholarship unit, Linda handles purchasing requests for the entire Authority and coordinates the delivery and distribution of all orders. To say her proofreading skills are extraordinary is an understatement, and her dedication to the Authority is second to none.

Ms. Charette and Mr. Falcone then presented Linda Quick with a framed letter from Governor Christie commending her 52 years of service to the State as well as a Resolution from the Board, a copy of which is included in the official records of the Board.

## **NEW BUSINESS**

Chairman Falcone reminded the Board that Financial Disclosure Statements must be filed by May 15, 2016 and that there is a \$50 per day fine if filed late. He advised that anyone with questions about the financial disclosure could contact Michael McCulley.

## **ADJOURNMENT**

Mr. Falcone announced that after adjourning this Board Meeting the Board was entering a closed session, pursuant to the Open Public Meetings Act, to provide a compliance update. He advised that this was a closed session pursuant to N.J.S.A. 10:4-12b(6) to discuss tactics and techniques used to protect the financial records of the public.

He advised that the next regularly scheduled Board meeting is Tuesday July 26, 2016 at 10:00 am.

A motion to adjourn and go to closed session was made by Ms. Audrey Bennerson and seconded by Ms. Christy Van Horn. The motion passed unanimously.

The meeting adjourned at 11:22 am.



*State of New Jersey*

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CHRIS CHRISTIE  
Governor


KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

**MEMORANDUM**

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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

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

**SUBJECT:** Resolution 03:16 - Adopting a Schedule for Meetings for Fiscal Year 2017

**DATE:** April 19, 2016

Attached for your review is Resolution 03:16 recommending dates for the Fiscal Year (“FY”) 2017 HESAA Board meetings. The following dates were chosen after polling each member regarding his or her availability.

Tuesday July 26, 2016  
Wednesday October 26, 2016  
Wednesday January 25, 2017  
Wednesday April 19, 2017

All regular Board meetings will take place at 10:00 a.m. at HESAA offices, 4 Quakerbridge Plaza, Building 2, Mercerville, New Jersey. HESAA may call additional meetings, including telephone conference call 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 03:16 – Adopting a Schedule of Meetings for Fiscal Year 2017.

Attachment

**RESOLUTION 03:16**

**ADOPTING A SCHEDULE OF MEETINGS  
FOR FISCAL YEAR 2017**

Moved By: Mr. Bader Qarmout  
Seconded By: Ms. Maria Torres

**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 2017 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 call 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 2017:

Tuesday July 26, 2016  
Wednesday October 26, 2016  
Wednesday January 25, 2017  
Wednesday April 19, 2017

April 19, 2016



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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

**FROM:** Larry Sharp   
Director, Grants and Scholarships

**SUBJECT:** Resolution 04:16 Approving Student Aid Deadline Changes Commencing with Academic Year 2017-2018

**DATE:** April 19, 2016

#### I. SUMMARY

On September 14, 2015, President Obama announced two major changes to the Free Application for Federal Student Aid (FAFSA) process that together are designed to make it easier to apply for financial aid and to know what aid is available earlier. First, commencing with the 2017-2018 financial aid application cycle and each year thereafter, the FAFSA will be available on October 1 of the year prior to the upcoming award year. Therefore, students will be able to file a 2017-2018 FAFSA beginning on October 1, 2016 instead of January 1, 2017.

Second, the President announced a change to which tax year's information will be collected on the FAFSA. Currently, students report income information on the FAFSA from the most recently completed tax year prior to the beginning of the financial aid application cycle (e.g. 2015 income for the 2016-2017 FAFSA). Effective with the 2017-2018 FAFSA, income information will be collected from one year earlier, which is referred to as "prior-prior year". This means that on the 2017-2018 FAFSA, tax year 2015 information will be collected instead of 2016 tax year information. Use of prior-prior year income will enable most students and families to complete their FAFSAs using information from an already completed tax return.

Since HESAA and the EOF Central Office use information from the FAFSA to determine student eligibility for State funded aid such as the Tuition Aid Grant (TAG) and the Educational Opportunity Fund (EOF), both Audrey Bennerson and Gabrielle Charette, along with their respective staff, met and discussed the impact prior-prior year would have on State-based programs.

HESAA and the EOF Central Office support the use of prior-prior year income, as we believe it will enable students to complete their aid applications earlier and more accurately and provide them with information on financial aid eligibility to make more informed college selection decisions earlier in the process.

HESAA and the EOF Central Office also believe when prior-prior year goes into effect in academic year 2017-2018, State deadlines should be revised. We have researched this matter and have determined that no statutory or regulatory amendments are necessary in order to institute a revised deadline schedule.

## **II. DEADLINE REVISION RATIONALE**

New Jersey currently has the most generous FAFSA filing deadline dates in the nation. HESAA surveyed other states with similar need-based student aid programs and found that all the other states required students to file well before HESAA's June 1 deadline for renewal students and October 1 deadline for first time filers.

HESAA gives all students until November 15 to complete their files or respond to any additional information requests to be considered for State aid for both the fall and spring terms. The November 15 deadline for fall and spring award consideration is particularly problematic as it allows students to wait until after the semester is well underway to complete their State aid application. The institutions of higher education complain to HESAA that students' State grant files are not complete and they do not want to allow students to register for the coming semester without the State aid for the current semester being in cleared status. It also creates processing backlogs at HESAA as many students wait until the deadline and HESAA is flooded with documents the week prior to the deadline's expiration.

With the advent of prior-prior year, HESAA and the EOF Central Office believe the deadlines can be moved without disenfranchising students for a number of reasons. First, since students must use income data from two years prior, they already have all the information they need as they have already filed their income taxes over one year ago. As noted above, in October of 2016, a student can file the FAFSA for academic year 2017-2018 with his/her income from 2015. Income taxes for 2015 should have been filed by April 15, 2016.

Second, since the FAFSA will now be available in October as opposed to January, HESAA's and EOF's revised deadlines actually provide students with additional time to file. For example, currently renewal students have from January 1 until June 1, five (5) months, to file the FAFSA. Under our proposed revised deadline schedule (copy attached) renewal students will have from October 1 until April 15, (5) months and two weeks, to file the FAFSA. First-time students currently have from January 1 until October 1, nine (9) months, to file the FAFSA. Under our

proposed revised deadline schedule, first time students will have from October 1 until September 15, eleven (11) months and two weeks, to file the FAFSA.

### **III. INSTITUTIONAL REACTION**

HESAA and the EOF Central Office have discussed the "proposed" deadline revisions with the New Jersey Advisory Council on Student Aid and the New Jersey Association of State Student Financial Aid Administrators. Both entities have representatives from all of the sectors of higher education. Most of the representatives understood and supported the rationale for moving the deadlines. Of course, given that there are 56 institutions of higher education in the TAG program complete unanimity will never be achieved.

### **IV. RECOMMENDATION**

It is recommended that the Board approve Resolution 04:16 Approving Student Aid Deadline Changes Commencing with Academic Year 2017-2018.



## Proposed Deadline Changes for 2017-2018 for State Student Financial Aid

<b>FAFSA FILING DEADLINE</b>	<b>CURRENT</b>	<b>PROPOSED 2017-2018</b>
RENEWAL STUDENTS (FALL & SPRING)	JANUARY 1 - JUNE 1	OCTOBER 1 - APRIL 15
NON-RENEWAL STUDENTS (FALL & SPRING)	JANUARY 1 - OCTOBER 1	OCTOBER 1 - SEPTEMBER 15
NON-RENEWAL STUDENTS (SPRING ONLY)	JANUARY 1 - MARCH 1	OCTOBER 1 - FEBRUARY 15

<b>APPLICANT INFORMATION DEADLINE (AIR, STATE VERIFICATION, CORRECTIONS, ETC.)</b>	<b>CURRENT</b>	<b>PROPOSED 2017-2018</b>
RENEWAL STUDENTS (FALL & SPRING)	NOVEMBER 15	AS SOON AS POSSIBLE BUT NO LATER THAN <b>SEPTEMBER 15</b>
RENEWAL STUDENTS (SPRING ONLY)	MARCH 15	AS SOON AS POSSIBLE BUT NO LATER THAN <b>NOVEMBER 1</b>
NON-RENEWAL STUDENTS (FALL & SPRING)	NOVEMBER 15	AS SOON AS POSSIBLE BUT NO LATER THAN <b>NOVEMBER 1</b>
NON-RENEWAL STUDENTS (SPRING ONLY)	MARCH 15	AS SOON AS POSSIBLE BUT NO LATER THAN <b>MARCH 1</b>

<b>COLLEGE CODE CHANGE DEADLINE</b>	<b>CURRENT</b>	<b>PROPOSED 2017-2018</b>
RENEWAL STUDENTS (FALL & SPRING)	NOVEMBER 15	OCTOBER 1
RENEWAL STUDENTS (SPRING ONLY)	MARCH 15	MARCH 1
NON-RENEWAL STUDENTS (FALL & SPRING)	NOVEMBER 15	OCTOBER 1
NON-RENEWAL STUDENTS (SPRING ONLY)	MARCH 15	MARCH 1*

\*MARCH 1 OR 30 DAYS FROM INITIAL NOTIFICATION

WE WILL REQUEST STATE-SPECIFIC INFORMATION FROM **ALL** APPLICANTS AND PROVIDE AN OPTION TO OPT OUT FROM RECEIVING HESAA NOTIFICATIONS.

**RESOLUTION 04:16**

**APPROVING STUDENT AID DEADLINE CHANGES COMMENCING WITH  
ACADEMIC YEAR 2017-2018**

Moved By: Ms. Audrey Bennerson  
Seconded By: Ms. Jean McDonald Rash

**WHEREAS:** The Higher Education Student Assistance Authority (HESAA) is responsible for the administration of New Jersey's student financial aid programs, including but not limited to the Tuition Aid Grant Program and the New Jersey Student Tuition Assistance Reward Scholarship Programs; and

**WHEREAS:** HESAA recognizes the need to maintain strong fiscal and management controls while providing timely payments and notifications to institutions and students; and

**WHEREAS:** At its inaugural meeting on June 24, 1999 the Board determined that it would take action on Grants and Scholarship deadlines if changes were proposed to the existing schedule; and

**WHEREAS:** Effective with the 2017-2018 academic year the Free Application for Federal Student Aid (FAFSA) will be available for students to submit starting in October, three months earlier than they are currently available; and

**WHEREAS:** Effective with the 2017-2018 academic year students will be able to apply for financial aid using their 2015 tax information instead of their 2016 tax information, commonly known as their "prior-prior year" information; and

**WHEREAS:** Permitting students to begin applying earlier, and to use prior-prior year data, will enable students to complete their aid applications earlier and more accurately; and

**WHEREAS:** Amending the State filing deadlines will enable HESAA to process financial aid applications more efficiently thereby providing students with award decisions earlier.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:**

That the Higher Education Student Assistance Authority adopts the following Grants and Scholarships deadline dates effective beginning with the 2017-2018 academic year:

FAFSA Filing Deadline	
Renewal Students	April 15
Non-Renewal Students (Fall & Spring)	September 15
Non-Renewal Students (Spring Only)	February 15

Applicant Information Deadline (AIR, State Verification, Corrections)	
Renewal Students (Fall & Spring)	September 15
Renewal Students (Spring Only)	November 1
Non-Renewal Students (Fall & Spring)	November 1
Non-Renewal Students (Spring Only)	March 1

College Code Change Deadline	
Renewal Student (Fall & Spring)	October 1
Renewal Students (Spring Only)	March 1
Non-Renewal Students (Fall & Spring)	October 1
Non-Renewal Students (Spring Only)	March 1 or 30 days from initial notification

April 19, 2016



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CHRIS CHRISTIE  
Governor

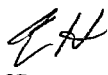
KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

### MEMORANDUM

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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

**FROM:** Eugene Hutchins   
Chief Financial Officer

**SUBJECT:** NJCLASS Bond Issue 2016-1 Resolution 05:16 Authorizing the Issuance and Sale of Student Loan Revenue Bonds and Subordinate Obligations and Approving the Execution and Delivery of a Supplemental Indenture, Preliminary Official Statement, Final Official Statement, Continuing Disclosure Agreement, Acknowledgement of Servicing, Bond Purchase Agreement, and Other Matters in Connection Therewith and Authorizing Amendments to the Prior Series of Bonds Issued Pursuant to the Indenture of Trust

**DATE:** April 19, 2016

#### Summary

Enclosed is the proposed resolution relating to the 2016-1 Bond Issue together with drafts of the various bond documents referenced in the resolution. The resolution authorizes a total bond sale not to exceed \$250.0 million in bonds with a final maturity not later than June 1, 2051. These bonds will be issued under the existing 2012-1 Master Indenture of Trust. The proceeds of the bonds (net of funds required for bond reserves and to pay a portion of the costs of issuance, to the extent possible) will be used to finance standard NJCLASS loans including loans to parent-only borrowers, NJCLASS Consolidation Loans, NJCLASS Refinance Loans, and Graduate/Professional NJCLASS Loans. The resolution makes technical amendments to the 2012 Indenture to include student loans made to refinance certain Federal, private, and NJCLASS loans used to finance post-secondary education as "Eligible Student Loans" as defined therein. The resolution also makes changes to the loan rates offered from unexpended proceeds of the Series 2015-1

Bond issue. Loans from unexpended proceeds of 2015-1 shall be offered at the same rate as offered from proceeds of the 2016-1 Bond Issue.

Credit market conditions make it most advantageous for the Authority to continue utilization of the structure used in the sale of last year's bonds, fixed rate serial and term bonds. The steepness of the tax-exempt bond market yield curve and success in marketing the 15-year loans for options 1 and 2 makes it beneficial to continue with the replacement of its 20-year fixed rate standard loan. By doing so we are able to lower the interest rate charged to borrowers, minimizing increases in borrowers' monthly payments, while allowing loans to be paid off sooner at a lower total cost to the borrower.

Market conditions have also made it possible for the Authority to continue its 10-year Option 1 Loan for families who can afford higher monthly repayment amounts resulting in a significantly lower interest rate than either the 15-year NJCLASS loan or the federal Direct Parent Loan for Undergraduate Students (PLUS).

The 2016-1 Bonds will include a series of subordinated bonds as part of the overall bond structure. These subordinate bonds will have the longest maturity and be the last bonds retired. Payment of both principal and interest on these bonds will be subordinate to the senior bonds. In return, the subordinate bonds carry a higher rate of interest and appeal to investors willing to accept a higher degree of risk in exchange for a higher yield. This structure has been successfully used in all of the bond series issued under the 2012 Trust, as indicated by robust demand for these bonds. The use of subordinate bonds in the bond structure reduces the amount of equity HESAA is required to contribute to the 2016-1 bond transaction as outlined below. It should be noted that although subordinate, these bonds are expected to carry an investment grade rating of A2/A from Moody's and Standard and Poor's, respectively.

The 2016-1 bonds will not use bond insurance. Since the downgrade of all municipal bond insurers during the financial crisis, investor appetite for insured bonds is very low. This, combined with the higher premiums currently charged by the remaining investment grade rated insurers, makes the use of bond insurance uneconomical, i.e., the premium charged by the insurers exceeds the interest rate savings on the insured bonds. Therefore, use of bond insurance would result in higher all-in cost of funds and higher loan interest rates to students.

The 2016-1 Bond Issue may require HESAA to contribute as much as [\$4.0] million in equity to meet the rating agencies' cash flow stresses. However, the current analysis projects an equity contribution of approximately [\$3.0] million, assuming the successful marketing and sale of subordinate bonds similar to the last three years' issuance. The equity contribution will be drawn from a combination of HESAA reserves from the Guaranty Agency Operating Fund, the NJCLASS Life of Loan Servicing Reserves and NJBEST Scholarship Administrative reserves. These funds are not required for current program purposes, are currently earning only 0.07% in the State's Cash Management Fund, and will earn significantly more while invested in the NJCLASS Trust. Excess revenues in the NJCLASS 2016-1 Bond Issue will be eligible for release from the

NJCLASS 2012-1 Trust, and other older trusts, over the next 3 to 10 years. These releases of excess revenues will be used to replenish the reserves.

Total NJCLASS loan volume for academic year 2016-17 is expected to approach \$240 million. HESAA anticipates using residual unexpended 2015-1 proceeds to meet this demand. However, until interest rates on the remaining 2015-1 and the 2016-1 loans can be better estimated, total sizing of the bond issue will not be finalized.

### **NJCLASS Program Parameters**

There are several important changes to this year's NJCLASS programs based upon guidance received from the US Department of Treasury in November 2015. First, the guidance clarified that both consolidation loans and parent-only loans are considered eligible for funding from the proceeds of tax-exempt bond issues. The guidance also provided an expanded definition of state-nexus for newly allowed refinancing loans to include both current residents of the State as well as those who were residents of the State or attending school in the State at the time the original loans were taken out, as long as the amount of the original loans did not exceed the amount of unmet financial need at the time they were originated..

As a result the Authority is restarting its Consolidation Loan program which was suspended last year, allowing parent-only loans under its standard NJCLASS loan program and starting a pilot refinancing loan program.

The NJCLASS Refinance Loan Pilot Program will refinance NJCLASS loans, federal PLUS loans, and other private loans where the borrower can provide school certification of the original loan amount. All of the underlying student loans being requested to be refinanced must also have a New Jersey nexus as outlined above. The refinance loan will allow borrowers to significantly reduce the interest rates on their existing loans as long as they can meet the credit criteria being established for the program.

As has been discussed with the Board over the last few years, general economic and credit conditions and the repayment performance of lower FICO-score borrowers have led the rating agencies to develop higher delinquency and default stress assumptions. To minimize the impact on the NJCLASS program, the Authority adopted revised credit standards for loans originated for the 2012-2013 academic year, and these standards will continue to be followed for academic year 2016-2017 as detailed below:

- Minimum Income of \$40,000.
- Revised Credit Score Criteria
  - 670-699 FICO Band – all applicants credit reports reviewed for derogatories.
  - 700+ FICO Bands – application auto approved.

- Administrative fee of 3% for all option types (except for consolidation loans which carry a 1% origination fee and refinance loans with a zero origination fee) to provide additional collateralization for the Bonds.
- Loan funds available for Option 3 loans not to exceed \$40.0 million and interest rate set at its true cost.
- Consolidation Loans – maintain the credit and the minimum income standards with those of the standard undergraduate loan.
- Refinance Loans – in addition to meeting the credit criteria outlined above, borrowers applying for a NJCLASS Refinance loan will be subject to a debt to income ratio test. The borrower's debt to income ratio, inclusive of payments on the new refinance loan, cannot exceed 40%. Interest rates for the refinance loans will be tiered based on borrower credit scores with borrowers with credit scores 780 or higher offered the best rate, those with credit scores from 720 to 779 a slightly higher rate and those with credit scores from 670-719 the highest rate. These rates are tied directly to the default loss assumptions utilized by the rating agencies in their rating process. Borrowers in each of these tiers are expected to realize significant cost savings in comparison to their current loans.

Borrowers who do not qualify for the NJCLASS loans will have the choice of obtaining a credit-worthy co-signer or will be counseled to apply for the federal PLUS loan where they are able to obtain more flexible repayment terms and less stringent credit standards than can be funded through the bond issues for NJCLASS.

HESAA continues to counsel families to borrow under those options where some level of payment is made during the in-school period as a means of avoiding the capitalization of interest. Particular focus is placed on lower FICO-score borrowers who many times end up facing monthly payments they cannot afford, which is detrimental to both the borrower and the NJCLASS program.

These tighter credit standards in combination with an improving economy has resulted in a decrease in loan defaults over the last four years with only 0.7% of loans originated since 2012 having defaulted.

### **Sale of Bonds and Associated Documents**

The senior manager will assess market conditions at the time of sale and, in coordination with HESAA and its financial advisor, will make final sizing and structuring decisions on the initial sale. The sale of the 2016 bonds is expected to take place in early May.

This resolution delegates to the Chairperson, Vice Chairperson, Secretary–Treasurer, Executive Director, Chief Financial Officer or other authorized representative or designee of the Authority the power to modify and approve the final structure and interest costs of the bonds.

In conformance with Executive Order 26 (Whitman), the bonds are being issued through a negotiated sale. Because of the complexity of the underlying credit (student loans) which secure the bonds, the size of the issue, and difficult market conditions, a negotiated sale should result in better pricing for the bonds than would be obtained from a competitive sale.

The bond documents are enclosed after the resolution in the following order with blue headers:

Attachment A – 2016-1 Fifth Supplemental Indenture

Attachment B – 2016-1 Preliminary Official Statement

Attachment C – 2016-1 Continuing Disclosure Agreement

Attachment D – 2016-1 Acknowledgement of Servicing

Attachment E – 2016-1 Bond Purchase Agreement

The staff of the Authority will continue to work with Hilltop Securities (formerly FirstSouthwest), the Financial Advisor, and Bank of America Merrill Lynch, the Senior Manager, to develop an optimum strategy for marketing and pricing the bonds so that sufficient funds will be available to satisfy the demand for NJCLASS Loans while at the same time answering any questions the rating agencies and potential bondholders may have regarding the 2016-1 Bond Issue.

Ms. Leah Sandbank representing McManimon, Scotland and Baumann, LLC, Bond Counsel, will review the bond resolution with the Board.

Mr. Joseph Santoro of Bank of America Merrill Lynch, Mr. Steven Kantor of Hilltop Securities, and Mr. Clifford Rones, Deputy Attorney General, will also be available at the Authority meeting to answer any questions from members of the Board.

It is recommended that the Board approve the attached Resolution 05:16.

