

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

July 26, 2017

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on July 26, 2017 at 10:00 am at the HESAA offices in Hamilton.

PRESENT: Ms. Audrey Bennerson, Secretary of Higher Education Designee; Ms. Stephanie Berdugo-Hernandez; Ms. Gabrielle Charette, Esq.; Mr. Anthony Falcone; Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Corey Amon; Treasurer's Designee; Mr. Bader Qarmout (teleconference); Mr. Rbrey Singleton; and Ms. Maria Torres, Members.

ABSENT: Ms. Christy Van Horn

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 Geoffrey Stark, Esq., Deputy Attorney General and introduced Nicholas Kant, Esq., Governor's Authorities Unit.

Deputy Attorney General Geoffrey Stark swore-in Ms. Stephanie Berdugo-Hernandez and Mr. Rbrey Singleton.

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

Mr. Falcone asked Roseann Sorrentino to call the roll.

STUDENT ADVISORY COMMITTEE

Sharon Austin provided a brief description of the Student Advisory Committee and introduced the new Student Advisory Committee Chair Stephanie Berdugo-Hernandez and Vice Chair Rbrey Singleton. Both Ms. Berdugo-Hernandez and Mr. Singleton provided the Board with a brief description of their accomplishments.

CONSIDERATION OF THE MINUTES OF THE APRIL 19, 2017 MEETING

A motion to approve the minutes of the April 19, 2017 meeting was made by Rbrey Singleton and seconded by Jean McDonald Rash. The minutes were approved unanimously with five abstentions, Corey Amon, Audrey Bennerson, Stephanie Berdugo-Hernandez, Jean Rash, and Rbrey Singleton who did not participate in the April 19, 2017 meeting.

RESOLUTION 10:17 ELECTING THE EXECUTIVE COMMITTEE

Maria Torres made the following presentation to the Board:

In accordance with Article V of the Bylaws of the Higher Education Student Assistance Authority, the Chairperson appointed Shyam Sharma, Jean McDonald Rash and myself to the Nominating Committee to nominate a Chairperson and Vice Chairperson from among the public members of the Authority Board and two additional members of the Executive Committee, one from among the public members of the Board and one from among the institutional members of the Board.

The bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee, with the Executive Director serving as Secretary Treasurer. Accordingly, Chris McDonough, as Treasurer's Designee is a member of the Executive Committee, and Executive Director Gabrielle Charette will serve as Secretary/Treasurer of the Executive Committee.

HESAA staff reached out to all Board members on April 21, 2017 to advise members to contact HESAA if they were willing and able to serve on the Executive Committee. No public members volunteered to serve as the member of the Executive Committee representing the public members.

The Nominating Committee met on June 6, 2017 and recommends electing the following officers for Fiscal Year 2018: Christy Van Horn as Chairperson, me as Vice Chairperson and Dr. Jon Larson as a member of the Executive Committee representing institutional members.

A motion to approve Resolution 10:17 was made by Mr. Bader Qarmout and seconded by Ms. Audrey Bennerson. The motion passed unanimously.

Anthony Falcone thanked the new Executive Committee for volunteering. Maria Torres thanked Mr. Falcone for his four years of service to the families of New Jersey as Board Chair.

RESOLUTION 11:17 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2017-2018

Gene Hutchins presented Resolution 11:17 to the Board.

Resolution 11:17 will establish a table of full-time Tuition Aid Grant award values for the 2017-2018 academic year in accordance with the provisions of the Fiscal Year 2018 Appropriations Act.

Before you at your seats are revised resolution attachments A and B. On July 21, 2017 Governor Christie signed P.L. 2017 c. 178, which designates Montclair State University as a public research university for the first time. Since the law was effective immediately, the revised Attachment A, which is the proposed TAG award table, treats Montclair State University as a public research university and awards students attending that institution two more eligibility index cells. Revised Attachment B footnotes the projection of 417 new awards at Montclair at a total projected cost of \$396,000. The Board may recall that in 2012 the same action was taken when Rowan University was designated as a public research university.

The Fiscal Year 2018 Full-Time TAG appropriation of \$425.859 million represents an increase of \$22.212 million over last year's appropriation.

Language in the Fiscal Year 2018 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

- Provide TAG awards to all qualified applicants at levels not to exceed 2.0% above those levels provided in Fiscal Year 2017. The revised award table that is before you for approval increases all awards by the full 2% allowed for in the Appropriations Act.
- Participation in the TAG program is limited to those institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.