Attachments



## RESOLUTION 05:16

### RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TWO ADDITIONAL SERIES OF SENIOR STUDENT LOAN REVENUE BONDS AND SUBORDINATE OBLIGATIONS AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT, ACKNOWLEDGEMENT OF SERVICING, BOND PURCHASE AGREEMENT, AND OTHER MATTERS IN CONNECTION THEREWITH AND AUTHORIZING A CHANGE IN LOAN RATES FOR 2015-1 NJCLASS LOANS AND CERTAIN AMENDMENTS TO THE 2012 INDENTURE

Moved: Dr. Jon Larson  
Seconded: Fr. Michael Braden

**WHEREAS:** The Higher Education Student Assistance Authority (the "Authority") is a body corporate and politic constituting an instrumentality of the State of New Jersey (the "State") established and created under and by virtue of the provisions of the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, as amended and supplemented and any successor legislation (the "Act"); and

**WHEREAS:** The Authority issued \$180,000,000 Student Loan Revenue Bonds, Series 2015-1 of the Authority, consisting of \$170,000,000 Senior Student Loan Revenue Bonds, Series 2015-1A and \$10,000,000 Subordinate Student Loan Revenue Bonds, Series 2015-1B (collectively, the "Series 2015-1 Bonds") pursuant to an Indenture of Trust dated as of June 1, 2012 (the "Original 2012 Indenture") by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as amended and supplemented, including by a Fourth Supplemental Indenture dated as of June 1, 2015 (the "Fourth Supplemental Indenture") (the Original 2012 Indenture, as amended and supplemented, including as amended and supplemented by the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, as defined herein, the "2012 Indenture"); and

**WHEREAS:** The Authority wishes to make an amendment to the 2012 Indenture to clarify that Student Loans (as defined in the 2012 Indenture) made to refinance post-secondary education may be considered "Eligible Student Loans" (as defined therein); and

**WHEREAS:** The Authority wishes to make amendments to the following supplemental indentures to the Original 2012 Indenture previously executed by and between the Authority and the Trustee to provide that the Trustee shall hold the original wet copies of promissory notes and the Authority shall hold the authoritative electronic copies of such promissory notes and shall provide such authoritative electronic copies to the Trustee upon their request: that certain First Supplemental Indenture dated as of June 1, 2012 (the "First Supplemental Indenture"), that certain Second Supplemental Indenture

dated as of June 1, 2013 (the "Second Supplemental Indenture"), that certain Third Supplemental Indenture date as of June 1, 2014 (the "Third Supplemental Indenture") and the Fourth Supplemental Indenture; and

**WHEREAS:** The Authority desires to acknowledge the change in the Loan Rates for the 2015-1 NJCLASS Loans (as defined in the Fourth Supplemental Indenture) originated (i) with proceeds of the Series 2015-1 Bonds from and after the date of issuance of the Series 2016-1 Bonds and (ii) from Recoveries of Principal during the Recycling Period set forth in the Fourth Supplemental Indenture at the respective Loan Rates set forth in the Fifth Supplemental Indenture from and after the issuance of the 2016-1 Bonds, as contemplated by the definition of Loan Rate as defined in the Fourth Supplemental Indenture and as more particularly described below; and

**WHEREAS:** Pursuant the definition of "Loan Rate" in the Fourth Supplemental Indenture, if Additional Bonds or Subordinate Obligations are issued under the 2012 Indenture prior to the end of the Origination Period to fund Eligible Loans for academic year 2015/2016, then, at the option of the Authority, 2015-1 NJCLASS Loans to be Originated with remaining proceeds of the Series 2015-1 Bonds from and after the issue date of such Additional Bonds and/or Subordinate Obligations shall be Originated at the same Loan Rates as those established for the Additional Bonds and/or Subordinate Obligations, from and after the issue date of such Additional Bonds and/or Subordinate Obligations through the remainder of the later of the Origination Period or Recycling Period, if there has been delivered to the Trustee evidence in the form of a letter or Rating Agency Condition from each Rating Agency that the change in the Loan Rates will not in and of themselves result in a withdrawal, reduction or termination of any rating on the Series 2015-1 Bonds; and

**WHEREAS:** Pursuant to Section 8.1(10) of the Original 2012 Indenture, a Supplemental Indenture not requiring the consent of Bondholders may be executed and delivered by the Authority and the Trustee to make any change which clarifies matters or questions arising under the 2012 Indenture as is necessary or desirable and is not contrary to or inconsistent with the 2012 Indenture; and

**WHEREAS:** In order to accomplish the purposes of the Act and provide Student Loans (as defined in the 2012 Indenture) commencing with the 2016-2017 school year, the Authority wishes to (i) provide for the issuance and sale of two additional series of senior student loan revenue bonds and subordinate obligations (collectively, the "Series 2016-1 Bonds") pursuant to the 2012 Indenture and (ii) authorize the transfer of funds from its reserves; and

**WHEREAS:** In accordance with the requirements of Executive Order No. 26 (Whitman 1994), the Authority hereby determines that because of the complexity and size of the financing structure as hereinafter described, and volatile market conditions, a negotiated sale of such Series 2016-1 Bonds would best serve the requirements of this financing; and

**WHEREAS:** An Underwriter for the Series 2016-1 Bonds, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as representative on behalf of itself and the other underwriters listed on the front cover page of the Official Statement (as hereinafter defined); a Financial Advisor, First Southwest Company; and Bond Counsel, McManimon, Scotland & Baumann, LLC, have been selected in accordance with the requirements of Executive Order No. 26; and

**WHEREAS:** In connection with the issuance and sale of the Series 2016-1 Bonds, the Authority intends to enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with the Trustee, acting as dissemination agent, in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"); and

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY** (not less than a majority of a quorum thereof affirmatively concurring) **AS FOLLOWS:**

**Section 1.** To accomplish the purposes and objectives of the Act, including the purchase and origination of Student Loans as authorized by the Act and as defined in the 2012 Indenture, the Authority hereby authorizes the issuance of its Series 2016-1 Bonds issued as Student Loan Revenue Bonds, Series 2016-1, in the aggregate principal amount not to exceed \$250,000,000 in one or more senior and subordinate Series, issued as fixed rate bonds. The Authority presently contemplates issuing the Series 2016-1 Bonds as (i) Senior Student Loan Revenue Bonds, Series 2016-1A (the "Series 2016 Senior Bonds") and (ii) Subordinate Student Loan Revenue Bonds, Series 2016-1B (the "Series 2016 Subordinate Bonds" and together with the Series 2016 Senior Bonds, the "Series 2016-1 Bonds") but may alter the Series designations as may be approved by the hereinafter defined Authorized Authority Official and reflected in the Fifth Supplemental Indenture.

The Series 2016 Senior Bonds shall constitute "Bonds" for all purposes of the 2012 Indenture. The Series 2016 Subordinate Bonds shall constitute "Subordinate Obligations" for all purposes of the 2012 Indenture, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Series 2016 Senior Bonds in accordance with the requirements of the Fifth Supplemental Indenture and without regard to whether Bonds of any other Series remain Outstanding in accordance with paragraph (ix) of Section 5.5(A)(1) of the 2012 Indenture.

The Series 2016-1 Bonds shall be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York, New York, acting as representative of the group of underwriters, if any (the "Underwriter"), pursuant to the terms of one or more Bond Purchase Agreement(s) to be entered into by and between the Authority and the Underwriter (collectively, the "Bond Purchase Agreement") with an Underwriter's fee (excluding Underwriter's Counsel) not to exceed \$7.54/\$1,000 of Series 2016-1 Bonds issued. The Chairperson, Vice Chairperson, Secretary-Treasurer, Executive Director and Chief Financial Officer or other authorized representative or designee (each an "Authorized Authority Official" and, collectively, the "Authorized Authority Officials") are each hereby authorized to execute the Bond Purchase Agreement. The Series 2016-1 Bonds shall be dated, shall bear interest at the respective fixed rates, shall be payable as to principal, redemption premium, if any, and interest, shall be issued in the respective forms, shall be in the respective Authorized Denominations, shall be signed, authenticated and numbered, shall mature, shall be subject to redemption prior to maturity, and shall have such

other details and provisions as set forth in the Original 2012 Indenture, as heretofore amended and supplemented and as further amended and supplemented by a Fifth Supplemental Indenture to be dated as of the first date of the month the Series 2016-1 Bonds are issued (the "Fifth Supplemental Indenture"), by and between the Authority and the Trustee; provided, however, an Authorized Authority Official may modify the stated interest rate(s) of the Series 2016-1 Bonds, the maturity date(s) of any of the Series 2016-1 Bonds (including, without limitation, creating serial and term bonds, if any, and providing for cumulative and/or mandatory sinking fund payments on term bonds), and the redemption provisions of the Series 2016-1 Bonds subject to the following: (i) the final maturity of the Series 2016-1 Bonds shall not be after June 1, 2051; (ii) the optional redemption price for any Series 2016-1 Bond shall not exceed 103% of the principal amount thereof, and the initial call protection for any Series 2016-1 Bond shall not exceed 10 years, and (iii) the stated interest rate on each Series of the Series 2016-1 Bonds shall not exceed 8.50% per annum.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the 2012 Indenture.

The Authority is authorized, together with the Trustee, to the extent necessary or appropriate, to take such actions and execute such documents as may be necessary or appropriate to qualify the Series 2016-1 Bonds with The Depository Trust Company, New York, New York, as book-entry obligations.

**Section 2.** The Series 2016-1 Bonds shall be limited obligations of the Authority, and shall be payable solely out of the Trust Estate as set forth in the 2012 Indenture, subject to the application thereof to the purposes and on the conditions permitted by the 2012 Indenture. The payment of the principal, redemption premium, if any, and interest on the Series 2016-1 Bonds shall be secured by a pledge and assignment of the Trust Estate as provided in the Fifth Supplemental Indenture. Neither the State nor the Authority shall be obligated to pay the Series 2016-1 Bonds or the interest thereon except as so provided in the 2012 Indenture.

**Section 3.** No covenant, stipulation, obligation, or agreement herein contained or contained in the Bond Purchase Agreement, the 2012 Indenture (including the Fifth Supplemental Indenture) or the Continuing Disclosure Agreement, shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority or of the State in an individual capacity. Neither the members of the Authority, nor any person executing the Series 2016-1 Bonds issued pursuant to this resolution and the Act, nor any officer nor employee of the Authority shall be liable personally on the Series 2016-1 Bonds by reason of the issuance or execution thereof. The Series 2016-1 Bonds shall not be in any way a debt or liability of the State or any political subdivision thereof (except the Authority to the limited extent of the Trust Estate), either legal, moral or otherwise, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof (except the Authority to the limited extent of the Trust Estate) shall be pledged to the payment of the principal, redemption premium, if any, or interest thereon. The issuance of the Series 2016-1 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or pledge any form of taxation whatsoever therefor.

**Section 4.** In order to satisfy the initial Parity Percentage Requirement set forth by the Rating Agencies rating the Series 2016-1 Bonds, the Authority hereby authorizes the transfer of an amount to be determined by an Authorized Authority Official as necessary to satisfy such requirement from its reserves, consisting of any or all of the NJCLASS Life of Loan Servicing Reserves, the Guaranty Agency Operating Fund, the Direct Loan Servicing Fund or the

NJBEST Scholarship Administrative Reserves; provided that such amount does not exceed \$4 million. These amounts transferred to the 2012 Indenture from reserves shall be applied to originate Student Loans thereunder. The Authority shall replenish such reserves from Revenues and Recoveries of Principal on the Student Loans as provided under the 2012 Indenture.

**Section 5.** Effective upon the execution and delivery of the Fifth Supplemental Indenture, the Authority hereby authorizes:

(a) an amendment to Section 1.2 of the 2012 Indenture to amend and replace the definition of "Eligible Student Loan" in its entirety with the following:

**"Eligible Student Loan' or 'Eligible Loan'** means any fixed or variable interest rate Student Loan made to finance or refinance post-secondary education that is (i) transferred, acquired or purchased into this Trust Estate from a Prior Indenture, (ii) satisfies the administrative rules of the NJCLASS Loan Program as in effect from time to time or (iii) is made pursuant to a pilot program authorized by the Authority and, in each case, in accordance with the credit criteria set forth in the Supplemental Indenture applicable to the disposition of the proceeds of Bonds and Subordinate Obligations issued pursuant to such Supplemental Indenture to finance or refinance such Student Loan and which may be made by the Authority to an eligible borrower, the proceeds of which Student Loan are used to finance, including accrued, capitalized or deferred interest, or refinance education costs pursuant to the Act and which may be purchased or otherwise financed or refinanced by the Authority pursuant to the Act; provided however, that any Supplemental Indenture may restrict the 'Eligible Loans' which may be purchased or acquired with the proceeds of Bonds or Subordinate Obligations issued pursuant to such Supplemental Indenture to certain specified types of Student Loans satisfying the administrative rules of the Authority's NJCLASS Loan Program (or any successor thereto) as in effect from time to time or pursuant to an Authority authorized pilot program in effect from time to time."

(b) amendments to Section 4.1(A)(7) of each of the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture to amend and replace such Sections 4.1(A)(7) in their entirety with the following:

**"(7) the promissory note or notes with respect to each such [2012-1/2013-1/2014-1/2015-1] NJCLASS Loan Originated will be delivered to the Trustee prior to the related disbursement; provided that such promissory note or notes may be executed by wet or electronic signature and, the Trustee shall hold and retain possession of each of the original wet copies of such note or notes, with the Authority upon the Trustee's request providing copies of such authoritative electronic note or notes to the Trustee and retaining the originals thereof."**

The amendments above are subject to delivery to the Trustee of an opinion of counsel that the Fifth Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of Section 8.1(10) of the 2012 Indenture, is authorized or permitted by the 2012 Indenture and is valid and binding upon the Authority.

**Section 6.** Effective on the date of issuance of the Series 2016-1 Bonds, and in accordance with the definition of "Loan Rate" set forth in the Fourth Supplemental Indenture, the Authority hereby authorizes changes to the respective Loan Rates for Eligible Loans for academic year 2015/2016 Originated with remaining proceeds of the Series 2015-1 Bonds from and after the date of issuance of the Series 2016-1 Bonds and prior to the end of the Origination Period set forth in the Fourth Supplemental Indenture set forth in Section 4.2 of the Fifth Supplemental Indenture. Any 2015 NJCLASS Loans Originated from Recoveries of Principal during the Recycling Period set forth in the Fourth Supplemental Indenture will be at the respective Loan Rates set forth in Section 4.2 of the Fifth Supplemental Indenture from and after the date of issuance of the Series 2016-1 Bonds. The change to the Loan Rates is subject to delivery to the Trustee, on or prior to the issuance of the Series 2016-1 Bonds, of evidence in the form of a letter or Rating Agency Condition from each Rating Agency that the change in the Loan Rates will not in and of themselves result in a withdrawal, reduction or termination of any rating on the Series 2015-1 Bonds.

**Section 7.** The Bond Purchase Agreement, the Continuing Disclosure Agreement, the Fifth Supplemental Indenture and the Series 2016-1 Bonds, substantially in the respective forms submitted to the Authority and made a part of this resolution as though set forth in full herein, are hereby approved. An Authorized Authority Official is hereby authorized to execute, acknowledge and deliver such documents with any changes, insertions and omissions (including, without limitation, insertion of the Loan Rates or the method of determination thereof in the Fifth Supplemental Indenture) as may be approved by said Authorized Authority Official and the Secretary-Treasurer of the Authority is hereby authorized to affix the seal of the Authority on such documents and attest the same. The execution of any of such documents by said Authorized Authority Official shall be conclusive evidence of any approval of such document in final form as authorized by this Section 7.

**Section 8.** The Acknowledgement of Servicing to be entered into by and between the Authority and the Trustee regarding the servicing of 2016-1 Student Loans (as defined in the Fifth Supplemental Indenture), substantially in the form submitted to the Authority and made a part of this resolution as though set forth in full herein, is hereby approved. The Authorized Authority Officials are hereby authorized to execute, acknowledge and deliver such document with any changes, insertions and omissions as may be approved by said Authorized Authority Official and the Secretary-Treasurer of the Authority is hereby authorized to affix the seal of the Authority on such document and attest the same. The execution of such document by said Authorized Authority Official shall be conclusive evidence of any approval of such document in final form as authorized by this Section 8.

**Section 9.** The Series 2016-1 Bonds shall be executed in the manner provided in the 2012 Indenture, and the same shall be delivered to the Trustee for proper authentication and delivery to the Underwriter upon instructions to that effect. The 2012 Indenture shall provide the terms and conditions, covenants, rights, obligations, duties and agreements of the Holders of the Series 2016-1 Bonds, the Authority and the Trustee.

**Section 10.** All covenants, stipulations, obligations and agreements of the Authority contained in this resolution and contained in the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fifth Supplemental Indenture), and the Acknowledgement of Servicing shall be deemed to be the covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Authority and its successors from time to time and upon any board or body to which any powers or duties

affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this resolution, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the Authority or the members thereof by the provisions of this resolution, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fifth Supplemental Indenture), and the Acknowledgement of Servicing shall be exercised or performed by the Authority or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fifth Supplemental Indenture), or the Acknowledgement of Servicing shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority or of the State in his or her individual capacity, and neither the members of the Authority nor any officer executing the Series 2016-1 Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 11.** The proper officers of the Authority are hereby further directed to cause the proceeds of the Series 2016-1 Bonds, together with other available Authority funds, if any, to be initially deposited and disbursed as provided in the 2012 Indenture (including the Fifth Supplemental Indenture). To the extent the Authority pays any or all of the costs of issuance from other available funds of the Authority, the Authority may reimburse the expenditure of those funds from available funds on deposit in the Trust Estate, provided that said reimbursement complies with the requirements of the Internal Revenue Code of 1986, as amended, and court decisions interpreting the same and existing regulations, rulings, and other publications promulgated or released thereunder.

**Section 12.** In order to secure payment of principal of (on the scheduled maturity dates and/or sinking fund maturity dates) and interest on the Series 2016-1 Bonds (on the dates due) the Authority is hereby authorized to obtain one or more municipal bond insurance policies and to enter into commitments and agreements with respect thereto. The Authorized Authority Officials are each hereby authorized to enter into an agreement with the issuer(s) of such municipal bond insurance policy in customary form, and to make such revisions to the forms of documents submitted to this meeting as may be necessary or appropriate in connection with such policy. The Authority is hereby further authorized to use proceeds of the Series 2016-1 Bonds or other available funds of the Authority to fund all or a portion of the premium payable to the issuer of the municipal bond insurance policy for such policy.

**Section 13.** The Authority, in consultation with the Treasurer of the State of New Jersey (the "Treasurer") and the Attorney General of the State of New Jersey (the "Attorney General"), is hereby authorized to purchase one or more financial guaranty insurance policies or surety bonds for deposit to the Debt Service Reserve Fund established under the 2012 Indenture to satisfy the 2016-1 Reserve Requirement (as defined in the Fifth Supplemental Indenture) for the Series 2016-1 Bonds, if any, each constituting a Funding Instrument within the meaning of the 2012 Indenture, with respect to any or all of the Series 2016-1 Bonds (the "Funding Instrument(s)"). Such Funding Instrument, if any, shall be issued in an amount not exceeding the 2016-1 Reserve Requirement for the Series 2016-1 Bonds, if an Authorized Authority Official, in consultation with the Treasurer and the Attorney General, determines that such Funding Instrument(s) can be obtained upon terms and conditions consistent with the Act and reasonably acceptable to the Authority. The Authorized Authority Officials are each hereby

authorized to enter into an agreement with the issuer(s) of such Funding Instrument(s), in customary form, and to make such revisions to the forms of documents submitted to this meeting as may be necessary or appropriate in connection with such Funding Instruments). Together with, or in lieu of, a Funding Instrument, the Authority is hereby further authorized to use proceeds of the Series 2016-1 Bonds or other available funds of the Authority to fund all or a portion of the 2016-1 Reserve Requirement for the Series 2016-1 Bonds.

**Section 14.** Wells Fargo Bank, National Association is hereby appointed (a) Trustee, Paying Agent, Registrar, and Authenticating Agent for the Series 2016-1 Bonds and (b) dissemination agent for the Series 2016-1 Bonds pursuant to the Continuing Disclosure Agreement.

**Section 15.** All actions of the Authority and its staff which have previously been taken with regard to the issuance of the Series 2016-1 Bonds and the NJCLASS Loan Program in respect of the Series 2016-1 Bonds are hereby ratified and approved, including the selection, pursuant to a competitive solicitation process, of ImageMaster as printer for the Preliminary Official Statement and final Official Statement (as such terms are defined in Section 17 hereof).

**Section 16.** The Authorized Authority Officials are hereby designated to be the authorized representatives of the Authority, and each of them and other authorized representatives and designees are hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fifth Supplemental Indenture), the Acknowledgement of Servicing, and the issuance of the Series 2016-1 Bonds, including, without limitation, the substitution and approval of documents other than those approved and authorized to be executed by this resolution in order to conform the same to the purposes of the Act and the intentions of the Authority as expressed herein and in the Fifth Supplemental Indenture.

**Section 17.** The Preliminary Official Statement relating to the offering of the Series 2016-1 Bonds (the "Preliminary Official Statement"), substantially in the form presented to this meeting, is hereby approved, with any changes, insertions and omissions as may be approved by an Authorized Authority Official. The Authorized Authority Officials are each authorized to execute such documents as shall be necessary or desirable to evidence that the final Preliminary Official Statement in the form to be electronically posted and/or printed and distributed, is "deemed final" within the meaning of (and with the exception of certain information permitted to be omitted by) Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The Authorized Authority Officials are each authorized to execute and deliver a final Official Statement relating to the Series 2016-1 Bonds (the "final Official Statement"), substantially in the form of the Preliminary Official Statement, with any changes, insertions and omissions as may be approved by said Authorized Authority Official. The execution of the final Official Statement by said Authorized Authority Official shall be conclusive evidence of any approval of such Official Statement in final form as authorized by this Section 17.

**Section 18.** The Trustee is authorized to invest funds held under the 2012 Indenture in Investment Securities at the direction of an Authorized Authority Officer.

**Section 19.** This resolution shall take effect immediately, but no action authorized herein shall have force and effect until ten (10) days after a copy of the minutes of the Authority



meeting at which this resolution was adopted has been delivered to the Governor of the State for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

April 19, 2016



*State of New Jersey*

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

PO BOX 545

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CHRIS CHRISTIE  
Governor


KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

**MEMORANDUM**

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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

**FROM:** Marnie B. Grodman, Esq.   
Director, Legal and Governmental Affairs  
Administrative Practice Officer

**SUBJECT:** Resolution 06:16 – Consideration of Proposed Readoption with Amendments of Regulations Governing Student Loan and College Savings Programs, N.J.A.C. 9A:10

**DATE:** April 19, 2016

**Background**

Pursuant to N.J.S.A. 18A:71A-1 et seq., the Higher Education Student Assistance Authority (“HESAA” or the “Authority”) is statutorily responsible for the administration of the State’s student loan and college savings programs and for the promulgation of all rules to that effect. Pursuant to N.J.S.A. 52:14B-5.1.b, the rules governing student loans and savings programs are scheduled to expire May 1, 2016. In accordance with N.J.S.A. 52:14B-5.1.c(2), the submission of this notice of proposal to the Office of Administrative Law will extend that date 180 days. The Authority has reviewed the rules and determined that they continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. The rules proposed for readoption will continue to provide the Authority with the ability to administer the student loan and college savings programs in an efficient and economic matter.

To ensure the continued efficient administration and operation of these programs, the Authority is proposing the readoption of these rules with amendments, and the repeal of certain rules no longer applicable to program operations to provide additional clarity in the eligibility requirements for participation and application, enrollment criteria, and continued payment of awards for students attending participating New Jersey institutions, all of which are summarized below.

Subchapter 1 details the policies and procedures governing the implementation of the Federal Family Education Loan Program (FFELP) administered by the Authority. The FFELP is a collective term for the Stafford Loan Program (both interest subsidized and unsubsidized), the Supplemental Loan for Students or SLS Program, the Parent Loan for Undergraduate Students (PLUS) Program offered to graduate students and eligible parents of dependent undergraduate students and the Consolidation Loan Program. The FFELP was a Federal-State-private sector partnership. Financial institutions made FFELP loans with private capital, State-designated guaranty agencies such as the Authority provide first-line insurance (guarantees for the loans), and the Federal government, through the Federal Department of Education, provides subsidies for student borrowers along with backstop reinsurance and general program oversight and regulation. Pursuant to 20 U.S.C. 1071, originations of new FFELP loans ceased as of June 30, 2010. As such, the rules proposed for readoption with amendments are limited to the servicing of existing FFEL loans as no new FFEL loans are being originated.

The rules proposed for readoption with amendments frequently refer to the “Common Manual” which is a publication developed and continuously updated by guarantors participating in the FFELP such as the Authority. The Common Manual, which is a national industry initiative, is a detailed compilation of policies adopted by guarantors and is intended to be consistent with the Federal Higher Education Act of 1965, as amended, 20 U.S.C. §§1071 et seq., and its implementing regulations set forth in 34 CFR parts 600, 668 and 682 and subregulatory Federal guidance.

Multiple terms and definitions are proposed for amendment in N.J.A.C. 9A:10-1.3. As FFEL loans are no longer being originated, the definition of “Blanket Certificate of Loan Guaranty” is amended to reflect that agreements for blanket certificate of loan guaranty are already in place and new ones are no longer being offered.

The definition for “Cohort default rate” is amended to reflect the federal change from a two-year to a three-year cohort default rate pursuant to 34 C.F.R. 668.200-202 and Subpart N.

The definition for “Commission” or “CHE” is repealed as those terms are not used in the rule.

The definition for the “Federal Family Education Loan Program” is amended to reflect the cessation of FFELP originations pursuant to 20 U.S.C. 1071(d) as is the definition for “Lender of last resort”.

The definition of “Master Promissory Note” is amended to update the cite for the federal statute, replacing 20 U.S.C. §1087vv20 with U.S.C. §1082(m).

The NCHelp Electronic Standards Committee no longer exists. As such, the term and definition have been deleted from the rule.

The definition for “Servicer” has been amended to complete the cite to the federal regulation as the subpart was not previously included.

N.J.A.C. 9A:10-1.4(b)1 is amended to clarify that the Authority's phone number may not be toll free.

N.J.A.C. 9A:10-1.4(b) 2 and 3 are proposed for deletion due to the cessation of FFELP originations pursuant to 20 U.S.C. 1071(d). As such, N.J.A.C. 9A:10-1.4(b) 4 through 11 are re-codified as N.J.A.C. 9A:10-1.4(b) 2 through 9.

As there are no longer FFELP originations, the re-codified N.J.A.C. 9A:10-1.4(b)7 is amended to reflect that the Authority no longer provides oversight and training but instead distributes subregulatory guidance, which is now contained in the Common Manual.

N.J.A.C. 9A:10-1.5(a) is amended due to the cessation of FFELP originations to reflect that HESAA served as the State designated lender, and no longer provides new loans.

N.J.A.C. 9A:10-1.6(a), (b), (c), and (d) are amended to change references to the origination of the FFELP loan to the past tense due to the cessation of FFELP originations, as is N.J.A.C. 9A:10-1.10(b) and 9A:10-1.11.

N.J.A.C. 9A:10-1.7(a) is amended to advise that the Authority will no longer be entering into participation agreements for originating new loans. As the Authority will no longer be acting as lender of last resort to originate FFELP loans, N.J.A.C. 9A:10-1.7(b) is amended to delete reference to lender of last resort originations and to change to past tense the requirement that there be a lender of last resort.

N.J.A.C. 9A:10-1.8(a)-(c) relate to the originations of FFELP loans at the schools. As the FFELP originations have ceased, N.J.A.C. 9A:10-1.8(a)-(c) are being deleted and N.J.A.C. 9A:10-1.8(d) and (e) are being re-codified as N.J.A.C. 9A:10-1.8(a)-(b).

The re-codified N.J.A.C. 9A:10-1.8(a) is amended to reflect the correct federal regulatory cite, 34 CFR 668.14(b)(4).

N.J.A.C. 9A:10-1.9 is repealed as FFELP loans are no longer being originated.

N.J.A.C. 9A:10-1.14(b) is amended to clarify the State Departments and Divisions with which the Authority participates in information exchanges.

N.J.A.C. 9A:10-1.15 is amended to clarify that borrowers are permitted to enter rehabilitation agreements for FFELP loans and upon rehabilitation the benefits that are reinstated include the ability to receive federal, not FFELP loans. This section is also amended to delete references to the Common Manual as the Common Manual no longer provides a more complete explanation of the topic.

34 CFR 682.209(g) authorizing refinancing of FFELP loans was repealed pursuant to 78 Fed. Reg. 65768, 65811 (2013), as such N.J.A.C. 9A:10-1.16(b), is deleted and N.J.A.C. 9A:10-1.16(c) is recodified as N.J.A.C. 9A:10-1.16(b).

As the Authority is no longer authorized to originate new federal consolidation loans, the recodified N.J.A.C. 9A:10-1.16(b) is amended to remove reference to originating new consolidation loans.

N.J.A.C. 9A:10-1.17 is amended to remove training from the title as the section references a full gamut of services provided by the Authority. In addition, this section is amended to remove references to services no longer provided due to the elimination of FFELP originations, such as FFELP related information, application processing and loan disbursements.

As the FFELP program is no longer originating loans, schools are no longer participating in the program and therefore are not subject to reviews by the Authority. As such, N.J.A.C. 9A:10-1.18 is amended to delete subsection (b) in its entirety, recodify N.J.A.C. 9A:10-1.18(c)-(g) as (b) –(f) and remove all references to schools in subsection (a) and the recodified subsections (c), (d), (e) and (f) and replace reference to “student” with reference to “borrower”.

Subchapter 2 incorporates the rules for the administration of the Social Services Student Loan Redemption Program (SSSLRP) which was enacted into law on July 14, 2005 (N.J.S.A. 18A:71B-87 et seq.). This program addresses the critical shortage of direct care professionals in the State by providing redemption incentives for eligible student loan expenses incurred by program participants covering the cost of attendance while enrolled in an approved undergraduate or graduate course of study. In exchange, the program participant contracts with the Authority to engage in full-time employment as a direct care professional at a qualified facility or agency following the participant’s successful completion of the approved course of study. The rules established by this subchapter provide the policies and procedures for participation in SSSLRP.

Subchapter 3 specifies the policies and procedures for participation in the OB/GYN Student Loan Expense Reimbursement Program which was enacted into law on June 7, 2004 (N.J.S.A. 18A:71C-49). This program was intended to ensure that high-quality health care continued to be available in the State, and that residents continued to have access to highly trained physicians in all specialties. In support of this objective, the OB/GYN program addressed the issue of affordability for licensed obstetrician/gynecologists with outstanding eligible student loan expenses to practice in their field by providing reimbursement for these expenses in exchange for their practice in State-designated medically underserved areas pursuant to N.J.S.A. 18A:71C-35 for a period of four years from the date they received reimbursement. Pursuant to P.L. 2004 c. 17, this program was implemented for a limited duration that ended in 2007. The rules established by the Authority provide for the administration of the OB/GYN program. This subchapter is proposed for repeal as there are no longer any participants remaining in the program.

Subchapter 4 details the policies and procedures for participating in the Nursing Faculty Loan Redemption Program which was signed into law on January 16, 2010. This program addresses the current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter graduate nursing education programs and for persons already trained as nurses to advance their training in the profession so as to ensure that sufficient numbers of nursing faculty are available to train nursing students, and the State’s hospitals, nursing homes,

veterans' facilities and home care services and community care programs will have sufficient, trained nursing staff in the future to provide quality health care services to the residents of the State.

In N.J.A.C. 9A:10-4.2 the definition of "Eligible Institution" is amended to reflect the replacement of the Commission on Higher Education with the Office of the Secretary of Higher Education pursuant to Executive Reorganization Plan No. 005.

Subchapter 5 is Reserved.

Subchapter 6 incorporates the rules governing the New Jersey College Loans to Assist State Students (NJCLASS) Program, the State's supplemental student loan program, pursuant to N.J.S.A. 18A:71C-21 through 31. The NJCLASS Program is a State student loan program intended to supplement the subsidized Federal Stafford Loan Program and make State sponsored student loans available to students who cannot obtain Federally backed student loans, either because those loans are not available, because the student does not meet the program eligibility requirements as defined by the Federal government, or because the student has additional financial need unmet by Federally backed student loans. The proposed amendments to the NJCLASS Program rules are summarized below.

In N.J.A.C. 9A:10-6.3 the definition for "Annual income" is amended to clarify that applicants list their income on the loan application and that the listed income is subject to verification by the Authority.

A new definition for "Co-borrower" has been added to provide clarification as to the responsibilities of a person who applies for a NJCLASS Loan Program or NJCLASS Consolidation loan as a co-borrower.

The definition of "Cosigner" has been expanded to include additional details of the responsibilities a person undertakes when applying for a NJCLASS Loan Program or NJCLASS Consolidation loan as a cosigner.

The NJCLASS Postgraduate Program is neither offered nor funded, as such the definition for "NJCLASS Postgraduate Program" is being deleted and the definition for "Eligible Institution" is being amended to delete the reference to the NJCLASS Postgraduate Program.

The definition for "Parent borrower" is amended to clarify that the definition pertains to parents who apply for and receive an NJCLASS Loan Program loan.

The definition for "Student borrower" is amended to clarify that the definition pertains to students who apply for and receive either an NJCLASS Loan Program loan or a NJCLASS Consolidation Loan.

N.J.A.C. 9A:10-6.4(a) 2. is amended to clarify that the restriction on receiving new loans after the cancellation of a loan applies to cosigners as well as borrowers.

As the NJCLASS Postgraduate Program is neither offered nor funded N.J.A.C. 9A:10-6.4(c) is deleted in its entirety and N.J.A.C. 9A:10-6.4(d) is recodified as N.J.A.C. 9A:10-6.4(c).

As the NJCLASS Postgraduate Program is neither offered nor funded N.J.A.C. 9A:10-6.4(d) is deleted in its entirety and N.J.A.C. 9A:10-6.4(e) is recodified as N.J.A.C. 9A:10-6.4(d).

To clarify that a person is not yet a borrower or cosigner at the time creditworthiness is being determined, the terms ‘borrower’ and cosigner are replaced with the term ‘applicant’ in N.J.A.C. 9A:10-6.5(a) through (e).

N.J.A.C. 9A:10-6.5(e) is further modified to clarify which requirements a cosigner and co-borrower must meet to be eligible for an NCLASS loan.

The current regulations cross-reference the bonds or notes whose proceeds are funding the loans to provide specificity for loan requirements. To provide further specificity, N.J.A.C. 9A:10-6.5(c) is amended to reference the indentures for the bonds as opposed to the bonds themselves. Amendments to reference the indentures for the bonds are also made in N.J.A.C. 9A:10-6.8(a), 9A:10-6.8(a)1., 9A:10-6.9(a) and 9A:10-6.13(f)1.

Reference to Postgraduate loans is removed from N.J.A.C. 9A:10-6.7(e) as HESAA no longer offers this program.

N.J.A.C. 9A:10-6.8(a)2. is amended to clarify how fees are deducted or added for multiply disbursed loans. Fees are added or deducted as equal percentages, not equal amounts, for each disbursement.

Technical corrections are made to N.J.A.C. 9A:10-6.11(b)3 to clarify that it is the payment of interest that is deferred at the frequency determined by the applicable bond indentures.

N.J.A.C. 9A:10-6.11(c) is deleted as HESAA no longer offers the Post Graduate loan. As a result, N.J.A.C. 9A:10-6.11(d) through (h) are recodified as N.J.A.C. 9A:10-6.11(c) through (g).

N.J.A.C. 9A:10-6.12(b) is amended to clarify that the deferment time limits do not apply to deferments for active duty in the armed forces.

As federal regulations pertaining to the FFEL program are being amended and repealed, N.J.A.C. 9A:10-6.12(d) is amended to delete cross references to federal regulation. The term ‘economic hardship’ is replaced with ‘financial hardship’ to reflect the term of art currently being used in these situations.

N.J.A.C. 9A:10-6.16(b) is amended to clarify how collection costs are calculated and what they encompass. This amendment is necessary to provide borrowers with an amount certain at the time a demand is made.

Subchapter 7 incorporates the rules for the administration of the State’s college savings program, the New Jersey Better Educational Savings Trust (NJBEST) Program, for which HESAA is

statutorily responsible pursuant to N.J.S.A. 18A:71B-35 through 46 and in accordance with section 529 of the Federal Internal Revenue Code of 1986, 26 U.S.C. §529. In the NJBEST Program, money saved by parents, grandparents or others through the program is invested for a designated beneficiary. When the designated beneficiary is ready to attend college, the principal and interest earned can be used for college costs. This program also provides an additional incentive to families by offering a supplemental NJBEST scholarship if the designated beneficiary attends an eligible higher education institution in New Jersey. The rules contained in this subchapter are being proposed for readoption in order to continue the State's initiatives to encourage families to save for future college expenses.

In order to alleviate confusion, N.J.A.C. 9A:10-7.15(a)1.iv is added to define first time enrollment for purposes of the NJBEST scholarship.

**Recommendation**

It is recommended that the Board approve Resolution 06:16 – Consideration of Proposed Readoption with Amendments of Regulations Governing Student Loan and College Savings Programs, N.J.A.C. 9A:10, so that the proposed readoption can be published in the New Jersey Register.

Attachments



**Full text** of the proposed amendments follow (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

## SUBCHAPTER 1. FEDERAL FAMILY EDUCATION LOAN PROGRAM: POLICIES AND PROCEDURES

### § 9A:10-1.3 Definitions

(a) The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

...

"Blanket Certificate of Loan Guaranty" means an insurance program agreement with the Secretary of the United States Department of Education under which the Authority [may offer] **offered** eligible lenders participating in the Authority's guaranty program a Blanket Certificate of Loan Guaranty that [permits]**permitted** the lender to make FFELP loans to eligible borrowers without receiving prior approval of individual loans from the Authority.

"Cohort default rate" means the percentage of FFELP and Federal Direct Student Loan Program (FDSL) borrowers who default [before]**by** the end of the **second** Federal fiscal year following the Federal fiscal year in which they entered repayment on their loans, **unless otherwise defined by the United States Department of Education**. The United States Department of Education calculates this rate annually to determine the default experience of students who attended a particular school during a particular period of time.

["Commission" or "CHE" means the Commission on Higher Education, a State higher education policy-making agency presided over by a governing board, whose chairman is a member, ex officio, of the Authority. The Commission's statutory responsibilities include final administrative decisions over institutional licensure and university status in this State.]

...

"Federal Family Education Loan Program" or "FFELP" means the collective term for the Stafford Loan Program (both interest subsidized and unsubsidized), the Supplemental Loan for Students or SLS Program, the Parent Loan for Undergraduate Students (PLUS) Program offered to graduate students and eligible parents of dependent undergraduate students, and the Consolidation Loan Program. The FFELP is a Federal-state-private sector partnership. Financial institutions [make]**made** FFELP loans with private capital, state-designated guaranty agencies, such as the Authority [provide] **provided** first-line insurance (guarantees for the loans), and the Federal government, through the Federal Department of Education, [provides]**provided** subsidies for student borrowers along with backstop reinsurance and general program oversight and regulation. **Pursuant to 20 U.S.C. § 1071 (d) no new loans may be made or insured under FFELP after June 30, 2010.**

...

"Lender of last resort" means the Authority or a lender that [agrees] **agreed** to make certain FFELP loans, as prescribed by the United States Department of Education, to an otherwise eligible borrower who has been unable to obtain a loan from other eligible lenders.

...

"Master Promissory Note" or "MPN" means a common contract under which a borrower may receive loans for a single academic year or multiple academic years at institutions meeting United States Department of Education criteria in accordance with the Higher Education Act of 1965, as amended[, 20 U.S.C. §1087vv20 U.S.C. §1082(m),] and its implementing regulations 34 CFR 682 et seq.

...

["NCHHELP Electronic Standards Committee" means the National Council on Higher Education Loan Programs Committee that is responsible for resolving electronic standardization issues as reported by the national student loan community at large, making recommendations for resolution and maintaining supporting documentation.]

...

"Servicer" means a third party with whom a FFEL Program participant, such as a lender, school, or guarantor, has entered into a contract, to administer any aspect of its participation in the FFEL Program. A servicer may also be defined as a "third-party servicer" under FFEL Program regulations, 34 CFR Part 682.200.

...

(b) (No change).

§ 9A:10-1.4 Role of the Authority as guaranty agency

(a) (No change).

(b) Key guarantor functions are:

1. Financial aid awareness and related outreach activities: The Authority provides a [toll-free] **telephone** number and web site with information on colleges, careers and financing of higher education. The Authority makes presentations about financial aid opportunities and financial literacy at middle schools, high schools and other sites, holds training workshops for high school guidance counselors and campus administrators, publishes materials on all of the above topics and provides assistance in completing financial aid forms;

2. [Access to loans: The Authority furthers access to Federal loans by providing lenders with a guarantee against default, since students generally have no credit history or collateral and pose a risk to lenders absent such guarantee;

3. Application processing: The Authority validates application information on FFELP promissory notes submitted for guarantee by using information such as the Authority database of information provided by borrowers, schools, and lenders;

4.] Loan status management: The Authority assists borrowers, schools, and lenders by providing information on loan accounts and borrower status;

[5.]3. Counseling borrowers about their loan obligations: The Authority provides information to borrowers directly and to borrowers through their schools on the loan process, such as loan availability, debt loads, and repayment options;

[6.]4. Default prevention: The Authority works with lenders, schools, and students to prevent defaults. The Authority provides default aversion assistance to lenders to help prevent delinquent borrowers from defaulting on their loans;

[7.]5. Payment of lender claims for insurance: When a loan goes into default, and a lender submits a claim for purchase by the Authority, the Authority reviews the claim for legitimacy, and verifies that the lender has complied with Federal and Authority requirements for preventing the default;

[8. ]6. Collection on defaulted loans: If the Authority finds that lender default prevention or "due diligence" requirements are met and the Authority buys the loan from the lender, the Authority pursues a variety of efforts to collect on the debt, such as wage garnishment, offset of State and Federal income tax refunds, property tax rebates or other governmental payments, suspension of occupational and professional license and State lottery prize offset. This collection process is carried out in a manner designed to provide the borrower with reasonable and affordable repayment options based on the borrower's income and ability to pay;

[9. ]7. School and lender [training and oversight] **guidance**: The Authority reviews, interprets, and disseminates information to schools and lenders about the requirements of the FFELP regulations and Federal subregulatory guidance (for example, [Dear Colleague Letters from the United States Department of Education]**the Common Manual**);

[10.] 8. Maintaining and reporting of FFEL Program records: The Authority contributes to initiatives to protect the fiscal interest of the United States Department of Education and United States taxpayers by maintaining accurate records of the Authority's FFEL Program participants and reporting FFEL Program data to national databases, such as NSLDS; and

[11.] 9. Other student financial aid related activities for the benefit of students, as selected by the Authority.

#### § 9A:10-1.5 Authority as lender and secondary market

(a) The Authority, which qualifies as an eligible lender under the Higher Education Act of 1965, as amended, [may serve] **served** as the State-designated lender of Federally guaranteed student and parent educational loans.

(b) (No change).

#### § 9A:10-1.6 Types of FFELP loans

(a) A subsidized Federal Stafford loan [is]was available to an eligible student attending a participating postsecondary school. A student who [demonstrates]demonstrated financial need [is]was eligible to have the Federal government pay the interest on the loan to the lender until repayment of the loan [begins]began and during any deferment periods. The student is allowed a grace period (usually six months) after leaving school or dropping below half-time attendance before repayment begins. Repayment of the loan is scheduled [over a maximum 10-year period] according to the payment plan chosen by the borrower[, except that borrowers may qualify for an alternate repayment plan with an extended repayment period] pursuant to 34 CFR 682.209.

(b) An unsubsidized Federal Stafford loan [is]was available to an eligible student attending a participating postsecondary school. A student who [does]did not demonstrate sufficient financial need, or who [requires]required additional funds above the Federal subsidized loan limits, [is]was typically eligible for an unsubsidized Stafford loan. The Federal government does not pay the interest on an unsubsidized Stafford loan. An unsubsidized Stafford loan borrower is responsible for paying to the lender all interest that accrues on the loan from the time the loan is disbursed until it is paid in full.

(c) A [Federal]FFELP PLUS loan [is]was available to an eligible parent (as defined in 34 CFR 682.201(b)(2)) of a dependent undergraduate student or a graduate or professional student attending a participating postsecondary school. A PLUS loan borrower must not have adverse credit or otherwise must obtain an endorser on the loan. The parent is responsible for paying to the lender the interest that accrues on the loan from the time the loan is disbursed until it is paid in full. Repayment of the loan is scheduled [over a maximum 10-year period] according to the payment plan chosen by the borrower[, except that borrowers may qualify for an alternate repayment plan with an extended repayment period] pursuant to 34 CFR 682.209.

(d) A [Federal]FFELP Consolidation loan [is]was available to a borrower who [wants]wanted to combine his or her outstanding education loans into a single loan with a single monthly payment. In most cases, the borrower is responsible for paying to the lender the interest that accrues on the loan until the loan is paid in full. Consolidation loans usually have a longer repayment period and a lower monthly payment than is available on the underlying education loans.

#### § 9A:10-1.7 Lender participation and lender of last resort

(a) To participate in any of the loan programs for which the Authority serves as guarantor, a lender is required to submit evidence acceptable to the Authority that it is an eligible lender under the Higher Education Act of 1965, as amended. If the Authority is satisfied that a lender meets the requirements for eligibility and participation under the Higher Education Act of 1965, as amended, the Authority may offer a participation agreement to that lender. A lender cannot participate in the Authority's programs without a participation agreement with the Authority. There are three principal types of Authority participation agreements: a participation agreement for lenders originating Stafford and PLUS loans, a participation agreement for lenders serving as secondary markets or holders of Stafford and PLUS loans, and a participation agreement for lenders originating Consolidation loans. The borrower eligibility criteria incorporated in

participation agreements for lenders originating Consolidation loans is set forth in N.J.A.C. 9A:10-1.16(c). **The Authority does not enter new participation agreements for originating FFELP loans.**

(b) The Authority [shall ensure] **ensured** that it or a participating lender [shall serve] **served** as lender of last resort in the State of New Jersey.[ The lender of last resort shall make a FFELP loan to an otherwise eligible borrower who has been unable to obtain a loan from an otherwise eligible lender and who satisfies both the Federal regulatory criteria for eligibility and any further eligibility criteria provided in the lender of last resort policies and procedures cited in 34 CFR 682.401(c).]

§ 9A:10-1.8 School participation

(a) [To participate in any Title IV, Higher Education Act program, a school must establish its eligibility under the Higher Education Act of 1965, as amended, by following the procedures specified by the United States Department of Education. Upon being approved to participate in Title IV programs by the United States Department of Education, a school becomes eligible to apply for participation in the FFELP with the guarantor, such as the Authority. For any school, the Authority must be satisfied that the school has the ability to properly administer the FFELP according to Federal regulations and this chapter before it will approve the school for participation under its guarantee. To maintain its eligibility to participate, a school shall continue to meet all school eligibility requirements and must administer its loan programs in accordance with all requirements set forth in Federal law and regulations, as well as this chapter. If a school ceases to meet any Title IV eligibility requirement, the school must immediately provide written notice to the United States Department of Education and the Authority, if the Authority is the applicable guarantor.

(b) Both the Authority and the United States Department of Education require, as a condition of administrative capability, as defined under Federal regulations, that a school designate a capable individual to administer the FFEL Program and to coordinate the FFEL Program with the school's other Federal and non-Federal aid programs. The school shall ensure that an adequate number of qualified personnel are available to administer the loan programs, as provided in Federal regulations.

(c) To assist a school's financial aid administrator and staff in participating in the FFELP, the Authority shall in general provide assistance to institutions comparable to the kinds of assistance provided to institutions by the United States Department of Education. This assistance may include, but not be limited to, sponsoring of training conferences, participating in State, regional and national associations of financial aid administrators, issuing a newsletter, staffing a customer assistance unit (including a toll-free hotline), and offering an internet website.

(d)] A school shall develop procedures to ensure that student status changes are reported correctly and in a timely manner, pursuant to[ 34 CFR 682.400(b)(20)] **34 CFR 668.14(b)(4)**,to the Authority, to NSLDS, to the lender or to all three, as appropriate. Some schools may elect to satisfy this requirement through participation in the National Student Clearinghouse or another entity providing student status reporting services in which the Authority participates. For schools not yet providing student status information to NSLDS, the Authority shall provide a school, on

at least a semiannual basis, with a Student Status Confirmation Report (SSCR) listing all students for whom FFELP loans have been obtained for attendance at the school. NSLDS distributes SSCR data to the Authority and other guarantors, and guarantors notify lenders of student status changes. Information and instructions on completing rosters for student status reporting to NSLDS are provided to schools by the United States Department of Education.