As shown in revised Attachment B, Fiscal Year 2018 approved resources also include a state appropriation for part-time students eligible to receive TAG awards under the EOF Part-Time TAG Program. These resources in total will be sufficient to fund the TAG Table shown in Attachment B for a total of 68,048 full-year equivalent awards plus the additional 417 awards in the two new award cells at Montclair for a total of 68,465 awards.

Pursuant to the Fiscal Year 2018 budgetary footnote language in the Appropriations Act, unexpended balances re-appropriated to the TAG account from Fiscal Year 2017 shall be available to fund increases in the number of applicants qualifying for TAG, to fund increases in award amounts, and to fund shifts in the distribution of awards that result from an increase in program costs. The budget also includes language appropriating any such additional funds as are required as a result of these changes in program participation patterns.

It is recommended that the Board approve Resolution 11:17 adopting the revised Attachment A as the Full-Time Tuition Aid Grant Award Table for academic year 2017-18.

A motion to approve Resolution 11:17 was made by Ms. Jean McDonald Rash and seconded by Mr. Corey Amon.

The motion passed unanimously.

RESOLUTION 12:17 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2017-2018

Gene Hutchins presented Resolution 12:17 to the Board.

Resolution 12:17 will establish award values for the Part-Time TAG for County Colleges Program for the 2017-2018 academic year in accordance with the provisions of the Fiscal Year 2018 Appropriations Act.

The Fiscal Year 2018 Part-Time TAG for County Colleges appropriation of \$8.737 million represents level funding. Current projections indicate that these funds will be sufficient to fund awards shown on Attachment B for a total of 10,631 county college students.

Language in the Fiscal Year 2018 Appropriations Act allows HESAA to retain the unexpended balances from FY 2017 in the Part-Time TAG for County Colleges Program. These funds serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges awards, to fund increases in overall average award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs.

The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2017-2018 full-time TAG award table. That is, the full-time TAG awards for the County Colleges were increased by approximately 2.0% and then prorated by 50% or 75%.

It is recommended that the Board approve Resolution 12:17 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2017-2018.

A motion to approve Resolution 12:17 was made by Dr. Jon Larson and seconded by Ms. Maria Torres.

The motion passed unanimously.

RESOLUTION 13:17 APPROVAL OF HESAA'S FY 2018 ADMINISTRATIVE BUDGETS

Dr. Jon Larson presented this item to the Board.

HESAA staff met with the Board Budget Committee on June 26, 2017 to discuss proposed FY 2018 administrative revenue and expenditure budgets and the capital budget.

HESAA Operating Budgets

HESAA administrative revenues projected for FY 2018 total \$29.8 million, an increase of \$0.6 million or 2.0% above FY 2017 levels broken down as follows:

- \$9.6 million under its Guaranty Agency Agreements with the federal government inclusive of 0.6 million from Guaranty Agency Operating Fund reserves
- \$16.1 million for the origination and servicing of NJCLASS loans inclusive of \$1.0 million of equity released from a prior NJCLASS Trust Estate
- \$4.1 million from fees and interest earnings related to the NJBEST Program

HESAA's administrative expenditure budget for FY 2017 totals \$29.8 million which is an increase of \$0.6 million or 2.0% from the FY 2017 budget. Highlights of the expenditure budgets include:

Nine critical vacancies in the loans servicing area, finance, and information services will be filled. These positions will strengthen the operations of these offices and help ensure that HESAA maintains high levels of customer service. During the past year, HESAA had 11 retirements in addition to the 12 positions that had been held vacant at the beginning of FY 2017.

These new hires will help ensure that HESAA is able to maintain a core group of long-term experienced staff to administer its programs.

A temporary personnel budget of \$3.9 million will give the agency the ability to meet peak program demands.

Annual licensing, maintenance and support services in addition to hosting and maintenance for the new Grant Software are estimated to increase \$0.6 million.

Annual Federal Information Security Management Act (FISMA) security and cybersecurity monitoring costs of \$0.3 million are required to monitor, secure and optimize the Authority's computer systems and networks.

The Authority's office space costs are increasing \$0.2 million over the FY 2017 budget, resulting from a full year of rent in FY 2018.

These cost increases are offset by the following cost savings:

A reduction of \$1.2 million is projected in Other Services as bond issuance costs are funded from program reserves in accordance with the bond resolution.

Web based applications continue to help with reducing overall costs in publishing, as costs are being reduced \$0.1 million over the FY 2017 budget.