[(e)] (b) A school shall be required to maintain FFELP records in the manner and for the retention period required by 34 CFR parts 668 and 682. Because the Federal regulations permit records to be retained longer than required by Federal regulations, a school shall be required to maintain FFELP records for the retention period required by State law, if State retention periods exceed Federal.

#### § 9A:10-1.9 [Borrower eligibility and loan certification]

[(a)] (a) A borrower files a FAFSA with the United States Department of Education, which is used to determine student eligibility for Federal financial aid and the expected family contribution. If a student is eligible for Federal loans, a borrower may request a Master Promissory Note for a Stafford or PLUS loan from the school, the lender, or the Authority. Schools authorized for multi-year use of the MPN are required to develop and document a confirmation process along with the FFELP lender to ensure that the borrower wants subsequent loans. The Authority imposes no guarantor specific policies or procedures for determining eligibility for a Stafford or PLUS loan. Borrower and student eligibility requirements are set forth in 34 CFR Parts 668 and 682, and further explained in the Common Manual.

(b) In certifying the student's eligibility for a Stafford loan, a school is required to determine his or her eligibility and the maximum amount that may be borrowed. In certifying eligibility for a PLUS loan for undergraduate students, a school is required to make these determinations with respect to the student and the parent. The Authority imposes no guarantor specific policies or procedures for school certification. School certification requirements are set forth in 34 CFR Parts 668 and 682, and further explained in the Common Manual.

(c) To facilitate the loan guaranty process, the Authority participates on the NCHelp Electronic Standards Committee. The Committee's goal is to establish a coordinated and proactive approach for all electronic standardization efforts.] **Reserved**

#### § 9A:10-1.10 Permissible charges by lenders to borrowers

(a) (No change).

(b) As provided under the Higher Education Act of 1965, as amended, a lender [is] **was** permitted to pay a portion or all of the origination fee on a subsidized or unsubsidized Stafford loan on the borrower's behalf. The lender [must charge] **charged** all Stafford borrowers the same origination fee unless the borrower [demonstrates] **demonstrated** greater financial need as further defined under 34 CFR 682.202. In contrast, lenders [are] **were** required to charge the full origination fee to PLUS borrowers.

#### § 9A:10-1.11 Guarantee and disbursement

(a) A lender [shall be] **was** responsible for obtaining guarantees and disbursing proceeds for Stafford, PLUS, and Consolidation loans. When the Authority [receives] **received** a request for

processing a loan guaranty, the Authority [sends] **sent** the lender either a student loan Guarantee Notice/Disclosure Statement or an electronic file of guaranty processing results or both. This [is] **was** the lender's guaranty and authorization to disburse the funds. Notification of guaranty [shall be] **was** sent to the student and the school at the same time. In the case of Stafford and PLUS loans processed under a Blanket Certificate of Loan Guaranty with an eligible lender, all loans eligible for insurance [will be] **were** considered insured at the time of lender origination. Lenders [shall be] **were** required to report such loans to the Authority for guaranty processing, and the Authority [shall provide] **provided** either a confirming notice of guaranty for the loans covered under the certificate or a notice that the loan does not meet the Authority's loan insurance requirements. In the case of Consolidation loans, upon approval of the loan application, the Authority [will send] **sent** the lender an approval notification. While the Authority focuses its attention on its area of service (borrowers, students, and schools in New Jersey and surrounding states), the Authority imposes no guarantor specific requirements for obtaining a loan guaranty except for requirements referenced in this subsection for loans processed under a Blanket Certificate of Loan Guaranty and the eligibility requirements for Consolidation loans set forth in N.J.A.C. 9A:10-1.16(c). The requirements for obtaining a guaranty are set forth in 34 CFR part 682, and more fully explained in the Common Manual.

(b) Disbursement is the transfer of loan proceeds by the lender to a borrower, school, or escrow agent, net of any origination and Federal default fees. Disbursement [may be] **was** accomplished by checks for individual borrowers, by master checks containing loan proceeds for more than one borrower, or by electronic funds transfer, in accordance with 34 CFR Part 682. A Stafford loan disbursed by individual check [shall be] **was** made copayable to the student and the school. If the lender [issues] **issued** an individual Stafford loan check, the lender [is] **was** required to indicate the student's social security number, enrollment period for the loan, and the type of loan on each individual loan check. If the lender [issues] **issued** an individual PLUS loan check, the lender [is] **was** required to indicate the student's name and social security number on each individual loan check.

(c) In the case of a student enrolled in an eligible foreign school, if the foreign school [requests] **requested**, the lender [shall disburse] **disbursed** a Stafford loan directly to the student only after verification of the student's enrollment by the lender or guaranty agency. If the student [is] **was** enrolled in a study-abroad program approved for credit by the home school and if the student [requests] **requested**, the lender [may disburse] **disbursed** the loan directly to the student only after verification of the student's enrollment with the home institution by the lender or guaranty agency; or to the home institution if the borrower [provides] **provided** a power-of-attorney to an individual not affiliated with the institutions to endorse the check or complete an electronic funds transfer authorization.

(d) A Stafford or PLUS loan [may be used] **was** only **permitted to be used** to cover the educational costs of attendance at the school that [certifies] **certified** the borrower's loan eligibility. If a student [transfers] **transferred** between schools at any time, neither the student nor the parent borrower [are] **were** eligible to receive proceeds from a loan approved as a result of the borrower's loan eligibility certified by the previous school. If a student [transfers] **transferred** from one school to another before a loan [is] **was** fully disbursed, the student or parent borrower [is] **was** not eligible for any remaining disbursements of that loan, and the

student or parent borrower [shall] **was required to** notify the lender to cancel the loan or the balance of any undisbursed portion of the loan.

§ 9A:10-1.14 Default consequences and collection policies and procedures

(a) (No change).

(b) The Authority participates in information exchanges with the Department of Labor & **Workforce Development**, the **Department of Treasury** [Division] **Divisions** of Taxation, [Division of] **and** Lottery, **Department of Law & Public Safety** Division of Consumer Affairs, and other State agencies and bodies as well as public and private sector entities within or outside this State for purposes of collecting on defaulted student loans. Additionally, the Authority receives data from the National Directory of New Hires.

(c) (No change).

§ 9A:10-1.15 Beyond default: rehabilitation and reinstatement

[The Authority encourages borrowers] **Borrowers** who have defaulted on their FFELP loan obligations [to] **may** enter into repayment arrangements that qualify them for reinstatement of the ability to receive benefits, including [FFELP] **federal** loans, under Title IV of the Higher Education Act, and that rehabilitate their loans, thereby bringing the loans out of default. The requirements for reinstatement are set forth in 34 CFR 682.401 and more fully explained in subregulatory Federal guidance[ and the Common Manual]. The requirements for rehabilitation are set forth in 34 CFR 682.405 [and more fully explained in the Common Manual].

§ 9A:10-1.16 Loan transfer, refinance, and consolidation

(a) (No change).

(b) [As permitted under 34 CFR 682.209, a borrower may refinance a PLUS or SLS loan. The three options for refinancing a PLUS or SLS loan are refinancing to secure a combined payment, refinancing to secure a variable interest rate, and refinancing to discharge a previous loan. These three options are set forth under 34 CFR 682.209 and more fully explained in the Common Manual, Appendix B.

(c) The Authority [participates] **participated** in the Federal Consolidation Loan Program in accordance with section 428C of the Higher Education Act of 1965, as amended, and its implementing regulations **by guaranteeing Consolidation Loans held by eligible lenders**. [To participate in the Authority's consolidation program, an eligible lender must be approved by the Authority to enter into a Consolidation Participation Agreement with the Authority, and sign this Agreement. To qualify for the Authority's Consolidation Loan Program, a borrower must satisfy the eligibility criteria set forth in section 428C and implementing regulations, as well as satisfy Authority criteria which include not incorporating a defaulted loan in a Consolidation loan, and evidencing a connection to New Jersey, unless otherwise permitted by the Authority. Evidencing a connection to New Jersey shall mean that either at least one underlying loan to be consolidated was guaranteed by the Authority or that the borrower is a New Jersey resident at the time of consolidation.] The Consolidation Loan Program is more fully explained in the Common Manual.



§ 9A:10-1.17 School and lender [training and other] services

As permitted under the Higher Education Act of 1965, as amended, the Authority may use funds in the Authority's operating fund for [application processing, loan disbursement,] enrollment and payment status management, default aversion activities, default collection activities, school and lender training, financial aid awareness and related outreach activities, compliance monitoring, and other student financial aid and related activities as selected by the Authority. The Authority's outreach or "client services" activities shall include, but not be limited to, training of program participants and secondary school personnel, dissemination of [FFELP-related] information and materials to schools, loan holders, prospective loan applicants, and their parents, and training at workshops, conferences or other forums. The Authority [issues a newsletter on student financial assistance topics, and] maintains an internet website.

§ 9A:10-1.18 Authority guaranty agency enforcement requirements: program reviews

(a) The Authority is required by FFELP regulations, 34 CFR Part 682, to conduct comprehensive biennial program reviews of certain [schools and] lenders participating in the FFELP. The Authority may collaborate with other guarantors in performing lender reviews pursuant to the Common Review Initiative. Program reviews are conducted to assess the administrative and financial capability of [schools and] lenders with applicable requirements of the FFELP. These requirements are those of the Higher Education Act of 1965, as amended, the Federal regulations (34 CFR Parts 600, 668, and 682), and Authority policies and procedures. The Authority may elect to review third-party servicers of [schools and] lenders. The Authority may also elect to review other agents, such as special counsel performing litigation on defaulted FFELP loans. If the Authority elects to review third-party servicers, it shall follow the program review process for servicers outlined in the Common Manual.

(b) [The Authority shall perform a biennial program review of each school in any state in which the Authority is the primary guarantor that has had a cohort default rate exceeding 20 percent for either of the two most recent years for which rates have been calculated. A school shall be exempted from review if it meets the loan volume limit on the default reduction measures outlined in 34 CFR 682.410(c). The Authority may request that the United States Department of Education approve substitutions to its list of required school reviews. In addition to the Federal criteria used in selecting schools for review, the Authority may consider other factors, such as those listed in the Common Manual. These other factors are: loan volume trends, significant increases in cumulative or cohort default rates, evidence of regulatory violations, evidence of potential fraud or abuse in its FFELP participation, evidence that the school has been placed on the Pell reimbursement system for payment, complaints from lenders, borrowers, or students, evidence that the school has failed to adequately address deficiencies identified in prior program reviews, evidence that the school has failed to implement improvements to reverse negative financial trends, and weaknesses identified during the process by which schools first obtain FFELP eligibility.

(c) The Authority shall perform a biennial program review of each participating lender whose dollar volume of FFELP loans made or held by the lender and guaranteed by the Authority in the preceding year meet one or more of the volume criteria set forth in 34 CFR 682.410(c). The Authority may collaborate with other guarantors participating in the Common Review Initiative

to conduct joint program compliance reviews of lenders. The Authority may request that the United States Department of Education approve substitutions to its list of required lender reviews. In addition to the Federal criteria used in selecting lenders for review, the Authority may consider other factors, such as those listed in the Common Manual. These other factors are: loan volume trends, significant increases in cumulative or cohort default rates, evidence of regulatory violations, evidence of potential fraud or abuse in its FFELP participation, and complaints from schools, students, or borrowers. The Authority may conduct compliance reviews in other areas of lender administration as long as, at a minimum, the scope includes NSLDS reconciliation.

[(d)] (c) A program review begins when the [school or] lender is selected for review and ends when the Authority accepts a satisfactory response to the review findings from the [school or] lender and all close-out procedures are completed. The program review consists of four phases: the preliminary review, the on-site review, the issuance of a program review report, and the review close-out.

(e) (d) Preparation for the review is as follows:

1. The Authority or CRI review team shall notify the [school or] lender to be reviewed, provide the date(s) of the on-site review, and request administrative and financial information related to the entity's eligibility and participation in the FFELP. Prior to the on-site review, the reviewer shall develop a profile of the [school or] lender from data maintained by the Authority or CRI participating guaranty agencies. [For lenders, this] **This** data includes loan volume, [student] **borrower** populations and sample, and lender search report. [For schools, this data includes Stafford and PLUS loan volume for the period, training attendance record, and borrower complaints, if any.] The reviewer may also require the [school or] lender to complete a questionnaire on internal control procedures and policies related to its administration of the FFELP.

2. The administrative and financial information normally required for the on-site visit **for lenders** includes, but is not limited to, [the following for schools: school catalog, documentation from prior program reviews, independent audit results, student financial aid audit results, audited financial statements, program participation agreement, accreditation reports or certification, State licensing documentation, default management plan, if applicable, and individual borrower files. For lenders, this information includes, but is not limited to,] FFELP lending policies, documentation from prior program reviews, independent audit results, information from the United States Department of Education Lender Reporting System (LaRS), documentation of loan transfers, and individual borrower files.

[(f)] (e) The Authority or CRI review team shall provide the [school or] lender the opportunity to present questions or supply additional information. The [school or] lender being reviewed shall cooperate with the review team by making staff available to reviewers at entrance and exit interviews and by supplying additional material to reviewers if requested during the on-site visit.

[(g)] (f) Program review follow up and other enforcement procedures are as follows:

1. The reviewer shall issue a program review report to the [school or] lender being reviewed.

2. The program review ends when all required actions are completed and all liabilities are paid by the [school or] lender being reviewed.

3. When the program review ends, the reviewer shall notify the [school or] lender in writing that the program review is closed. The reviewer shall also update the Postsecondary Education Participants System (PEPS) database. The reviewer shall at the same time notify the United States Department of Education that the program review is closed.

4. If the Authority or CRI review team is unable to close a program review because the [school or] lender is uncooperative in taking the required corrective action, the reviewer shall refer the case to the United States Department of Education.

5. - 6. (No change).

### **SUBCHAPTER 3. (RESERVED)**

### **SUBCHAPTER 4. NURSING FACULTY LOAN REDEMPTION PROGRAM**

#### **§ 9A:10-4.2 Definitions**

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

...

"Eligible institution" means a school of nursing that is nationally accredited and licensed by the New Jersey Board of Nursing or a nursing program at [a Commission on Higher Education] **an Office of the Secretary of Higher Education** licensed institution of higher education that is nationally accredited and licensed by the New Jersey Board of Nursing.

...

### **SUBCHAPTER 6. THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM: POLICIES AND PROCEDURES**

#### **§ 9A:10-6.3 Definitions**

(a) The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Annual income" means the [borrower's] **applicant's** income as reported [for Federal income tax purposes] **on the NJCLASS Loan Program or NJCLASS Consolidation Loan application.**

**Annual Income is subject to verification by the Authority through documentation including but not limited to Internal Revenue Service tax return transcripts and pay stubs.**

...

**“Co-borrower” means an individual who is a party to the loan. The co-borrower assumes full liability for the debt, including interest charges, late fees and collection costs. The co-borrower is subject to all of the same collection methods as the borrower and the lender can collect the debt from the co-borrower without first trying to collect from the borrower.**

...

**"Cosigner" means an individual who signs a promissory note and agrees to repay the loan in the event the borrower does not. The cosigner assumes full liability for the debt, including interest charges, late fees and collection costs. The cosigner is subject to all of the same collection methods as the borrower and the lender can collect the debt from the cosigner without first trying to collect from the borrower.**

...

**"Eligible institution" means a public or private nonprofit institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by the New Jersey Commission on Higher Education or its equivalent in another state or country and accredited by a nationally recognized accrediting association and having an annual cohort default rate of 25 percent or less. Eligible institution shall also include proprietary institutions eligible for Title IV, Higher Education Act of 1965 assistance and having an annual cohort default rate of 25 percent or less. An eligible institution for purposes of the NJCLASS Graduate/Professional Students Program shall have a lower cohort default rate threshold, as set forth in N.J.A.C. 9A:10-6.4(c)2.[ Eligible institution for purposes of the NJCLASS Postgraduate Program means an American Bar Association approved law school, a graduate medical school accredited by the Liaison Committee on Medical Education, the American Osteopathic Association or the U.S. Department of Education's National Committee on Foreign Medical Education and Accreditation (NCFMEA), or a graduate dental school accredited by either the American Dental Association or the Commission on Dental Accreditation of Canada.]**

...

**["NJCLASS Postgraduate Program" means an NJCLASS program for law, medical, and dental students intended to assist with higher education costs incident to the cost of attendance, such as bar examination and medical and dental residency travel and relocation expenses. The provisions governing Standard NJCLASS loans in this subchapter shall apply to NJCLASS Postgraduate loans, unless this subchapter otherwise provides. The Authority may offer the NJCLASS Postgraduate Program subject to the availability of funding and conditioned on market demand.]**

"Parent borrower" means a parent(s), spouse, legal guardian, or other relative of a dependent undergraduate or graduate student **who applies for and receives an NJCLASS Loan Program loan.**

...

"Parent borrower" means a parent(s), spouse, legal guardian, or other relative of a dependent undergraduate or graduate student **who applies for and receives an NJCLASS Loan Program loan.**

...

"Student borrower" means an undergraduate or graduate student **who applies for and receives an NJCLASS Loan Program loan or NJCLASS Consolidation Loan.**

...

(b) (No change).

§ 9A:10-6.4 Eligibility for the NJCLASS Loan Program

(a) To be eligible for a Standard NJCLASS loan, each applicant must:

1. – 2. (No change).

3. Provide an acceptable cosigner if it is determined by the Authority that one is required; and in the case of any Federal Family Education Loan amount, Federal Direct Loan amount, or any NJCLASS Loan Program loan or Consolidation Loan amount that previously was canceled due to the applicant's total and permanent disability, obtain a certification from a physician that the applicant's condition has improved and that the applicant is able to engage in substantial gainful activity and sign a statement acknowledging that the Standard NJCLASS loan the applicant receives cannot be canceled in the future on the basis of any impairment present when the new loan is made, unless that impairment substantially deteriorates. If the applicant is not the student, and the student had any loan amount described in this paragraph canceled due to the student's total and permanent disability, the student on whose behalf another borrower **or cosigner** is applying for a Standard NJCLASS loan must obtain the physician certification as to the student's improvement and sign the statement limiting future cancellation on the basis of the student's present impairment; and

4. (No change).

(b) (No change).

(c) To be eligible for an NJCLASS Graduate/Professional Students loan for student borrowers, each student must satisfy the requirements of (b)1, 3, 4 and 6 above, as well as the following:

1.-5. (No change).

(d) [To be eligible for an NJCLASS Postgraduate loan for student borrowers, each student must satisfy the requirements of (b)1, 3 and 7 above as well as the following:

1. Be a permanent resident of New Jersey prior to filing an application; however, residency is not required if enrolled in an eligible institution for purposes of this program that is located in New Jersey, meaning that either the institution maintains a campus or the place of instruction is located in New Jersey. An eligible institution is an American Bar Association approved law school, a graduate medical school accredited by the Liaison Committee on Medical Education, the American Osteopathic Association, or the U.S. Department of Education's National Committee on Foreign Medical Education and Accreditation (NCFMEA), or a graduate dental school accredited by either the American Dental Association or the Commission on Dental Accreditation of Canada;

2. Be enrolled in the final year at an eligible institution, be making satisfactory academic progress, and expect to be awarded a J.D., M.D., D.O., D.D.S. or D.M.D. degree during the current academic year;

3. Not owe a grant refund, be in default on a student loan, have a student loan written off as uncollectible, or have adverse credit as outlined in N.J.A.C. 9A:10-6.5(d); and

4. School certification of the NJCLASS application no earlier than one year prior to the student's anticipated graduation date and no later than the student's actual graduation date.

(e) To be eligible for a MedNJ loan, each student must satisfy the requirements of (b)1, 2, 3, 6 and 7, and (c)3 and 5 above as well as the following:

1. (No change).

§ 9A:10-6.5 NJCLASS creditworthiness

(a) To be approved for an NJCLASS Loan Program loan, [a borrower] **an applicant** must be determined creditworthy by the Authority.

(b) The Authority may require that [borrowers or cosigners] **applicants** submit to the Authority information that includes the most recent signed Federal Income Tax Return, including all schedules, and current pay stub or other documentation of income, if applicable. For joint filers, this documentation may include the current pay stub or other documentation of income, if applicable, of both filers.

(c) To be approved for a Standard NJCLASS loan, a creditworthy [borrower or cosigner] **applicant** must have documentable annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services. The amount by which income must exceed Federal poverty guidelines is determined by the **indentures for the bonds or notes** whose proceeds are funding the loan.

(d) [A borrower or cosigner] **An applicant** with one or more of the items listed below in his or her credit history may be denied a Standard NJCLASS loan for not being creditworthy. These

items include delinquent accounts, paid and unpaid collection accounts, paid and unpaid charged off accounts, foreclosure, repossession, bankruptcy, or a paid or unpaid judgment.

(e) [Borrowers] **Applicants** who do not meet the income and credit requirements may reapply with an eligible **co-borrower or cosigner** who does meet the **income and credit** requirements of this section.

§ 9A:10-6.7 Application procedures, disbursement, and students who transfer

(a) – (d) (No change).

(e) An NJCLASS Loan Program loan may be used only to cover the educational costs of attendance at the school that completes the school certification form providing school data. [NJCLASS Postgraduate loans may be used to cover the educational expenses incident to the educational costs of attendance at the school that completes the school certification form providing school data.] The school must return to the Authority any refund of NJCLASS proceeds resulting from a student's withdrawal, after satisfying any outstanding accounts receivable. If a student transfers between schools at any time, neither the student nor the parent borrower are eligible to receive proceeds from an application and promissory note for which the school certification form was completed by the previous school. If a student transfers from one school to another before a loan is fully disbursed, the student or parent borrower is not eligible for any remaining disbursements of that loan, and the student or parent borrower must notify the Authority to cancel the loan or the balance of any undisbursed portion of the loan. The student or parent borrower may submit a second application and promissory note with new cost of attendance and estimated financial assistance figures certified by the new school.

§ 9A:10-6.8 Fees

(a) As determined by the **indentures for the bonds** or notes whose proceeds are funding the loan or by the NJCLASS Application and Promissory Note if the loan is funded through other means, a recipient of an NJCLASS Loan Program loan may be required to pay an application and an administrative fee to the Authority, which combined shall not exceed five percent of the total approved loan amount.

1. Pursuant to the loan disclosure statements accepted by the borrowers, these fees shall either be deducted from the loan proceeds or added to the loan balance. The **indentures for the bonds** or notes whose proceeds are funding the loan determine whether the fees shall be deducted from the loan proceeds or added to the loan balance.

2. For multiply disbursed loans, **an equal percentage of** these fees shall be deducted or added [in equal installments,] from each loan disbursement.

(b) (No change).

§ 9A:10-6.9 Interest

(a) The NJCLASS Loan Program loan shall have a daily fixed simple annual interest rate, a variable interest rate, or another type of interest rate, as determined by the **indentures for the bonds** or notes whose proceeds are funding the loan or by the NJCLASS Application and Promissory Note if the loan is funded through other means. For NJCLASS Loan Program loans

funded through bonds, the NJCLASS Loan Program interest rate will be a pass through rate of the bond interest rate, associated costs of sale, and such other costs or reserves which may be required, and/or determined as the bonds are issued.

(b) (No change).

§ 9A:10-6.11 Repayment of loan

(a) (No change).