Capital Budget

The expenditure budget for the capital fund is \$2.1 million, an increase of \$0.4 million or 2% over the FY 2017 capital budget. The major expenditures for next year include:

- Upgrading our mainframe and servers

- Remaining implementation costs of our new Grants and Scholarship system
- Installment payments for our new Grants and Scholarship system
- Continued enhancement of NJCLASS loan application and servicing platform software
- Security software for customer authentication control
- Distributed network data storage and backup equipment

With increasing amounts of data and media being transported over the web, it is critical that HESAA make these investments to continue to adequately serve students, families and institutions, as well as protect the extensive amounts of PII maintained as part of the administration of our programs.

The Board Budget Committee recommends that the full Board approve the administrative and capital budgets for FY 2018.

A motion to approve Resolution 13:17 was made by Ms. Audrey Bennerson and seconded by Ms. Jean McDonald Rash.

The motion passed unanimously.

RESOLUTION 14:17 APPROVING THE EXTENSION OF THE AGREEMENT WITH BLX GROUP AS ARBITRAGE CALCULATION CONSULTANT

Gene Hutchins presented Resolution 14:17 to the Board.

Resolution 14:17 recommends the approval of an extension of the agreement with BLX Group as arbitrage calculation consultant.

Under the federal tax code, municipal bond issuers, which include the student loan revenue bonds issued by the Higher Education Student Assistance Authority, are required to produce two types of arbitrage reports on a periodic basis, and remit any liability determined as a result of the calculations to the IRS. Due to the complexity of the federal tax code as it relates to arbitrage calculations for the structures of HESAA asset-backed bonds the services of a specialist in this area of accounting are required to ensure compliance. The scope of these services is fully outlined in the memorandum and are extensive.

At its July 2014 meeting the Board approved the appointment of BLX Group as HESAA's arbitrage calculation consultant, for an initial term of three years with two optional one year extensions. BLX Group is owned by Orrick Herrington & Sutcliffe, LLP, a leading national law firm with recognized expertise in arbitrage compliance. When needed, the resources of this firm were made available on short notice to respond to IRS requests for audits of two HESAA bond issues which were closed in very short order with no liabilities. In both cases, this service resulted in a resolution in favor of HESAA with a minimum of interruption to the Authority's normal business and at a reasonable cost.

HESAA staff has been satisfied with the services provided by BLX Group and recommends exercising the first one year extension option.

A motion to approve Resolution 14:17 was made by Mr. Corey Amon and seconded by Mr. Rbrey Singleton.

The motion passed unanimously.

RESOLUTION 15:17 ADOPTING AMENDMENTS TO REGULATIONS GOVERNING NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS), N.J.A.C. 9A:10-6.3, 6.12, 6.13 AND 6.17

Marnie Grodman presented Resolution 15:17 to the Board.

At its April meeting this Board voted to adopt regulatory amendments to provide loan forgiveness in the event of the death or total and permanent disability of the student borrower. While those amendments were going through the regulatory process, on December 5, 2016, Governor Christie signed P.L. 2016 c 71, which in addition to providing forgiveness also provides for the full deferment of both principal and interest for the temporary total disability of the student borrower, with no accrual of interest during the deferment. In order to effectuate these statutory changes the Board approved the proposal of additional regulatory amendments at its January meeting.

In addition to implementing the new law, the Board proposed regulations to ensure that the NJCLASS parent only loans meet the federal requirements for financing through qualified student loan bonds, as well as to ensure that the eligibility requirements for all NJCLASS loans are applicable to NJCLASS Consolidation loans. The proposal also amended the regulations pertaining to consolidation loans to provide greater flexibility, ensuring that borrowers receive the greatest benefits from favorable market conditions.

The proposed amendment was published in the March 6, 2017 New Jersey Register, posted on the HESAA website and sent to the Statehouse News Media. In addition, secondary notice was emailed to interested parties and a press release was distributed to the news media. The 60-day legislative review period for this rule expired on April 1, 2017, with no comments received and the public comment period for this rule expired on May 5, 2017. Comments were received from Jean Publiee, and do not require any amendments to the proposal. The comments, along with HESAA's responses, are summarized in the Board materials.

Staff recommends that the Board approves Resolution 15:17 adopting these amendments to the NJCLASS regulations.

A motion to approve Resolution 15:17 was made by Dr. Jon Larson and seconded by Ms. Stephanie Berdugo-Hernandez.

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.