(b) There are three primary repayment options for NJCLASS Loan Program loans. The details and eligibility criteria for each specific option and their variations may be restricted by the bond indentures. Borrowers shall indicate preferred repayment options while applying for an NJCLASS Loan Program loan. Applications cannot be processed until a repayment option is selected. The Authority shall make best efforts, based on available funding, to offer borrowers the repayment option selected. If the selected option is unavailable the loan offer will include the most similar available repayment option. The interest rate is established by the Authority pursuant to N.J.A.C. 9A:10-6.9(a). The three primary repayment options for an NJCLASS loan are as follows:

1. – 2. (No change).

3. Borrowers are not required to pay principal or interest until graduation, withdrawal, or notification of less than half-time enrollment of the student on whose behalf the loan was obtained. Once one of these circumstances occurs, the loan reverts to a repayment schedule as set forth in (b)1 above. However, **payment of interest** accrued from the date of loan disbursement is deferred, and **is capitalized** (added to principal) on an annual basis, or more frequently as determined by the **applicable** bond indentures. The first monthly payment of principal and interest shall be required within 60 days after the reversion date.

(c)[In the case of an NJCLASS Postgraduate loan, borrowers may pay, but are not required to pay, principal or interest until the end of the deferment period. After the end of the deferment period, the loan reverts to a repayment schedule as set forth in (b)1 above. Interest accrued from the date of loan disbursement is deferred and capitalized on an annual basis and at the end of the deferment period. The deferment period for an NJCLASS Postgraduate loan means the period beginning on the initial disbursement date and ending on:

1. If the NJCLASS Postgraduate loan is for medical or dental residency travel and relocation expenses, the date that is nine months after the date of graduation, withdrawal, or notification of less than half-time enrollment at the eligible institution named in the NJCLASS Application and Promissory Note unless on such date the borrower is participating in a required residency or postdoctoral program, in which event the deferment period will end on the date that is nine months after the date the borrower completes or otherwise ceases to participate in such program. In no event shall the deferment period end later than 57 months after the date the borrower graduates from medical school or 33 months after the date the borrower graduates from dental school. To be considered participating in a required residency or postdoctoral program during any one-year period requires that the borrower submit to the Authority a certification from the director of such program for such year; or



2. If the NJCLASS Postgraduate loan is for bar examination expenses, the date is nine months after the eligible institution indicated to be the borrower's anticipated or actual graduation date on the NJCLASS application.

(d)] In the case of MedNJ loans borrowers may pay, but are not required to pay, principal or interest until the end of the deferment period. After the end of the deferment period, the loan reverts to a repayment schedule as set forth in (b)1 above. Interest accrued from the date of loan disbursement is deferred and capitalized at graduation or withdrawal and at the end of the residency deferment period. The residency deferment period for an MedNJ loan means the period beginning upon graduation from an eligible institution and ending up to three years after graduation if a borrower is completing a required eligible residency program.

[(e)](d) For loans made after August 3, 1998, the minimum acceptable monthly payment shall be the amount required to fully repay an NJCLASS Loan Program loan in the maximum repayment period; however, the minimum acceptable monthly payment of principal and interest shall not be less than \$ 50.00 per borrower for all of that borrower's NJCLASS Loan Program loans. The minimum acceptable monthly payment for borrowers in an interest only repayment status shall not be less than \$ 10.00 per loan.

[(f)](e) Notwithstanding any periods of deferment and/or forbearance, NJCLASS Loan Program loans shall be paid in full within the amount of years from the date of first disbursement as specified in the NJCLASS Application, Promissory Note, and disclosures. The amount of years in which a loan is to be repaid is determined by the **indentures for the bonds or notes** whose proceeds are funding the loan.

[(g)](f) The borrower has the right to repay the entire loan or any portion of the loan at any time without penalty.

[(h)](g) Borrowers seeking relief under the Servicemembers Civil Relief Act, 50 U.S.C. §§ 501 et seq., must submit a request to the Authority in the manner prescribed by 50 U.S.C. § 527(b)(1).

#### § 9A:10-6.12 Deferments and forbearance

(a) (No change).

(b) The deferment begins on the date the borrower's qualifying status is certified to begin and ends on the date the borrower's qualifying status is certified to end. Maximum allowable time periods for all deferments except full-time and half-time study at an eligible institution **and active duty in the armed forces** shall not exceed six months for loans with a 10-year repayment term, 18 months for loans with a 15-year repayment term, 24 months for loans with a 20-year repayment term, 30 months for loans with a 25-year repayment term, and 36 months for loans with a 30-year repayment term for an unemployment deferment, and for each of the remaining deferments, as established by the Authority. Full-time and half-time study deferments are not available within 24 months of the loan maturity date. Deferments for NJCLASS Loan Program loans with a 10-year repayment term are limited to unemployment deferments.

(c) (No change).

(d) The Authority may also, at its discretion, grant borrowers periods of forbearance in the repayment of the NJCLASS Loan Program loan(s). Forbearance will only be granted if **the ability of both the borrower and co-borrower [qualify for the forbearance pursuant to 34 CFR 682.211(a)(3)] to make scheduled payments has been impaired based on the same or differing conditions. Forbearance may be granted for situations including, but not limited to, [economic] financial hardship, which means situations where the overall financial circumstances of the individual seeking relief are such that he or she is unable to maintain a basic standard of living and still make NJCLASS Loan Program debt payments [(as these terms are defined for the FFEL Program, 34 CFR part 682)].** The maximum allowable time period for [economic] financial hardship forbearance shall not exceed six months for loans with a 10-year repayment term, 18 months for loans with a 15-year repayment term, 24 months for loans with a 20-year repayment term, 30 months for loans with a 25-year repayment term, and 36 months for loans with a 30-year repayment term. In granting a forbearance, the Authority permits a temporary cessation of principal payments and temporarily permits payments of interest only, or a temporary cessation of both principal and interest payments. Interest continues to accrue during all forbearance periods.

#### § 9A:10-6.13 Consolidation Loan Program

(a) – (e) (No change).

(f) An NJCLASS Consolidation loan borrower and/or co-borrower shall meet minimum income requirements and be determined creditworthy by the Authority in order to be eligible for an NJCLASS Consolidation loan. Cosigners shall be required to meet the minimum income or creditworthy determination by the Authority if the borrower or co-borrower are unable to do so.

1. To be approved for an NJCLASS Consolidation loan, a creditworthy borrower, co-borrower or cosigner shall have documentable annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services. The amount by which income must exceed Federal poverty guidelines is determined by the **indentures for the bonds or notes** whose proceeds are funding the loan.

2. (No change).

(g) – (n) (No change).

#### § 9A:10-6.16 Default and consequences of default

(a) (No change).

(b) Upon default, the borrower and/or cosigner, if any, are liable for the entire balance of the loan. Upon default, the Authority shall notify credit bureaus of this negative information. Default may result in any or all of the following: expedited increase of interest rate, loss of State income tax refunds or State tax rebates, [assessment of collection charges including attorney fees of up to 30 percent of the debt collected,] loss of eligibility for other student aid, negative credit reports, administrative wage garnishment, offset of lottery prize winnings, [and] suspension of New Jersey occupational and professional license **and assessment of collection charges including**

**attorney fees up to 30 percent of the debt owed. Collection costs, which encompass the cost of processing, handling and collecting such debt, become due and owing at the time the account is placed with outside counsel and shall be added to the balance owed regardless of whether the total amount is actually collected.**

## **SUBCHAPTER 7. POLICY GOVERNING NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST (NJBEST) PROGRAM**

### **§ 9A:10-7.15 Eligibility for NJBEST scholarship**

(a) An additional amount of \$ 500.00, subject to appropriations available therefor, shall be credited toward the qualified higher education expenses of a designated beneficiary at the time of a qualified withdrawal provided:

1. The contributor demonstrates to the satisfaction of the Authority that the contributor participated in the program by making and not withdrawing a qualifying minimum initial deposit of \$ 1,200 or that qualifying minimum annual contributions of \$ 300.00 for a designated beneficiary were made by persons based on the time periods for crediting these contributions in (a)1i through iii below. In all cases involving the eligibility of a designated beneficiary for an NJBEST scholarship, the Authority reserves the right to make the final determination as to whether contributions have met the time periods as stated in this paragraph for participation in the NJBEST Program.

i. – iii. (No change).

**iv. First time enrollment is defined as the first time a student enrolls on either a full- or half-time basis at any institution of post-secondary education. Students who have previously attended another institution of post-secondary education are not first time students. For semester schools, if a student's first term of enrollment is for the summer or winter term, the scholarship is awarded for the succeeding fall or spring semester.**

2. – 3. (No change).

(b) – (e) (No change).

**RESOLUTION 06:16**

**CONSIDERATION OF PROPOSED READOPTION WITH AMENDMENTS OF  
REGULATIONS GOVERNING STUDENT LOAN AND COLLEGE SAVING  
PROGRAMS, N.J.A.C. 9A:10**

Moved by: Mr. Bader Qarmout

Seconded by: Ms. Maria Torres

**WHEREAS:** The Higher Education Student Assistance Authority (“HESAA”) is statutorily responsible for the administration of the State’s student loan and college savings programs; and

**WHEREAS:** Pursuant to N.J.S.A. 52:14B-5.1, N.J.A.C. 9A:10 sunsets on May 1, 2016; and

**WHEREAS:** HESAA is required to review the rules proposed for re adoption and determine if they are necessary, reasonable and proper for the efficient operation of the financial aid programs for which they were originally promulgated; and

**WHEREAS:** The proposed re adoption contains amendments, and the repeal of certain rules no longer applicable to program operations, to provide additional clarity in the eligibility requirements for participation and application, enrollment criteria, and continued payment of awards for students attending participating New Jersey institutions.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:** That the Board approves and authorizes publishing the attached Proposed Readoption With Amendments of Regulations Governing the Student Loan and College Savings Programs, N.J.A.C. 9A:10 in the New Jersey Register.

April 19, 2016



*State of New Jersey*

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

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CHRIS CHRISTIE  
Governor


KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

**MEMORANDUM**

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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

**FROM:** Marnie B. Grodman, Esq.   
Director, Legal and Governmental Affairs  
Administrative Practice Officer

**SUBJECT:** Resolution 07:16 –Adopting Amendments to the Regulations Governing the Primary Care Practitioner Loan Redemption Program, N.J.A.C. 9A:16-2.1

**DATE:** April 19, 2016

**Background**

Pursuant to N.J.S.A. 18A:71C-48 the Higher Education Student Assistance Authority (HESAA) is statutorily responsible for the administration of the Primary Care Practitioner Loan Redemption Program (“Program”) and for the promulgation of all rules to that effect. HESAA received comments in response to its proposal to readopt N.J.A.C. 9A:16 recommending amendments to N.J.A.C. 9A:16-2.1(a)1 and (a)2 to expand the applicant pool for potential participants in the Primary Care Practitioner Loan Redemption Program. HESAA agreed that these amendments would be beneficial to the program. However, as the amendments were substantive they could not be made upon adoption and therefore need to be noticed as a new proposal.

At its October 22, 2015 meeting the HESAA Board approved the proposed amendments to N.J.A.C. 9A:16-2.1. The proposed rule, PRN 2015-158, was published in the December 7, 2015 New Jersey Register at 47 N.J.R. 2903(a), on the HESAA website at HESAA.org, sent to the Statehouse News Media, emailed to interested parties through HESAA’s listserv and distributed as a press release. The 60-day legislative review period for this rule expired on January 1, 2016 with no comments received and the public comment period for this rule expired on February 5, 2016. The Authority received comments from Mishael Azam, Esq., Chief Operating Officer and Senior Manager, Legislative Affairs, Medical Society of New Jersey and Elizabeth A. Ryan,

Esq., President and CEO, New Jersey Hospital Association. The comments are summarized below along with the Higher Education Student Assistance Authority's responses.

1. COMMENT: Ms. Azam advised that the Medical Society of New Jersey supports these amendments as well as the goals of the Primary Care Practitioner Loan Redemption Program.

RESPONSE: The Higher Education Student Assistance Authority appreciates the support.

2. COMMENT: Ms. Ryan advised that while the New Jersey Hospital Association "appreciate[s] the intent of the proposed amendments to N.J.A.C. 9A:16-2.1 to permit potential participants to apply to the program before they move to New Jersey, [they] believe expanding and updating the list of eligible service locations and ensuring loan redemption priority for New Jersey-trained practitioners are more pressing program needs." She requests that the Program "give priority to New Jersey based resident physicians and other healthcare providers when awarding loan redemption[s]..."

RESPONSE: The amendment to N.J.A.C. 9A:16-2.1(a) is being made to encourage practitioners to practice in New Jersey's underserved areas and to eliminate delays in accepting participants into the Program. As Ms. Ryan stated in her comments, "the loan redemption program is a great incentive to attract and retain the best-trained healthcare professionals..." While this amendment assists in attracting the best and the brightest in the country to New Jersey, the outreach for potential participants is focused on New Jersey medical schools. In addition, many potential practitioners attend school in New Jersey but do not establish New Jersey residency while in school. This amendment provides an incentive for potential participants to remain in New Jersey or move back to New Jersey.

3. COMMENT: Ms. Ryan recommends expanding and updating the list of eligible service locations. She recommends adding municipalities with a high percentage of households below the Federal poverty level and believes this expansion would encourage more physicians to stay in the State.

RESPONSE: Pursuant to N.J.S.A. 18A:71C-35 the Commissioner of Health, after consultation with the Commissioners of Corrections and Human Services, designates and ranks the State designated underserved areas. The Authority is not authorized to amend the designation or rankings.

Attached to Resolution 06:16 is the Rule Proposal as published in the December 7, 2016 New Jersey Register.

### **Recommendation**

It is recommended that the Board approve Resolution 07:16 Adopting Amendments to the Regulations Governing the Primary Care Practitioner Loan Redemption Program, N.J.A.C. 9A:16-2.1.

Attachments

**RESOLUTION 07:16**

**ADOPTING AMENDMENTS TO THE REGULATIONS GOVERNING THE PRIMARY CARE PRACTITIONER LOAN REDEMPTION PROGRAM, N.J.A.C. 9A:16-2.1**

Moved by: Fr. Michael Braden  
Seconded by: Ms. Jean McDonald Rash

**WHEREAS:** Pursuant to N.J.S.A. 18A:71C-48 the Higher Education Student Assistance Authority (“HESAA”) is statutorily responsible for the administration of the Primary Care Practitioner Loan Redemption Program; and

**WHEREAS:** HESAA received comments in response to its proposal to readopt N.J.A.C. 9A:16 recommending amendments to N.J.A.C. 9A:16-2.1(a)1 and (a)2 to expand the applicant pool for potential participants in the Primary Care Practitioner Loan Redemption Program; and

**WHEREAS:** HESAA agreed that these amendments would be beneficial to the program; and

**WHEREAS:** The amendments could not be made upon adoption as they were substantive and therefore needed to be noticed as a new proposal; and

**WHEREAS:** At its October 22, 2015 meeting the HESAA Board approved the proposed amendments to N.J.A.C. 9A:16-2.1; and

**WHEREAS:** The Proposed Rule No. PRN 2015-158, was published in the December 7, 2015 New Jersey Register at 47 N.J.R. 2903(a), on the HESAA website at HESAA.org, sent to the Statehouse News Media, emailed to interested parties through HESAA’s listserv and distributed as a press release; and

**WHEREAS:** The 60-day legislative review period for this rule expired on January 1, 2016, with no comments received; and

**WHEREAS:** The public comment period for this rule expired on February 5, 2016 with comments received from two parties, not requiring any modifications.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:** That the Board approves the Adoption of Amendments of Regulations Governing the Primary Care Practitioner Loan Redemption Program, N.J.A.C. 9A:16-2.1.

April 19, 2016

# RULE PROPOSALS

## INTERESTED PERSONS

Interested persons may submit comments, information or arguments concerning any of the rule proposals in this issue until the date indicated in the proposal. Submissions and any inquiries about submissions should be addressed to the agency officer specified for a particular proposal.

The required minimum period for comment concerning a proposal is 30 days. A proposing agency may extend the 30-day comment period to accommodate public hearings or to elicit greater public response to a proposed new rule or amendment. Most notices of proposal include a 60-day comment period, in order to qualify the notice for an exception to the rulemaking calendar requirements of N.J.S.A. 52:14B-3. An extended comment deadline will be noted in the heading of a proposal or appear in subsequent notice in the Register.

At the close of the period for comments, the proposing agency may thereafter adopt a proposal, without change, or with changes not in violation of the rulemaking procedures at N.J.A.C. 1:30-6.3. The adoption becomes effective upon publication in the Register of a notice of adoption, unless otherwise indicated in the adoption notice. Promulgation in the New Jersey Register establishes a new or amended rule as an official part of the New Jersey Administrative Code.

## HIGHER EDUCATION

### (a)

#### HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

#### Primary Care Practitioner Loan Redemption Program Proposed Amendment: N.J.A.C. 9A:16-2.1

Authorized By: Higher Education Student Assistance Authority,  
Anthony Falcone, Chairperson.

Authority: N.J.S.A. 18A:71C-32 et seq.

Calendar Reference: See Summary below for explanation of  
exceptions to calendar requirement.

Proposal Number: PRN 2015-158.

Submit written comments by February 5, 2016, to:

Marnie B. Grodman, Esquire  
Administrative Practice Officer  
Higher Education Student Assistance Authority  
PO Box 545  
Trenton, NJ 08625-0545  
E-mail: [Regulations@hesaa.org](mailto:Regulations@hesaa.org)

The agency proposal follows:

#### Summary

Pursuant to N.J.S.A. 18A:71C-48, the Higher Education Student Assistance Authority (Authority) is statutorily responsible for the administration of the Primary Care Practitioner Loan Redemption Program (PCPLRP) and for the promulgation of all rules to that effect. The PCPLRP provides for the redemption of a portion of the eligible qualifying loan expenses of primary care practitioners for each year of service at an approved site.

N.J.A.C. 9A:16-2 sets forth the Program requirements. This subchapter includes the eligibility provisions, application and selection requirements for participants, terms and procedures for the loan redemption, and conditions and allocation of funds for cancellation of the contract and termination of an individual's participation in the Program.

N.J.A.C. 9A:16-2.1(a)1 is proposed for amendment to permit potential participants to apply to the Program before they move to New Jersey. This amendment is made to encourage practitioners to move to New Jersey and practice in New Jersey's underserved areas.

N.J.A.C. 9A:16-2.1(a)2 is proposed for amendment to permit potential participants to apply for the Program in anticipation of receiving their license. This amendment is made to encourage practitioners to practice in New Jersey's underserved areas and to eliminate delays in accepting participants into the Program.

As the Authority has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement, pursuant to N.J.A.C. 1:30-3.3(a)5.

#### Social Impact

The rule proposed for amendment governs the eligibility to apply for the PCPLRP, the purpose of which is to increase and improve the provision of primary health service in those areas of the State that are currently underserved. To encourage service in these areas and improve primary care services offered to many New Jersey residents, on an annual basis the State redeems a percentage of the educational loans of primary care practitioners. The rule proposed for amendment establishes eligibility to apply for the Program. The proposed amendments positively impact participants by permitting prospective participants to apply to the Program in anticipation of moving to New Jersey and earning their licenses. The proposed amendments also positively impact State residents that live in underserved areas by helping to ensure that they have access to primary healthcare provided by a large pool of participants.

#### Economic Impact

The proposed amendments do not represent any new cost factors for the State. The current appropriation for this Program is \$1.5 million, of which 25 percent is dedicated to the Nursing Faculty Loan Redemption Program pursuant to N.J.S.A. 18A:71C-58. The amendments do not add any new costs to the Program, as they do not add to the number of participants in the Program nor increase the appropriation.

#### Federal Standards Statement

A Federal standards analysis is not required since the proposed amendments are not subject to any Federal requirements or standards with the exception of those governing loan redemptions Federally funded through a matching grant pursuant to the Public Health Services Act, 42 U.S.C. § 254q-1. The rules governing the Primary Care Practitioner Loan Redemption Program are consistent with the terms and conditions of contracts under the Public Health Services Act; therefore, a Federal standards analysis is not applicable.

#### Jobs Impact

The proposed amendments will not result in the loss or generation of jobs. The amendments, which may expand the pool of applicants, do not add to the number of participants in the Program.

#### Agriculture Industry Impact

The proposed amendments will not have any impact on the agriculture industry.

#### Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed amendments do not impose reporting, recordkeeping, or other compliance requirements on small businesses as defined by the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The requirements of these amendments are imposed on individuals, as Program participants, not on small businesses.



**Housing Affordability Impact Analysis**

The proposed amendments will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the rules would evoke a change in the average costs associated with housing because the proposed amendments concern eligibility to apply for student loan redemption, not housing.

**Smart Growth Development Impact Analysis**

The proposed amendments will have an insignificant impact on smart growth and there is an extreme unlikelihood that the amendments would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey. The proposed amendments affect eligibility to apply for student loan redemption which has no impact on housing production.

Full text of the proposal follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

9A:16-2.1 Eligibility

(a) To be eligible for participation in the program, an applicant must:

1. [Be a resident of the State of New Jersey at the time of application and maintain] **Maintain residency in the State of New Jersey** throughout participation in the program;
2. [Be licensed to practice as a primary care practitioner in the State of New Jersey at the time of application and maintain] **Maintain a license to practice as a primary care practitioner in the State of New Jersey** throughout participation in the program;
- 3.-5. (No change.)

**LAW AND PUBLIC SAFETY**

(a)

**DIVISION OF CONSUMER AFFAIRS**

**BOARD OF EXAMINERS OF ELECTRICAL CONTRACTORS**

**Fire Alarm, Burglar Alarm, and Locksmith Advisory Committee**

**Qualifications for Licensure for Applicants Licensed in Other States**

**Proposed Amendment: N.J.A.C. 13:31A-1.10**

Authorized By: Board of Examiners of Electrical Contractors,

Francine Widrich, Acting Executive Director.

Authority: N.J.S.A. 45:5A-24 and 45:5A-38.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2015-157.

Submit written comments by February 5, 2016, to:

Francine Widrich, Acting Executive Director  
 Board of Examiners of Electrical Contractors  
 124 Halsey Street  
 PO Box 45006  
 Newark, New Jersey 07101  
 Or electronically at:  
<http://www.njconsumeraffairs.gov/Proposals/Pages/default.aspx>

The agency proposal follows:

**Summary**

The Board of Examiners of Electrical Contractors (the Board), in consultation with the Fire Alarm, Burglar Alarm, and Locksmith Advisory Committee (the Committee), is proposing an amendment to require applicants for initial licensure as alarm installers and locksmiths who are licensed in other states to take two hours of training in New Jersey law and rules.

Effective December 16, 2013 (see 44 N.J.R. 2029(a); 45 N.J.R. 2603(b)), the Board adopted amendments to N.J.A.C. 13:31A-2.1 and 3.1 to require applicants for initial licensure as alarm installers and locksmiths, respectively, to take two hours of training in New Jersey law

and rules, in addition to the currently required eight hours of instruction in the Barrier Free Subcode, the New Jersey Uniform Construction Code, the Americans with Disabilities Act Code, and industrial safety.

The Committee similarly intended for applicants licensed in other states to also take two hours of training in New Jersey law and rules. The Committee believes that two hours of instruction in the law and rules governing the provision of alarm and locksmithing services in New Jersey will be beneficial for applicants licensed in other states, and will help to ensure that they are familiar with the statutory and regulatory obligations imposed on their profession prior to commencing work in the State.

The Committee proposes to amend N.J.A.C. 13:31A-1.10 to correspond to the adopted amendments to N.J.A.C. 13:31A-2.1 and 3.1. The proposed amendment requires applicants from other states to take two hours of training in New Jersey law and rules.

The Board has provided a 60-day comment period for this notice of proposal, therefore, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

**Social Impact**

The Committee believes that the proposed amendment to N.J.A.C. 13:31A-1.10 will have a positive impact on burglar alarm, fire alarm, and locksmith licensees and on the consumers they serve. Specifically, the Committee believes that the proposed amendment to N.J.A.C. 13:31A-1.10, which will require applicants from other states applying for initial licensure as alarm installers and locksmiths to take two hours of training in New Jersey law and rules will ensure that licensees are familiar with the statutory and regulatory obligations with which they must comply prior to commencing work for New Jersey consumers.

**Economic Impact**

The Committee believes there will be an economic impact on applicants from other states applying for initial licensure due to the costs associated with obtaining two hours of instruction in New Jersey law and rules. The Committee believes that any such costs are outweighed by the need to ensure that all licensees are familiar with the statutory and regulatory obligations with which they must comply prior to commencing work for New Jersey consumers.

**Federal Standards Statement**

A Federal standards analysis is not required because the proposed amendment is governed by N.J.S.A. 45:5A-1 et seq., and is not subject to any Federal standards or requirements.

**Jobs Impact**

The Committee does not believe that the proposed amendment will result in an increase or decrease in the number of jobs in the State.

**Agriculture Industry Impact**

The proposed amendment will have no impact on the agriculture industry in the State.

**Regulatory Flexibility Statement**

As applicants for initial licensure are not licensed and, therefore, cannot engage in the alarm business or perform locksmithing services, they do not constitute "small businesses" for the purposes of the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., and a regulatory flexibility analysis is not required.

**Housing Affordability Impact Analysis**

The proposed amendment will have an insignificant impact on the affordability of housing in New Jersey and there is an extreme unlikelihood that the proposed amendment would evoke a change in the average costs associated with housing because the proposed amendment concerns initial licensure requirements for alarm installers and locksmiths licensed in other states.

**Smart Growth Development Impact Analysis**

The proposed amendment will have an insignificant impact on smart growth development and there is an extreme unlikelihood that the proposed amendment would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey because the



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CHRIS CHRISTIE  
Governor


KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

**MEMORANDUM**

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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

**FROM:** Patricia Maske   
Director, Human Resources

**SUBJECT:** Resolution 08:16 Approving Contractors to Provide Temporary Employment Services

**DATE:** April 19, 2016

**Background**

In order to accomplish its mission of providing students and their families with financial aid and informational resources to pursue their education beyond high school it is necessary for the Higher Education Student Assistance Authority (HESAA) to supplement its permanent workforce with temporary employees and consultants. To ensure that HESAA employs the most qualified temporary employees and consultants in the most cost effective manner, on February 22, 2016 HESAA issued three separate Requests for Proposals for Temporary Employment Services, one for Administrative, Office & Clerical positions, one for Finance positions and one for Information Technology positions (individually "RFP-Admin", "RFP-Finance" and "RFP – IT" respectively and collectively "RFPs").

HESAA mailed the RFPs to the vendors currently providing employment services for HESAA, vendors listed on the State contract and other vendors that have expressed interest in providing these services for HESAA in the past. Additionally, the RFPs were posted on HESAA's website and advertised in the Trenton Times, Star Ledger, Courier News, and Home News.

**Selection Process**

The evaluation committee for the RFP- Admin, comprised of HESAA's Director of Grants and Scholarships, Acting Director of Client Services and Loans Program Officer received 11 proposals from the following firms:

Accounting Principals 125 Village Boulevard, Suite 240 Princeton NJ 08540	Industrial Staffing Services, Inc. 25 Kennedy Blvd Suite 200 East Brunswick NJ 08816	Noor Staffing Group 295 Madison Avenue New York NY 10017
CoWorx Staffing Services 742 Alexander Road, Suite 101 Princeton NJ 08540	J&J Staffing Resources 1230 Parkway Avenue Suite 104 West Trenton NJ 08628	OfficeTeam 700 Alexander Park Suite 200 Princeton NJ 08540

CareersUSA 2442 Route 38 Suite 4 Cherry Hill, NJ 08002 And 533 N Evergreen Ave Woodbury NJ 08096	LanceSoft, Inc. 13454 Sunrise Valley Drive Suite 120 Herndon VA 20171	Perry Resources 525 Route 73 Suite 201 Marlton NJ 08053
Horizon Staffing Resources 198 Route 9 North, Suite 107 Manalapan NJ 07726	Lyneer Staffing Solutions Lawrenceville NJ	

The evaluation committee for the RFP- Finance, comprised of HESAA's Director of Human Resources, Controller and Assistant Director of HESAA's Servicing Unit received 8 proposals from the following firms:

Accounting Principals 125 Village Boulevard, Suite 240 Princeton NJ 08540	CoWorx Staffing Services 742 Alexander Road, Suite 101 Princeton NJ 08540	LanceSoft, Inc. 13454 Sunrise Valley Drive Suite 120 Herndon VA 20171
Accountemps 700 Alexander Park Suite 200 Princeton NJ 08540	Industrial Staffing Services Inc. 25 Kennedy Blvd Suite 200 East Brunswick NJ 08816	Lyneer Staffing Solutions Lawrenceville NJ
CareersUSA 2442 Route 38 Suite 4 Cherry Hill, NJ 08002 And 533 N Evergreen Ave Woodbury NJ 08096	J&J Staffing Resources 1230 Parkway Avenue Suite 104 West Trenton NJ 08628	

The evaluation committee for the RFP- IT, comprised of HESAA's Chief Information Officer, Senior Systems Architect, Project Coordinator and Operations Management Specialist received 12 proposals from the following firms:

22 <sup>nd</sup> Century Technologies Inc. 1 Executive Drive Suite 285 Somerset NJ 08873	CNC Consulting Inc. 50 East Palisades Ave Suite 422 Englewood NJ 07631	LikeMinds Consulting Inc. 133 Fleming Street Piscataway NJ 08854
Adaptive Tech Resources 4400 Rt. 9 South Suite 1000 Freehold NJ 08828	Extendime Software Solutions 66 Middlesex Ave Suite 209 Iselin NJ 08830	Robert Half Technology 700 Alexander Park Suite 200 Princeton NJ 08540
Ardent Technologies Inc. 6234 Far Hills Avenue Dayton OH 45459	Industrial Staffing Services Inc. 25 Kennedy Blvd Suite 200 East Brunswick NJ 08816	TechnoSphere Inc. 21 Addison Road Bergenfield NJ 07621
Beacon Systems Inc. 900 W. Sample Road Suite 400A Floral Springs FL 33065	LanceSoft, Inc. 13454 Sunrise Valley Drive Suite 120 Herndon VA 20171	TEKSystems 100 Matsonford Road Suite 210 Radnor PA 19087

Each evaluation committee determined the weights for the following selection criteria to provide each firm with a qualitative score:

1. Experience;
2. Ability of vendor to provide needed personnel;
3. Ability of vendor to provide needed personnel in a timely manner;
4. The vendor's references and or past experiences; and
5. Additional fees for conversion to fulltime employment and background checks.

Once the firms were scored they were then ranked from highest to lowest score. The firms were also ranked from lowest to highest price. The qualitative rankings were weighted at 65% and the price rankings were weighted at 35%. The weighted ranks were totaled and the award recommendations went to the firms with the highest combined ranking.

Based on the combined scores, staff recommends making the following contract awards:

	Primary	Secondary	Tertiary
Admin	J&J Staffing Resources	CareersUSA	Office Team
Finance	Accountemps	J&J Staffing Resources	CareersUSA
IT	Robert Half International	TEK Systems	LikeMinds Consulting, Inc.

Additionally, HESAA requested that each firm provide a pass-through rate in which HESAA finds the qualified employees the Authority wishes to retain for temporary work. The firm then hires those employees and provides them to HESAA for temporary employment. HESAA would set the hourly rate for these employees and pay the firm a set percentage above that rate.

Three firms provided pass-through rates for administrative, office & clerical positions and two firms provided a pass-through rate for finance positions. No firms provided a pass-through rate for IT positions. It is recommended that the award for providing temporary employees on a pass-through basis for all positions be made to J&J staffing because they provided the lowest rate at 30% above the hourly rate for both the RFP-Admin and RFP-Finance. As the RFP-IT provided that HESAA reserves the right to hire temporary staff and consultants outside of the contracts awarded pursuant to the RFP it is recommended that HESAA also engage J&J to provide temporary employees on a pass-through basis for IT positions at the rate of 30% above the hourly rate.

**Recommendation**

It is recommended that the Board approve Resolution 08:16 Appointing Vendors to Provide Employment Services, on an hourly basis to the firms listed on the chart above at the hourly rates listed on the attached price sheet and on a pass-through basis to J&J Staffing Resources at a rate of 30% over the hourly rate paid to the temporary employee.

Attachments

**RESOLUTION 08:16**

**APPOINTING VENDORS TO PROVIDE EMPLOYMENT SERVICES**

Moved by: Ms. Jean McDonald Rash  
Seconded by: Fr. Michael Braden

**WHEREAS:** On February 22, 2016 the Higher Education Student Assistance Authority (HESAA) issued three separate Requests for Proposals for Temporary Employment Services, one for Administrative, Office & Clerical positions, one for Finance positions and one for Information Technology positions (individually “RFP-Admin”, “RFP-Finance” and “RFP – IT” respectively and collectively “RFPs”); and

**WHEREAS:** HESAA received eleven proposals in response to the RFP - Admin, eight proposals in response to the RFP – Finance and twelve proposals in response to the RFP - IT; and

**WHEREAS:** An evaluation committee comprised of HESAA’s Director of Grants and Scholarships, Acting Director of Client Services and Loans Program Officer met and reviewed the responses to the RFP - Admin; and

**WHEREAS:** An evaluation committee comprised of HESAA’s Director of Human Resources, Controller and Assistant Director of HESAA’s Servicing Unit met and reviewed the responses to the RFP - Finance; and

**WHEREAS:** An evaluation committee comprised of HESAA’s Chief Information Officer, Senior Systems Architect, Project Coordinator and Operations Management Specialist met and reviewed the responses to the RFP - IT; and

**WHEREAS:** The evaluation committees ranked the firms based on both a qualitative score and their price proposals and determined the highest ranking firms for each RFP.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:** That the Board appoints the following vendors to provide employment services, on an hourly basis as listed on the attached pricelist:

	Primary	Secondary	Tertiary
Admin	J&J Staffing Resources	CareersUSA	Office Team
Finance	Accountemps	J&J Staffing Resources	CareersUSA
IT	Robert Half International	TEK Systems	LikeMinds Consulting Inc.

And be it further

**RESOLVED:** That the Board appoints J&J Staffing Resources to provide employment services on a pass-through basis at a rate of 30% over the hourly rate paid to the temporary employee.

April 19, 2016

**Higher Educations Student Assistance Authority  
Employment Services  
Administrative and Office Clerical**

<b>Firm</b>	<b>Price Rank (lowest = 11) (35%)</b>	<b>Score rank (best = 11) (65%)</b>	<b>Total</b>	<b>Final Rank (best = 1)</b>
Accounting Principals	5	1	2.4	11
CoWorx Staffing Services	9	6	7.05	4
CareersUSA	10	8	8.7	2
Horizon Staffing Resources	1	9	6.2	6
Industrial Staffing Services Inc	3	4	3.65	9
J&J Staffing Resources	8	11	9.95	1
LanceSoft Inc	7	5	5.7	7
Lyneer Staffing Solutions	6	7	6.65	5
Noor Staffing Group Inc	2	3	2.65	10
OfficeTeam A Robert Half Company	4	10	7.9	3
Perry Resources	11	2	5.15	8

**Higher Educations Student Assistance Authority  
Employment Services - Pass-through rate  
Administrative and Office Clerical**

<b>Firm</b>	<b>% over hourly rate</b>
Accounting Principals	N/A
CoWorx Staffing Services	N/A
CareersUSA	N/A
Horizon Staffing Resources	45%
Industrial Staffing Services Inc	N/A
J&J Staffing Resources	30%
LanceSoft Inc	N/A
Lyneer Staffing Solutions	35%
Noor Staffing Group Inc	N/A
Office Team A Robert Half Company	N/A
Perry Resoureces	N/A

\*Lyneer % if over 580 hours otherwise 40%. Not clear if pass through

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: CareersUSA

Date: March 16, 2016

Comments: This company did not provide the timeline in which they will be able to provide staff

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
Experience	5	7	7	20	380
Ability to provide appropriate personnel	5	6	6	40	680
Ability to provide appropriate personnel in a timely manner	4	0	0	20	80
References	6	6	7	15	285
Additional Fees (conversion and background checks)	5	7	7	5	95
<b>Total:</b>					1520

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: Horizon Staffing Resources

Date: March 16, 2016

Comments: This company's experience seemed limited. In addition there was nothing in their proposal to distinguish them from the other companies

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
Experience	5	6	5	20	320
Ability to provide appropriate personnel	5	6	6	40	680
Ability to provide appropriate personnel in a timely manner	5	6	6	20	340
References	2	7	6	15	225
Additional Fees (conversion and background checks)	5	6	7	5	90
<b>Total:</b>					1655



# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: Industrial Staffing Services Inc

Date: March 16, 2016

Comments: This company did not provide the timeline in which they will be able to provide staff.

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
Experience	3	6	7	20	320
Ability to provide appropriate personnel	4	5	6	40	600
Ability to provide appropriate personnel in a timely manner	4	0	0	20	80
References	5	5	6	15	240
Additional Fees (conversion and background checks)	5	6	7	5	90
<b>Total:</b>					1330

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: J&J Staffing Services

Date: March 16, 2016

Comments: This company's proposal met or exceeded all of the criteria. In addition, they have a proved record of HESAA of providing the services as promised in their proposal.

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
Experience	5	6	7	20	360
Ability to provide appropriate personnel	6	7	7	40	800
Ability to provide appropriate personnel in a timely manner	5	6	6	20	340
References	4	6	7	15	255
Additional Fees (conversion and background checks)	6	5	7	5	90
<b>Total:</b>					<b>1845</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: LanceSoft Inc

Date: March 16, 2016

Comments: This company did not demonstrate a lot of experience. In addition they did not provide the timeline in which they will be able to provide staff.

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
Experience	3	4	5	20	240
Ability to provide appropriate personnel	3	5	5	40	520
Ability to provide appropriate personnel in a timely manner	3	5	6	20	280
References	5	5	6	15	240
Additional Fees (conversion and background checks)	4	5	7	5	80
<b>Total:</b>					1360

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: Lyneer Staffing Solutions

Date: March 16, 2016

Comments: This company provided an impressive proposal that met all of HESAA's criteria. In addition, they are located close to HESAA which is helpful in providing local temporary employees.

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
Experience	5	6	7	20	360
Ability to provide appropriate personnel	4	5	6	40	600
Ability to provide appropriate personnel in a timely manner	4	0	6	20	200
References	5	6	6	15	255
Additional Fees (conversion and background checks)	4	5	7	5	80
<b>Total:</b>					1495

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: Noor Staffing Group

Date: March 16, 2016

Comments: This company did not provide the timeline in which they will be able to provide staff. In addition, they are located in New York and do not have a New Jersey office.

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
Experience	3	5	6	20	280
Ability to provide appropriate personnel	3	5	7	40	600
Ability to provide appropriate personnel in a timely manner	3	0	0	20	60
References	4	6	6	15	240
Additional Fees (conversion and background checks)	6	5	7	5	90
<b>Total:</b>					1270

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: Office Team, A Robert Half Company

Date: March 16, 2016

Comments: This company provided an impressive proposal that met or exceeded all of HESAA's criteria.

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
Experience	7	6	6	20	380
Ability to provide appropriate personnel	5	5	6	40	640
Ability to provide appropriate personnel in a timely manner	7	5	6	20	360
References	5	5	7	15	255
Additional Fees (conversion and background checks)	5	5	7	5	85
<b>Total:</b>					<b>1720</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - Administrative

Bidder: Perry Resources

Date: March 16, 2016

Comments: This company's proposal was less impressive than other companies, as they only provided their brochure. In addition, based on the pricing quotes they seem to under pay their staff.

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
Experience	4	3	6	20	260
Ability to provide appropriate personnel	3	4	5	40	480
Ability to provide appropriate personnel in a timely manner	3	2	5	20	200
References	4	5	5	15	210
Additional Fees (conversion and background checks)	5	5	7	5	85
<b>Total:</b>					<b>1235</b>

Combined Price Lists - Administrative

Job Title	Acct Princ	CoWorx	Careers	Horizon	Industrial	J&J	Lance	Lyneer	Noor	Officeteam	Perry
Administrative Assistant	\$23.51	17.94-20.70	\$20.00	\$23.84	\$16.56	\$16.45	\$16.04	\$17.55	\$28.00	\$21.95	\$17.76
Administrative Assistant - Executive	\$27.37	26.22-28.98	\$22.50	\$31.79	\$24.84	\$20.30	\$16.29	\$21.35	\$42.00	\$29.85	\$20.72
Clerk – Data Entry	\$18.00	15.18-17.94	\$16.25	\$18.60	\$13.80	\$15.75	\$19.36	\$16.20	\$16.00	\$18.50	\$15.91
Clerk –Loans	N/A	15.18-17.94	\$16.25	\$21.70	\$20.70	\$15.75	\$16.69	\$18.90	\$16.00	\$18.50	\$15.91
Clerk –Mailroom/Facilities	\$18.00	14.49-16.65	\$16.25	\$18.70	\$16.56	\$15.40	\$17.93	\$14.58	\$15.00	\$17.45	\$13.32
Clerk -Typist	\$18.00	15.18-17.94	\$16.25	\$21.70	\$19.32	\$15.75	\$19.35	\$17.55	\$16.00	\$18.95	\$16.28
Communications Assistant	\$23.51	15.18-17.94	\$17.25	\$27.90	\$20.70	\$19.25	\$17.93	\$18.90	\$21.00	\$22.95	\$19.24
Communications Specialist	\$25.51	15.18-17.94	\$20.00	\$40.30	\$27.60	\$19.95	\$20.75	\$20.25	\$28.00	\$24.75	\$19.98
Customer Service Representative (Day)	\$19.21	15.18-17.94	\$17.25	\$21.70	\$22.08	\$17.15	\$16.70	\$18.56	\$17.00	\$19.95	\$16.28
Customer Service Representative (Day Bilingual Spanish)	\$20.99	17.94-20.70	\$18.50	\$23.25	\$24.84	\$17.85	\$19.29	\$19.04	\$19.00	\$19.95	\$17.02
Customer Service Representative (2 <sup>nd</sup> Shift)	\$20.21	16.96-19.32	\$18.50	\$24.80	\$24.84	\$18.20	\$17.94	\$19.04	\$20.00	\$20.50	\$16.28



Job Title	Acct Princ	CoWorx	Careers	Horizon	Industrial	J&J	Lance	Lyneer	Noor	Officeteam	Perry
Customer Service Representative (2 <sup>nd</sup> Shift Bilingual Spanish)	\$21.99	19.32-22.08	\$20.00	\$24.80	\$27.60	\$18.90	\$18.77	\$19.58	\$21.00	\$20.50	\$17.02
Customer Service Representative (Evening)	\$20.21	17.94-20.70	\$20.00	\$24.80	\$24.84	\$18.90	\$19.29	\$19.58	\$21.00	\$21.19	\$16.28
Customer Service Representative (Evening Bilingual Spanish)	\$21.99	20.70-23.46	\$21.00	\$24.80	\$27.60	\$19.60	\$19.82	\$20.25	\$22.00	\$21.19	\$17.02
Editor	N/A	38.64-45.54	\$25.00	\$38.75	\$31.74	\$28.35	\$20.75	\$20.59	\$38.00	\$55.62	\$22.20
Graphics Designer	\$39.91	26.22-28.98	\$22.50	\$40.30	\$33.12	\$29.75	\$24.61	\$27.00	\$40.00	\$48.74	\$20.72
Human Resources Generalist	\$31.99	26.22-28.98	\$27.75	\$41.85	\$31.74	\$30.45	\$21.95	\$28.35	\$42.00	\$31.50	\$23.68
Human Resources Specialist	\$31.99	20.70-23.46	\$22.50	\$35.65	\$34.50	\$23.80	\$25.14	\$33.60	\$45.00	\$28.50	\$23.68
Legal Assistant/Secretary	\$22.00	28.98-34.50	\$21.00	\$24.80	\$33.12	\$22.40	\$25.14	\$21.60	\$28.00	\$29.07	\$23.68
Legal Specialist	\$23.00	N/A	\$23.75	\$26.35	\$38.64	\$29.40	\$29.66	\$27.00	\$30.00	\$36.95	\$25.16
Marketing Assistant	\$24.00	17.94-20.70	\$20.00	\$23.84	\$27.60	\$22.40	\$27.27	\$29.70	\$32.00	\$23.95	\$17.76
Mover	N/A	14.49-16.56	\$15.00	\$18.60	\$16.80	\$15.40	\$15.69	\$14.85	\$15.00	N/A	\$11.10
Office Manager	\$25.61	20.70-23.46	\$25.00	\$31.79	\$26.22	\$20.65	\$19.29	\$30.38	\$45.00	\$32.39	\$20.72
Paralegal	\$29.00	N/A	\$27.50	\$40.30	\$34.50	\$22.40	\$31.26	\$33.75	\$36.00	\$38.20	\$22.20

Job Title	Acct Princ	CoWorx	Careers	Horizon	Industrial	J&J	Lance	Lyneer	Noor	Officeteam	Perry
Program Administrator	\$26.35	45.54- 52.44	\$25.00	\$49.60	\$41.40	\$33.15	\$29.93	\$33.75	\$38.00	\$27.95	\$22.20
Project Manager	\$31.00	30.36- 35.88	\$27.50	\$77.50	\$62.10	\$52.73	\$49.23	\$49.59	\$50.00	\$34.50	\$26.64
Project Specialist	\$27.00	24.84- 27.60	\$22.50	\$49.60	\$55.20	\$37.68	\$37.91	\$29.70	\$50.00	\$39.95	\$22.20
Public Relations Specialist	\$38.75	31.74- 34.50	\$21.00	\$27.90	\$37.26	\$33.60	\$30.44	\$32.40	\$42.00	\$23.95	\$22.20
Receptionist/Greeter	\$18.61	15.18- 17.94	\$17.25	\$18.60	\$17.94	\$15.40	\$16.76	\$17.25	\$19.00	\$17.95	\$14.06
Technical Writer	N/A	N/A	\$25.00	\$35.65	\$38.64	\$27.30	\$35.25	\$33.50	\$45.00	N/A	\$25.16
Average Cost	\$24.91	\$22.67	\$20.94	\$30.99	\$29.08	\$23.14	\$23.21	\$24.14	\$29.90	\$27.34	\$19.41
Ranking: Highest \$ =1	5	9	10	1	3	8	7	6	2	4	11

<b>Higher Educations Student Assistance Authority</b>				
<b>Employment Services</b>				
<b>Finance</b>				
<b>Firm</b>	<b>Price Rank (lowest = 8) (35%)</b>	<b>Score rank (best = 8) (65%)</b>	<b>Total</b>	<b>Final Rank (best = 1)</b>
Accounting Principals	4	2	2.7	7
Accountemps, A Robert Half Company	6	8	7.3	1
CareersUSA	7	4	5.05	3
CoWorx Staffing Services	5	3	3.7	6
Industrial Staffing Services Inc	1	7	4.9	4
J&J Staffing Resources	8	6	6.7	2
LanceSoft Inc	3	5	4.3	5
Lyneer Staffing Solutions	2	1	1.35	8

<b>Higher Educations Student Assistance Authority</b>	
<b>Employment Services - Pass-through rate</b>	
<b>Administrative and Office Clerical</b>	
<b>Firm</b>	<b>% over hourly rate</b>
Accounting Principals	N/A
Accountemps, A Robert Half Company	N/A
CareersUSA	N/A
CoWorx Staffing Services	N/A
Industrial Staffing Services Inc	N/A
J&J Staffing Resources	30%
LanceSoft Inc	N/A
Lyneer Staffing Solutions	35%

\*Lyneer pricing based on minimum 580 hours , not clear if this is the pass-through rate

<b>Evaluation Sheet</b>		<b>Higher Education Student Assistance Authority RFP: Employment Services - Finance</b>				
<b>Bidder: CareersUSA</b>	<b>Date: March 18, 2016</b>					
<p><b>Comments: Proposal test mainly consists of concise bullet points and easy to understand charts. Good description of company operating structure, but no customization of proposal to HESAA's needs and no strong emphasis on finance as a specialty. No contact information provided for client references. Based on proposal and references provided, concerned company will be able to supply appropriate staff. Did not provide time to fill.</b></p>						
<b>Scoring: 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response</b>						
<b>Criteria</b>	<b>Score 1</b>	<b>Score 2</b>	<b>Score 3</b>	<b>Weight</b>	<b>Total</b>	
Experience	7	7	8	20	440	
Ability to provide appropriate personnel	4	5	5	40	560	
Ability to provide appropriate personnel in a timely manner	2	4	5	20	220	
References	4	4	5	5	65	
Additional Fees (conversion and background checks)	7	10	9	15	390	
<b>Total:</b>					<b>1675</b>	

<b>Evaluation Sheet</b>		Higher Education Student Assistance Authority RFP: Employment Services - Finance			
<b>Bidder:</b> CoWorx Staffing Services	Date: March 18, 2016				
<p><b>Comments:</b> Management structure seems more geared toward serving large corporate clients. Strong emphasis on proprietary skills testing software. Firm misspelled the name of HESAA throughout the proposal, as HESSA. Long list of disciplines does not include finance except for billing clerk and credit/collections. Lengthy start up process. Did not bid on 2 positions. Based on proposal and references provided, concerned company will be able to supply appropriate staff.</p>					
<p><b>Scoring: 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response</b></p>					
<b>Criteria</b>	<b>Score 1</b>	<b>Score 2</b>	<b>Score 3</b>	<b>Weight</b>	<b>Total</b>
Experience	4	6	7	20	340
Ability to provide appropriate personnel	4	5	4	40	520
Ability to provide appropriate personnel in a timely manner	6	5	4	20	300
References	4	6	5	5	75
Additional Fees (conversion and background checks)	6	10	9	15	375
<b>Total:</b>					1610

<b>Evaluation Sheet</b>		Higher Education Student Assistance Authority RFP: Employment Services - Finance				
<b>Bidder: Industrial Staffing Services</b>		Date: March 18, 2016				
<p><b>Comments:</b> Well organized and written proposal. Describes a large corporate structure indicating high overhead costs. Large local employers provided as references. Fee rates extremely expensive compared to some other vendors. Company had nothing in proposal to set them apart from other candidates. No specifics on finance positions included.</p>						
<b>Scoring: 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response</b>						
<b>Criteria</b>	<b>Score 1</b>	<b>Score 2</b>	<b>Score 3</b>	<b>Weight</b>	<b>Total</b>	
Experience	6	7	7	20	400	
Ability to provide appropriate personnel	5	6	6	40	680	
Ability to provide appropriate personnel in a timely manner	5	6	6	20	340	
References	5	7	7	5	95	
Additional Fees (conversion and background checks)	6	10	9	15	375	
<b>Total:</b>					<b>1890</b>	

<b>Evaluation Sheet</b>		Higher Education Student Assistance Authority RFP: Employment Services - Finance			
Bidder: J&J Staffing Resources		Date: March 18, 2016			
<p>Comments: Not much emphasis on availability of specialized accounting personnel. Proposal has less information in general than most others. Company has proven track record with HESAA for over 14 years but at times does not have the experienced collectors available.</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
Experience	7	7	6	20	400
Ability to provide appropriate personnel	5	6	6	40	680
Ability to provide appropriate personnel in a timely manner	6	5	3	20	280
References	4	4	5	5	65
Additional Fees (conversion and background checks)	10	10	10	15	450
<b>Total:</b>					1875

<b>Evaluation Sheet</b>	Higher Education Student Assistance Authority RFP: Employment Services - Finance																																			
Bidder: LanceSoft Inc	Date: March 18, 2016																																			
<p>Comments: Very detailed proposal emphasizing internal operating structure, i.e., proprietary software systems, national management structure, etc. Company seems to be more geared to large corporate clients based on proposal structure, contents and reference list. Seems to be more emphasis on IT staffing than accounting in available positions listed. Company has least amount of experience. No local office and no local references. Conversion fee up to 6 months</p>																																				
<p>Scoring: 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response</p>																																				
<b>Criteria</b>	<table border="1"> <thead> <tr> <th>Score 1</th> <th>Score 2</th> <th>Score 3</th> <th>Weight</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>7</td> <td>7</td> <td>20</td> <td>360</td> </tr> <tr> <td>5</td> <td>4</td> <td>7</td> <td>40</td> <td>640</td> </tr> <tr> <td>6</td> <td>4</td> <td>7</td> <td>20</td> <td>340</td> </tr> <tr> <td>3</td> <td>5</td> <td>6</td> <td>5</td> <td>70</td> </tr> <tr> <td>3</td> <td>10</td> <td>5</td> <td>15</td> <td>270</td> </tr> <tr> <td colspan="4"><b>Total:</b></td> <td>1680</td> </tr> </tbody> </table>	Score 1	Score 2	Score 3	Weight	Total	4	7	7	20	360	5	4	7	40	640	6	4	7	20	340	3	5	6	5	70	3	10	5	15	270	<b>Total:</b>				1680
Score 1	Score 2	Score 3	Weight	Total																																
4	7	7	20	360																																
5	4	7	40	640																																
6	4	7	20	340																																
3	5	6	5	70																																
3	10	5	15	270																																
<b>Total:</b>				1680																																
Experience																																				
Ability to provide appropriate personnel																																				
Ability to provide appropriate personnel in a timely manner																																				
References																																				
Additional Fees (conversion and background checks)																																				
<b>Total:</b>																																				



<b>Evaluation Sheet</b>		Higher Education Student Assistance Authority RFP: Employment Services - Finance			
Bidder: Lyneer Staffing Solutions		Date: March 18, 2016			
Comments: Proposal appears to be mainly a marketing publication not written specifically for HESAA and had typos. Very little effort put into addressing HESAA's specific RFP. Markets of service do not include finance. Did not provide references of time to fill. Higher pass thru rate than other respondent that provided one.					
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
Experience	6	4	5	20	300
Ability to provide appropriate personnel	4	2	2	40	320
Ability to provide appropriate personnel in a timely manner	4	2	2	20	160
References	2	2	0	5	20
Additional Fees (conversion and background checks)	4	2	5	15	165
<b>Total:</b>					<b>965</b>

Combined Price Sheets - Finance

Job Title	Acc Princ	Accountemps	CareersUSA	CoWorx	CoWorx	Average	Industrial	J&J
Accountant	\$32.55	\$27.45	\$40.00	\$30.36	\$34.50	\$32.43	\$62.10	\$26.60
Accounting Clerk	\$22.47	\$22.95	\$18.50	\$20.70	\$24.84	\$22.77	\$24.84	\$16.10
Auditor	\$51.83	\$33.95	\$27.50	\$33.12	\$35.88	\$34.50	\$55.20	\$23.80
Budget & Financial Analysis Manager	\$59.61	\$58.25	\$46.25	\$52.44	\$62.10	\$57.27	\$75.90	\$37.68
Collections Supervisor	\$33.53	\$31.75	\$33.75	\$30.36	\$34.50	\$32.43	\$34.50	\$24.85
Collector (Day)	\$23.81	\$23.95	\$18.50	\$19.32	\$22.08	\$20.70	\$27.60	\$20.65
Collector (Bilingual Spanish)	\$24.80	\$23.95	\$20.00	\$22.08	\$24.84	\$23.46	\$33.12	\$21.70
Collector (2 <sup>nd</sup> Shift)	\$24.06	\$24.95	\$20.00	\$20.70	\$23.46	\$22.08	\$30.36	\$21.00
Collector (2 <sup>nd</sup> Shift, Bilingual Spanish)	\$25.01	\$24.95	\$21.00	\$23.46	\$26.22	\$24.84	\$35.88	\$22.40
Collector (Evening/Saturday)	\$25.01	\$24.95	\$21.00	\$23.46	\$26.22	\$24.84	\$35.88	\$22.75
Collector (Evening/Saturday, Bilingual Spanish)	\$25.57	\$24.95	\$22.50	\$24.84	\$27.68	\$26.26	\$37.26	\$23.45
Collector – Senior	\$26.35	\$28.25	\$21.00	\$28.98	\$33.23	\$31.11	\$41.40	\$23.80
Collector – Senior (Bilingual Spanish)	\$27.12	\$28.25	22.50	\$31.74	\$35.88	\$33.81	\$46.92	\$24.85
Credit Reviewer	\$26.35	\$26.62	\$23.75	\$31.74	\$35.88	\$33.81	\$48.30	\$26.60
Default Aversion Manager	\$29.81	\$30.78	\$27.50	N/A	N/A		\$73.14	\$26.60
Financial Analyst	\$34.11	\$35.50	\$27.50	\$37.26	\$41.40	\$39.33	\$59.34	\$31.50
Investigator/Claim Processor/Default Aversion Specialist	\$27.38	\$28.28	\$25.00	N/A	N/A		\$41.40	\$23.80
Junior Accountant	\$22.25	\$25.75	\$27.50	\$30.36	\$34.50	\$32.43	\$52.44	\$25.20
Monitoring and Testing Analyst	\$35.62	\$29.75	\$27.50	N/A	N/A		\$69.00	\$27.30
Senior Accountant	\$38.75	\$35.95	\$43.75	\$34.50	\$41.40	\$37.95	\$69.00	\$42.00
Tax Verification Expert	\$46.53	\$25.79	\$22.50	NA	NA		\$82.80	\$25.90
<b>Average Cost</b>	<b>31.54857143</b>	<b>29.37952381</b>	<b>26.75</b>			<b>31.17735</b>	<b>49.35143</b>	<b>25.64429</b>
<b>Ranking: Highest \$ =1</b>	<b>4</b>	<b>6</b>	<b>7</b>			<b>5</b>	<b>1</b>	<b>8</b>

Lance	Lyneer	Lyneer	Average
\$43.89	\$45.23	\$46.90	\$46.07
\$35.91	\$33.75	\$35.00	\$34.38
\$57.19	\$43.47	\$45.08	\$44.28
\$63.84	\$55.08	\$57.12	\$56.10
\$47.88	\$48.67	\$50.47	\$49.57
\$22.61	\$33.08	\$34.30	\$33.69
\$22.61	\$34.43	\$35.70	\$35.07
\$22.61	\$35.10	\$36.40	\$35.75
\$22.61	\$35.75	\$37.10	\$36.43
\$19.95	\$35.75	\$37.10	\$36.43
\$23.94	\$36.59	\$37.94	\$37.27
\$25.27	\$40.50	\$42.00	\$41.25
\$30.59	\$41.85	\$43.40	\$42.63
\$29.26	\$35.10	\$36.40	\$35.75
\$43.89	\$40.50	\$42.00	\$41.25
\$45.22	\$35.10	\$36.40	\$35.75
\$31.92	\$40.50	\$42.00	\$41.25
\$35.91	\$39.15	\$40.60	\$39.88
\$43.89	\$35.10	\$36.40	\$35.75
\$89.11	\$67.50	\$70.00	\$68.75
\$75.81	\$55.08	\$57.12	\$56.10
<b>39.71</b>			<b>42.06452</b>
<b>3</b>			<b>2</b>

**Higher Educations Student Assistance Authority  
Employment Services  
Information Technology**

<b>Firm</b>	<b>Price Rank (35%)</b>	<b>Score rank (65%)</b>	<b>Total</b>	<b>Final Rank</b>
22nd Century Technologies Inc	3	10	7.55	5
Adaptive Tech Resources (ATR)	1	1	1	12
Ardent Technologies Inc	7	5	5.7	9
Beacon Systems Inc	12	2	5.5	10
CNC Consulting Inc	4	8	6.6	6
Extendime Software Solutions Inc	2	3	2.65	11
Industrial Staffing Services Inc	11	7	8.4	4
LanceSoft Inc	9	4	5.75	8
LikeMinds Consulting Inc	8	9	8.65	3
Robert Half International	10	12	11.3	1
Technoshpere Staffing & Consulting	6	6	6	7
TEK Systems	5	11	8.9	2

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: 22nd Century Technologies Inc

Date: March 16, 2016

Comments: Experience not as strong as some of the other compnaies. NJ based company. Good references.

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	Score 4	Weight	Total
Experience	8	8	8	7	20	620
Ability to provide appropriate personnel	8	10	10	9	40	1480
Ability to provide appropriate personnel in a timely manner	7	7	7	7	20	560
References	10	10	10	10	15	600
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3360</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: Adaptive Resources Staffing and  
Consultin (ATR)

Date: March 16, 2016

Comments: Concern regarding the ability to hire. ATR was a previous sub-contractor to Likeminds.

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	Score 4	Weight	Total
Experience	5	5	5	2	20	340
Ability to provide appropriate personnel	5	10	10	5	40	1200
Ability to provide appropriate personnel in a timely manner	7	8	7	5	20	540
References	8	8	8	5	15	435
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>2615</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: Ardent Technologies Inc

Date: March 16, 2016

Comments: Ohio based company. Mostly state experience. Concern about requiring for N.J.

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	Score 4	Weight	Total
Experience	8	9	8	7	20	640
Ability to provide appropriate personnel	8	4	9	7	40	1120
Ability to provide appropriate personnel in a timely manner	8	8	8	6	20	600
References	9	9	9	8	15	525
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						2985

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: Beacon Systems Inc

Date: March 16, 2016

Comments: References and time to provide personnel were good. However there was concern regarding the wage per hour and the ability to live in NJ. This is a Coral Springs, FL company.

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	Score 4	Weight	Total
Experience	7	7	7	5	20	520
Ability to provide appropriate personnel	7	2	10	5	40	960
Ability to provide appropriate personnel in a timely manner	9	9	9	6	20	660
References	10	10	10	10	15	600
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>2840</b>



# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: CNC Consulting Inc

Date: March 16, 2016

Comments: Good experience. Good ability to identify personnel in a timely manner. NJ based company.

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	Score 4	Weight	Total
Experience	8	8	8	8	20	640
Ability to provide appropriate personnel	8	10	9	6	40	1320
Ability to provide appropriate personnel in a timely manner	10	10	10	8	20	760
References	9	9	9	7	15	510
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3330</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: Extendime Software Solutions Inc

Date: March 16, 2016

Comments: Longer than most time to identify appropriate personnel. Limited references.

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	Score 4	Weight	Total
Experience	8	8	8	7	20	620
Ability to provide appropriate personnel	8	10	7	6	40	1240
Ability to provide appropriate personnel in a timely manner	7	7	7	5	20	520
References	7	7	7	6	15	405
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>2885</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: Industrial Staffing Services Inc

Date: March 16, 2016

Comments: Experience and ability to hire personnel look good. NJ based company. No prior experience with the company.

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	Score 4	Weight	Total
Experience	8	8	8	8	20	640
Ability to provide appropriate personnel	8	10	7	7	40	1280
Ability to provide appropriate personnel in a timely manner	10	10	10	9	20	780
References	7	7	7	6	15	405
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3205</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: LanceSoft Inc

Date: March 16, 2016

Comments: VA based company. Concern on hourly rate and the ability to live in NJ

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	Score 4	Weight	Total
Experience	8	8	8	6	20	600
Ability to provide appropriate personnel	8	4	8	7	40	1080
Ability to provide appropriate personnel in a timely manner	10	10	10	9	20	780
References	8	8	8	7	15	465
Additional Fees (conversion and background checks)	0	1	0	0	5	5
<b>Total:</b>						<b>2930</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: LikeMinds Consulting Inc

Date: March 16, 2016

Comments: The company has a proven track record with HESAA of providing appropriate personnel in a timely manner.

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	Score 4	Weight	Total
Experience	7	7	7	7	20	560
Ability to provide appropriate personnel	7	10	10	7	40	1360
Ability to provide appropriate personnel in a timely manner	9	9	9	9	20	720
References	10	10	10	10	15	600
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3340</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: Robert Half International

Date: March 16, 2016

Comments: The company has years of experience, ability to identify personnel in a timely manner. Prior experience with the company has led to a temp to perm situation.

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	Score 4	Weight	Total
Experience	10	10	10	10	20	800
Ability to provide appropriate personnel	10	10	8	10	40	1520
Ability to provide appropriate personnel in a timely manner	10	10	10	9	20	780
References	9	10	10	9	15	570
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3770</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: TechnoSphere Inc

Date: March 16, 2016

Comments: NJ based company. Good years of experience and timely manner to identify personnel. Weak on references.

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	Score 4	Weight	Total
Experience	8	8	8	8	20	640
Ability to provide appropriate personnel	8	10	6	7	40	1240
Ability to provide appropriate personnel in a timely manner	10	10	10	9	20	780
References	6	6	6	5	15	345
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3105</b>

# Evaluation Sheet

Higher Education Student Assistance Authority  
RFP: Employment Services - IT

Bidder: TEK Systems

Date: March 16, 2016

Comments: The company has good experience. Additionally HESAA has been able to provide appropriate personnel in a timely manner.

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	Score 4	Weight	Total
Experience	9	9	9	9	20	720
Ability to provide appropriate personnel	9	6	9	9	40	1320
Ability to provide appropriate personnel in a timely manner	10	10	10	9	20	780
References	9	9	9	9	15	540
Additional Fees (conversion and background checks)	5	5	5	5	5	100
<b>Total:</b>						<b>3460</b>



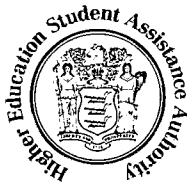
	22nd Century Technologies	Ardent Technologies	Beacon Systems	CNC Consulting	Extendime Software Solutions	Industrial Staffing Services	LanceSoft	Likeminds	Robert Half	Technosphere	Tek	
Business Intelligence Developer 1	112.00	79	70.00	64.00	65.00	70.00	82.80	41.23	65.00	59.95	60.00	75.00
Business Intelligence Developer 2	119.00	109	85.00	76.80	80.00	90.00	96.60	58.52	75.00	64.50	80.00	91.74
Business Intelligence Developer 3	126.00	150	100.00	96.00	90.00	110.00	55.20	77.14	85.00	74.50	110.00	104.69
Data Center Specialist 1	28.00	64	50.00	44.80	30.00	60.00	62.10	23.94	55.00	36.95	50.00	56.10
Data Center Specialist 2	35.00	85	60.00	57.60	40.00	85.00	22.08	30.59	60.00	42.50	70.00	64.02
Data Entry Operator 1	27.00	24	35.00	28.80	25.00	30.00	24.84	19.28	23.00	24.95	25.00	23.00
Data Entry Operator 2	29.70	30	45.00	35.20	30.00	40.00	56.58	22.61	28.00	29.95	35.00	27.90
Data Mart Developer 1	27.00	79	65.00	44.80	80.00	70.00	69.00	43.89	65.00	42.98	60.00	79.86
Data Mart Developer 2	29.70	109	75.00	51.20	95.00	90.00	82.00	57.19	70.00	49.50	80.00	85.14
Data Mart Developer 3	33.75	150	85.00	56.00	115.00	110.00	69.00	77.14	75.00	59.95	110.00	102.30
Data Modeling Consultant 1	91.00	79	70.00	64.00	75.00	80.00	75.90	57.19	69.00	64.50	55.00	65.00
Data Modeling Consultant 2	98.00	109	85.00	76.80	100.00	100.00	85.56	87.78	80.00	74.95	70.00	77.99
Data Modeling Consultant 3	112.00	150	100.00	88.00	120.00	120.00	49.68	110.39	90.00	89.80	90.00	95.67
Database Administrator 1	84.00	74	65.00	41.60	65.00	60.00	69.00	57.19	63.00	59.50	70.00	73.00
Database Administrator 2	91.00	99	75.00	56.00	80.00	85.00	85.56	83.79	69.00	79.95	90.00	82.20
Database Administrator 3	98.00	130	90.00	64.00	95.00	105.00	69.00	103.74	80.00	94.95	110.00	94.00
Engagement Manager 1	84.00	99	90.00	64.00	90.00	110.00	82.80	57.19	65.00	74.95	80.00	65.08

	22nd Century Technologies			Ardent Technologies	Beacon Systems	CNC Consulting	Extintime Software Solutions	Industrial Staffing Services	LanceSoft	Likeminds	Robert Half	Technosphere	Tek
	91.00	124	110.00										
Engagement Manager 2													
Engagement Manager 3	98.00	160	140.00	80.00	120.00		150.00	93.84	93.1	93.00	94.95	130.00	86.57
ETL Programmer 1	77.00	74	70.00	57.60	65.00	60.00	77.28	50.54	60.00	69.90	69.90	60.00	68.26
ETL Programmer 2	84.00	99	85.00	67.20	75.00	85.00	82.80	70.49	70.00	79.50	79.50	75.00	81.16
ETL Programmer 3	91.00	120	95.00	73.60	90.00	105.00	93.84	81.13	75.00	89.50	89.50	90.00	97.30
Functional Architect 1	126.00	99	75.00	80.00	90.00	90.00	82.80	87.78	61.00	74.98	74.98	70.00	89.00
Functional Architect 2	133.00	124	90.00	88.00	125.00	115.00	89.70	110.39	67.00	89.50	89.50	85.00	109.10
Functional Architect 3	140.00	160	120.00	96.00	150.00	130.00	96.60	140.98	110.00	94.95	94.95	100.00	140.00
Help Desk Support 1	35.00	34	35.00	35.20	30.00	60.00	35.88	21.28	25.00	27.95	27.95	35.00	47.50
Help Desk Support 2	42.00	45	45.00	44.80	45.00	70.00	41.40	26.6	35.00	33.50	33.50	50.00	52.00
Information Security Specialist 1	105.00	99	75.00	48.00	95.00	80.00	52.44	55.86	115.00	74.95	74.95	75.00	88.10
Information Security Specialist 2	119.00	125	100.00	57.60	120.00	110.00	55.20	70.49	125.00	84.50	84.50	95.00	103.91
Integration Engineer 1	105.00	99	70.00	56.00	65.00	80.00	77.28	54.53	60.00	74.95	74.95	60.00	75.82
Integration Engineer 2	119.00	124	85.00	64.00	85.00	100.00	85.56	71.82	70.00	84.80	84.80	80.00	90.79
Integration Engineer 3	126.00	160	90.00	76.80	95.00	120.00	93.84	94.43	75.00	94.50	94.50	100.00	107.98
Network Systems Administrator 1	84.00	94	55.00	48.00	65.00	80.00	59.34	47.88	60.00	40.50	40.50	70.00	77.00
Network Systems Administrator 2	91.00	120	75.00	57.60	75.00	100.00	66.24	57.19	80.00	54.95	54.95	90.00	103.00

	22nd Century Technologies		Ardent Technologies	Beacon Systems	CNC Consulting	Extendime Software Solutions	Industrial Staffing Services	LanceSoft	Likeminds	Robert Half	Technosphere	Tek
Network Systems Analyst 1	77.00	79	55.00	52.80	65.00	70.00	53.82	47.88	55.00	40.95	60.00	60.00
Network Systems Analyst 2	84.00	99	65.00	60.80	75.00	90.00	60.72	54.53	61.00	54.95	80.00	78.00
Network Systems Analyst 3	91.00	130	70.00	70.40	95.00	110.00	67.62	73.15	75.00	64.80	100.00	90.00
Product Specialist 1	91.00	99	70.00	44.80	65.00	50.00	51.06	54.53	85.00	74.50	70.00	79.00
Product Specialist 2	98.00	124	85.00	48.00	80.00	70.00	55.20	70.49	105.00	79.95	85.00	90.18
Product Specialist 3	105.00	160	100.00	56.00	90.00	90.00	59.34	87.78	125.00	44.50	100.00	104.94
Programmer 1	98.00	69	65.00	48.00	75.00	60.00	70.38	43.89	58.00	64.95	60.00	73.00
Programmer 2	105.00	84	75.00	57.60	95.00	80.00	80.04	50.54	70.00	69.80	85.00	84.00
Programmer 3	112.00	115	90.00	67.20	110.00	100.00	82.80	70.49	79.00	84.95	110.00	95.00
Project Manager 1	112.00	99	75.00	60.80	85.00	110.00	55.20	57.19	65.00	74.95	80.00	73.00
Project Manager 2	126.00	124	95.00	73.60	100.00	130.00	55.20	75.81	80.00	81.95	100.00	86.50
Project Manager 3	133.00	145	120.00	88.00	125.00	150.00	55.20	102.41	95.00	89.50	125.00	103.50
Quality Assurance Specialist 1	84.00	59	60.00	48.00	65.00	85.00	48.30	47.88	60.00	36.95	50.00	58.90
Quality Assurance Specialist 2	91.00	79	75.00	56.00	75.00	100.00	55.20	70.49	70.00	44.95	70.00	76.45
Quality Assurance Specialist 3	105.00	95	90.00	64.00	95.00	120.00	62.10	97.09	80.00	79.85	95.00	83.00
Software Process Engineer 1	84.00	99	72.00	60.80	70.00	70.00	69.00	47.88	65.00	74.95	70.00	69.38
Software Process Engineer 2	91.00	119	82.00	72.00	80.00	90.00	75.90	61.18	70.00	84.80	95.00	79.86
Software Process Engineer 3	98.00	140	100.00	84.80	95.00	110.00	82.80	83.79	75.00	94.75	115.00	85.14

	22nd Century Technologies	Ardent Technologies	Beacon Systems	CNC Consulting	Extendime Software Solutions	Industrial Staffing Services	LanceSoft	Likeminds	Robert Half	Technosphere	Tek	
System Administrator 1	91.00	79	60.00	48.00	65.00	60.00	41.40	57.19	50.00	69.90	50.00	57.00
System Administrator 2	98.00	94	72.00	56.00	75.00	80.00	48.30	82.46	55.00	79.85	70.00	62.76
System Administrator 3	105.00	120	95.00	64.00	95.00	100.00	55.20	115.71	65.00	84.80	90.00	83.00
System Specialist 1	77.00	79	80.00	44.80	70.00	60.00	34.50	57.19	61.00	74.95	70.00	71.94
System Specialist 2	84.00	99	95.00	48.00	85.00	80.00	41.40	83.79	70.00	79.90	85.00	83.82
System Specialist 3	91.00	130	115.00	56.00	95.00	110.00	48.30	115.71	80.00	89.85	100.00	99.61
Team Lead 1	98.00	119	90.00	67.20	90.00	110.00	27.60	55.86	80.00	74.95	90.00	84.41
Team Lead 2	105.00	145	130.00	80.00	100.00	130.00	34.50	63.84	85.00	84.95	120.00	100.25
Technical Architecture Specialist 1	126.00	99	80.00	80.00	80.00	80.00	78.90	70.49	65.00	89.90	75.00	80.30
Technical Architecture Specialist 2	133.00	124	95.00	88.00	95.00	100.00	82.80	97.09	95.00	94.85	100.00	123.01
Technical Architecture Specialist 3	140.00	160	120.00	96.00	110.00	120.00	89.70	123.69	105.00	99.50	125.00	150.00
Technical Writer 1	63.00	69	50.00	48.00	60.00	70.00	38.64	54.53	55.00	39.80	50.00	43.00
Technical Writer 2	70.00	84	65.00	57.60	70.00	80.00	45.54	69.16	65.00	54.90	70.00	59.97
Technical Writer 3	77.00	115	75.00	64.00	85.00	90.00	49.68	83.79	75.00	74.85	90.00	64.00
Telecom Engineer 1	70.00	74	45.00	51.20	60.00	80.00	55.20	43.89	45.00	34.85	50.00	35.00
Telecom Engineer 2	77.00	89	55.00	57.60	85.00	100.00	62.10	57.19	55.00	49.95	70.00	46.50
Telecom Engineer 3	84.00	115	65.00	67.20	105.00	120.00	69.00	70.49	65.00	64.75	90.00	56.47
Tester 1	77.00	54	50.00	48.00	55.00	60.00	55.20	61.18	50.00	65.80	40.00	57.42

	22nd Century Technologies	Ardent Technologies	Beacon Systems	CNC Consulting	Extendime Software Solutions	Industrial Staffing Services	LanceSoft	Likeminds	Robert Half	Technosphere	Tek
Tester 2	84.00	69	60.00	57.60	70.00	70.00	77.14	60.00	74.95	55.00	71.94
Tester 3	91.00	90	70.00	67.20	80.00	69.00	99.75	70.00	79.90	70.00	78.54
Voice/Data Engineer 1	77.00	74	45.00	51.20	80.00	48.30	39.90	60.00	34.95	40.00	55.00
Voice/Data Engineer 2	84.00	99	55.00	60.80	100.00	55.20	57.19	75.00	49.90	55.00	58.30
Voice/Data Engineer 3	91.00	120	60.00	67.20	120.00	62.10	83.79	85.00	64.95	70.00	60.50
Prince Average	90.26	102.63	77.75	61.95	91.27	63.99	68.42	70.92	68.44	78.47	78.79
Price Rank (1 - lowest to 12 - highest)	3	1	7	12	4	2	10	8	9	6	5



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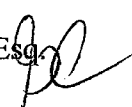
CHRIS CHRISTIE  
Governor


KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

**MEMORANDUM**

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

**THROUGH:** Gabrielle Charette, Esq.  
Executive Director 

**FROM:** Lorraine Staley   
Associate Director, Student Loan Programs

**SUBJECT:** Resolution 09:16 Approving the Extension of the Agreement with Equifax to provide Credit Reporting Products and Services

**DATE:** April 19, 2016

**Background**

The Higher Education Student Assistance Authority (HESAA) engages a credit reporting agency to provide credit scores, credit history reports, background reports, fraud warnings, Office of Foreign Assets Control (OFAC) checks, identity theft Red Flag alerts and e-signature identity authentication. At its April 2012 meeting the Board approved a waiver of bid advertising permitting HESAA to enter into a five year contract with Equifax to provide the needed services. At that time HESAA entered into a contract with Equifax for three years with two possible one year extensions at HESAA's option.

The bid waiver was approved pursuant to N.J.S.A. 52:34-10(c), as the sole source of supply, as well as under N.J.S.A. 52:34-10(d) because more favorable terms were obtained from a primary source of supply. At its April 23, 2015 meeting, the Board approved the first one-year extension.

Equifax has been HESAA's primary source of supply for credit services since the inception of the FICO based loan eligibility determination process, requiring HESAA to develop systems and programs compatible with Equifax's proprietary products and systems. As such, it remains in HESAA's best interest to exercise the second of its options to extend the contract with Equifax for one year.

**Recommendation**

It is recommended that the Board Resolution 09:16 Approving the Extension of the Agreement with Equifax to provide Credit Reporting Products and Services, thereby permitting HESAA to exercise its second option for a one year renewal of its contract with Equifax, for a total amount not to exceed \$1,485,837.78 over the full five years of the contract.

Attachment

**RESOLUTION 09:16**

**APPROVING THE EXTENSION OF THE AGREEMENT WITH EQUIFAX TO  
PROVIDE CREDIT REPORTING PRODUCTS AND SERVICES**

Moved by: Ms. Christy Van Horn

Seconded by: Mr. James Allen

**WHEREAS:** At its April 2012 meeting the HESAA Board approved a waiver of bid advertising, permitting HESAA to enter into a five year contract with Equifax to provide credit scores, credit history reports, background reports, fraud warnings, Office of Foreign Assets Control (OFAC) checks, identity theft Red Flag alerts and e-signature identity authentication; and

**WHEREAS:** HESAA entered into a contract with Equifax for three years with two possible one year extensions at HESAA's option; and

**WHEREAS:** The HESAA Board approved the first one year extension at its April 23, 2015 meeting; and

**WHEREAS:** The contract with Equifax is subject to its second renewal for the 2016 fiscal year; and

**WHEREAS:** Equifax has been HESAA's primary source of supply for credit services since the inception of the FICO based loan eligibility determination process, requiring HESAA to develop systems and programs compatible with Equifax's proprietary products and systems; and

**WHEREAS:** It remains in HESAA's best interest to exercise the second of its options and extend the contract with Equifax for one-year.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:** That the Board approves a one year extension of the agreement with Equifax to provide credit reporting products and services, for a total amount not to exceed \$1,485,837.78 over the full five years of the contract.

April 19, 2016





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CHRIS CHRISTIE  
Governor


KIM GUADAGNO  
Lt. Governor

GABRIELLE CHARETTE, ESQ.  
Executive Director

**MEMORANDUM**

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

**THROUGH:** Gabrielle Charette, Esq.   
Executive Director

**FROM:** Jules Cornelius, Graphic Designer 

**SUBJECT:** Resolution 10:16 - Consideration and Approval of the Higher Education Student Assistance Authority 2015 Annual Report Pursuant to Executive Order 37 (Corzine).

**DATE:** April 19, 2016

**Summary**

Please find attached for your review, comment and approval Resolution 10:16 - Consideration and Approval of the Higher Education Student Assistance Authority 2015 Annual Report Pursuant to Executive Order 37 (Corzine).

**Background**

Paragraph 2 of Executive Order 37 (Corzine) requires each State authority to prepare a comprehensive report concerning the authority's operations on an annual basis.

Executive Order 37 requires that the annual report set forth the significant actions of the authority from the previous year, including a discussion of the degree of success the authority had in promoting the State's economic growth strategies and other policies. The report is also required to include the authority's financial statements and to identify internal financial controls at the authority that govern expenditures, financial reporting, procurement, and other financial matters and transactions. Pursuant to Executive Order 37, the report shall also contain a certification by the appropriate senior staff member that during the preceding year the authority has, to the best of their knowledge, followed all of the authority's standards, procedures, and internal controls, or, where such certification is not warranted, shall set forth the manner in which such controls were not followed and a description of the corrective action to be taken by the authority.

The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2015 Annual Report in compliance with Executive Order 37.

**Recommendation**

It is recommended that the Board approve Resolution 10:16, Consideration and Approval of the Higher Education Student Assistance Authority 2015 Annual Report pursuant to Executive Order 37 (Corzine) and authorize submittal of the 2015 Annual report to the Governor's Authorities Unit, and posting on HESAA's website, [hesaa.org](http://hesaa.org).

Attachments

**RESOLUTION 10:16**

**CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2015 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)**

Moved by: Ms. Audrey Bennerson  
Seconded by: Fr. Michael Braden

**WHEREAS:** Paragraph 2 of Executive Order 37 (Corzine) requires each State authority to prepare a comprehensive report concerning the authority's operations on an annual basis; and

**WHEREAS:** Executive Order 37 requires that the annual report set forth the significant actions of the authority from the previous year, including a discussion of the degree of success the authority had in promoting the State's economic growth strategies and other policies; and

**WHEREAS:** The report is also required to include the authority's financial statements and to identify internal financial controls at the authority that govern expenditures, financial reporting, procurement, and other financial matters and transactions; and

**WHEREAS:** Pursuant to Executive Order 37 the report shall also contain a certification by the appropriate senior staff member(s) that during the preceding year the authority has, to the best of their knowledge, followed all of the authority's standards, procedures, and internal controls, or, where such certification is not warranted, shall set forth the manner in which such controls were not followed and a description of the corrective action to be taken by the authority; and

**WHEREAS:** The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2015 Annual Report in compliance with Executive Order 37.

**NOW THEREFORE, BE IT:**

**RESOLVED:** That the Higher Education Student Assistance Authority Board approves the attached Higher Education Student Assistance Authority 2015 Annual Report; and be it further

**RESOLVED:** That the attached Higher Education Student Assistance Authority 2015 Annual Report shall be submitted to the Governor's Authorities Unit and posted on the HESAA website, [hesaa.org](http://hesaa.org).

April 19, 2016

## Annual Report to the Program Review and Quality Control Committee

### **Introduction**

To ensure HESAA's programs are in compliance with federal and state statutes, regulations, policies and procedures, the Audits & Quality Assurance unit (A&QA) is tasked with conducting Federal Family Education Loan Program (FFELP) reviews of lenders and servicers, Institutional Management Reviews focusing on State Grant & Scholarship Programs, Special Counsel Reviews of HESAA's collection attorneys, Internal Control Evaluations, and Quality Assurance Reviews of HESAA's programs.

### **Federally Mandated Reviews**

Pursuant to Federal Regulation, Guaranty Agencies are responsible for taking all necessary measures to ensure the enforcement of all federal, state, and guaranty agency requirements. To ensure compliance with this requirement, HESAA's Audits & Quality Assurance unit is responsible for conducting biennial reviews of HESAA's ten largest lenders for outstanding FFELP loans. These reviews are conducted jointly by 28 Guaranty Agencies under the Common Review Initiative (CRI), a program approved by the U.S. Department of Education.

During the 2014-2015 biennium HESAA's ten largest lenders were administered by five servicers, all of which fell within the parameters of the CRI. Two reviews have been finalized while the rest are nearing completion; there has been no indication of any major issues thus far. HESAA participated as a desk reviewer for one review in 2014 and two reviews in 2015.

Reviews for the same five servicers have been identified for review for the 2016-2017 biennium; reviews are set to commence in June 2016. HESAA will be participating as desk reviewers for one review in 2016 and two reviews in 2017.

### **HESAA Initiated Reviews**

**Institutional Management Reviews** - HESAA conducts Institutional Management Reviews to verify that institutions administer State Grant & Scholarship programs in accordance with all applicable federal and state statutes, regulations, policies and procedures. These management reviews are also designed to provide institutions with recommendations on how to improve the operations of those business offices that touch upon the administration of financial aid (such as Financial Aid, Admissions, Registrar, Bursar, and Accounting offices) to ensure compliance with state and federal statutes and regulations.

HESAA conducts two types of reviews, limited reviews and full-scale reviews. Limited reviews focus on areas with the greatest potential for error such as reconciliations and certification of student eligibility. Full-scale reviews include more in-depth testing and are performed when the review was triggered by a high number of variables (including high dollar volume of awards, length of time since last review, recent news or changes, unexpected trends observed, findings from other reviews, etc.).

The following provides a summary of reviews performed during the year:

#### **Current Year (2016) Reviews – In Progress**

One full scale review recently commenced in February 2016. Our site visit was performed in March and testing is near completion.

#### **2015 Reviews**

Two limited reviews were performed and closed in 2015 resulting in the return of \$287,709. Monetary findings were mainly due to one institution not properly identifying all students who did not meet satisfactory academic progress requirements (thus making them ineligible to receive the award); the errors were due to a change in reporting at the institution for the year under review which has now been remediated.

Two additional limited reviews commenced during the latter half of the year but have not yet been finalized.

One full scale review commenced in September 2016. The final report was issued in February 2016 resulting in refunds of \$53,731. Monetary findings were associated with several minor errors, mostly related to the application of professional judgment in the verification process. The review has been closed and process improvements have been successfully implemented.

#### Other

Another way A&QA monitors institutions is by reviewing their annual Single Audit Reports (which includes the results of testing performed over State grant funds by the institutions external auditors). These reports are collected and reviewed each year for each institution that receives State award funds. During A&QA's review of reports from the last academic year, it was discovered that one institution had a finding with questioned costs of \$100,511 associated with the disbursement of State TAG funds; questioned costs were in relation to student withdrawals prior to award disbursement. A&QA contacted the institution requesting the questioned costs be returned to the State; the requested funds were returned in a timely manner and the current year report will be reviewed to ensure proper corrective actions were completed to prevent future errors.

**Special Counsel Reviews** - HESAA contracts with Special Counsel to perform collection activities on delinquent FFELP and NJCLASS loans. The Audits and

Quality Assurance unit conducts reviews of these Special Counsel to verify compliance with regulations for administering defaulted loans.

As of December 31, 2015, HESAA is utilizing the services of eight law firms to perform collection activities for approximately 15,500 defaulted FFELP and NJCLASS debtors. The law firm's handle loan portfolios that range in size from approximately 50 to 5,600 debtors.

A&QA worked on reviews for four of the Special Counsels during 2015. The final reports for one review were issued in March 2016; findings were deemed reasonable and corrective actions (including the return of \$627 for an account settled without prior approval) were taken by the attorney to resolve the findings. It is anticipated the draft report for one review will be issued in May 2016 and testing for the remaining two reviews is still underway.

### **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. For fiscal year 2015 the Office of Management and Budget selected 13 target areas, including expenditures, revenue, segregation of duties, Federal & State Grants, audit findings, and information security. The Authority participates in this process through a series of evaluations and discussions that are conducted each year between March and June by the Audits & Quality Assurance unit with the assistance of HESAA's senior staff members. The results of the internal control evaluations are provided to HESAA's Executive Staff in a memorandum detailing the review requirements, reviews conducted, and any weaknesses identified along with recommendations for remediation.

On June 5, 2015, HESAA's Executive Director and Chief Financial Officer sent a letter to the Director of OMB confirming that HESAA performed the 2015 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 happy to report that no major weaknesses were identified as a result of the review.

HESAA is currently in the process of completing the 2016 assessment.

### **Quality Assurance/ Other**

In addition to the required reviews listed above, A&QA has also taken part in additional projects to contribute to HESAA's ongoing success.

Audits & Quality Assurance (A&QA) performed a risk assessment of HESAA's NJCLASS loan program using the Consumer Financial Protection Bureau's (CFPB) Consumer Risk Assessment guide. This process is designed to evaluate the extent of risk to consumers arising from HESAA's NJCLASS loan program and to identify the sources of that risk. The assessment concluded that the NJCLASS Loan program poses "Moderate" risks and that HESAA has adequate controls in place to mitigate those risks.

HESAA completed a new Strategic Plan this year. The Director of Audits & QA once again had the privilege of facilitating this initiative and authoring the final report (included in your board materials).

A&QA also assisted in the development of a policy and procedure manual specifically for the NJ STARS /NJ STARS II programs as well as an updated manual for institutional verification. HESAA's previous Grants & Scholarships P&P included a section on these items but due to their complexity and frequent changes it was determined that more robust manuals would be beneficial to assist institutions in complying with the regulations. The manuals were finalized and issued on November 30, 2015.



**Conclusion**

The department is very pleased with the results of the past year and we look forward to another productive year, details of which are set forth in the attached review schedule.

**Higher Education Student Assistance Authority  
Compliance and Audits & Quality Assurance Units**

**2016 Proposed Review Schedule**

<b>Type of Review</b>	<b>Auditee</b>	<b>Description</b>	<b>Review Date / Status Date</b>
Collection Counsel Review	Attorney 2015-1	Finalize testing and issue reports.	January - May 2016
Limited Management Review	Institution 2015-L3 Sector: Community College	Receive and review institution's responses to Draft Report. Issue Final Report.	April - May 2016
Limited Management Review	Institution 2015- L4 Sector: Community College	Issue draft and final reports.	April - May 2016
Management Review	Institution 2016-1 Sector: Independent	State Grants and Scholarship Program Review	February - June 2016
Annual Internal Control Evaluation	HESAA	Assessment of Internal Accounting and Administration Controls	March - June 2016
Limited Management Review	Institution 2016-L1 Sector: County College	State Grants and Scholarship Program Review	April - August 2016

# Higher Education Student Assistance Authority Compliance and Audits & Quality Assurance Units

## 2016 Proposed Review Schedule

<b>Type of Review</b>	<b>Auditee</b>	<b>Description</b>	<b>Review Date / Status Date</b>
Internal Review	HESAA	User Acceptance Testing – Review of NJCLASS disclosures	April – May 2016
Limited Management Review	Institution 2016-L2 Sector: County College	State Grants and Scholarship Program Review	May – September 2016
Internal Review	HESAA	User Acceptance Testing – Review of Refinance Program disclosures	June – July 2016
FFELP Lender Review	Xerox/ ACS	CRI Lender/ Servicer Review – 2 Desk Reviewers	June 2016
Limited Management Review	Institution 2016-L3 Sector: County College	Review of institution's reconciliation and certification process.	June - October 2016
Collection Attorney Special Review	Attorney 2016 -S1	Review of affidavits and certifications for discrepancies	July– August 2016
Internal Review	HESAA	Update of Consumer Compliance Risk Assessment	August 2006

# Higher Education Student Assistance Authority Compliance and Audits & Quality Assurance Units

## 2016 Proposed Review Schedule

<b>Type of Review</b>	<b>Auditee</b>	<b>Description</b>	<b>Review Date / Status Date</b>
Management Review	Institution 2016-2 Sector: State	State Grants and Scholarship Program Review	August – December 2016
Collection Attorney Reviews	Attorney 2015 – 2 & 3	Finalize testing and issue reports.	September 2016 -
Limited Management Review	Institution 2016-L4 Sector: TBD	State Grants and Scholarship Program Review	October 2016 – February 2017
Limited Management Review	Institution 2016-L5 Sector: TBD	State Grants and Scholarship Program Review	December 2016 – April 2017
Management Review	Institution 2016-3 Sector: TBD	State Grants and Scholarship Program Review	December 2016 – May 2017



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Governor

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GABRIELLE CHARETTE, ESQ.  
Executive Director

### ***A Resolution Expressing Appreciation to Ms. Linda Quick***

**WHEREAS**, in 1964 Ms. Linda Quick began her tenure at the New Jersey State Scholarship Commission, now the Higher Education Student Assistance Authority (HESAA), as Clerk Stenographer; and

**WHEREAS**, Ms. Quick's distinguished service has spanned the leadership of thirteen different State Governors/Acting Governors; technological advances shifting from reliance on manual notetaking/shorthand to a modern, computer-based workplace; and the Authority's four physical relocations and various reorganizations (ultimately resulting in the creation of HESAA in 1999); and

**WHEREAS**, Ms. Quick's diverse job responsibilities included supporting the Director of Grants and Scholarships; meticulously organizing supplies, troubleshooting problems, and taking the initiative on a wide range of projects—both big and small; energetically and tirelessly taking care of HESAA as if it were her own home and family; and precisely and carefully proofreading the Authority's publications; and

**WHEREAS**, Ms. Quick's contributions and dedication to the Authority have been instrumental in making higher education dreams come true for students and families in the State of New Jersey; and

**WHEREAS**, the members of the HESAA Board wish to express their sincere gratitude and best wishes to Ms. Quick for her retirement from her position as Administrative Assistant III on June 1, 2016; now, therefore, be it

**RESOLVED**, that HESAA hereby acknowledges the fifty-two years of unfailing service and loyalty which Ms. Quick has demonstrated during her career at HESAA; and

**Be it further RESOLVED** that a copy of this resolution be noted in the official records of the Authority and the original copy be presented to Ms. Quick.

April 19, 2016