The last time this Board met you authorized the Authority to issue and sell student loan revenue bonds for the upcoming 2017-2018 academic year. I am pleased to report that we went to market in May and the sale was extremely successful. Part of the success is definitely attributable to the fact that for the first time ever, NJCLASS bonds received a Aaa rating from Moody's. This coveted rating is allowing the Authority to keep the same interest rates in Academic Year 2017-2018 as we had in Academic Year 2016-2017. The rates will remain at:

4.48%	for our 10- year term
5.19%	for our 15-year term
7.15%	for our 20-year loan term

This is particularly noteworthy, in light of the fact that since these rates were initially set a year ago, the Federal Reserve has increased interest rates three times. Moreover, the federal loan most akin to NJCLASS – the Federal PLUS loan, experienced a rate increase of nearly three-quarters of one percent to 7.0% for loans disbursed on or after July 1, 2017.

HESAA's ability to consistently earn investment grade ratings, to keep interest rates competitive and to maintain low default rates of approximately 1.0% per year, has garnered the attention of other states considering offering a supplemental student loan program. In May, HESAA welcomed a delegation of officials from the State of North Carolina. North Carolina is starting a state supplemental student loan program of their own and was interested to learn about the many facets of the New Jersey program. While here, they met with representatives from the following units: Finance, Loan Originations, Servicing & Collections and Legal.

As you know, in addition to running our own loan program, we also serve as a guarantor of defaulted federal loans. In this capacity, we are regularly subject to audit by the U.S. Department of Education. This past February, the Department sent a team of auditors to HESAA for a routine review. I am pleased to report that in June, I received a letter from the USDE advising that no findings were identified and the review is now closed. Although these reviews are routine, we do take them seriously. Staff members engage in considerable preparation prior to the review, and are available throughout the examination to answer the various questions from the auditors. I would like to acknowledge the following staff members for their efforts in this regard: Valerie Bednarski, Collections Supervisor; Janice Seitz, Program Officer; Bob Clark, Controller; Tony Kaczoroski, Assistant Finance Director; and Dave Gillespie, Director of Servicing and Collections.

Speaking of HESAA staff, since this Board last met, we have welcomed two new staff members.

Kristina Fripps is our new Assistant Director of Special Grants and Scholarships. She oversees our smaller, but numerous and important Grant and Scholarship programs including NJ STARS, NJ STARS II, World Trade Center, Law Enforcement Officers' Memorial Scholarship, Survivor Tuition Benefits and the NJBEST Scholarship. She comes to us from Pierce College in Philadelphia where she was the Director of Student Financial Services. Kristina holds a Master's degree in Business Administration from Eastern University. Michael Loaiza had been working at the Authority in our Client Services unit through a temporary agency contract, but we are now very pleased that he is a full-time employee in our mail room. We are also pleased that he is continuing his education in the evenings and working towards his Associate's degree in Business Administration at Mercer County Community College.

In addition to full-time staff, we also recently welcomed summer interns to assist us during our busy season. This year, we have seven interns assigned throughout the Authority. While I wish I could introduce them all to you, in the interest of time, I have selected three.

Kyle Russo is working in Audits and Quality Assurance. He is a Senior at Stockton University where he will be graduating in December with a degree in Business. Lyssa Coleman is working in Grants and Scholarships. This is Lyssa's second summer at HESAA. She is going into her last year at Monmouth University where she is majoring in Sociology with a minor in Criminal Justice. Greg Green is working in Servicing and Collections. Greg is going into his Senior year at Delaware State University where he is majoring in Exercise Science with plans to pursue a career as a physical therapist.

At HESAA, we want all our staff, be they full time, temporary or summer interns to find professional fulfillment in the important work we do to advance higher education, but most of all, we want them to be safe at all times. To that end, Chief of Staff Marcia Karrow has engaged us with the New Jersey Office of Homeland Security and Preparedness. They have been onsite and have reviewed our Active Shooter Response plan and provided active shooter training to all HESAA workers. The training covered those best practices as identified by the FBI and New Jersey State Police. In addition to training, Homeland Security is performing a thorough evaluation of both the internal and external layout of our offices and our Continuity of Operations plan. They are also working with Marcia and Facilities Manager Michael Ladines to create a safety drill for our staff.

Finally, defending our national safety, one of our temporary employees, Delroy Snow, left the Authority last July when called to active duty in Afghanistan. Thankfully, Navy Reservist Snow is back at HESAA safe and sound and brought us this American flag that was flown in HESAA's honor in Afghanistan at the Joint Special Operations Camp for Operation Freedom's Sentinel. We thank Reservist Snow for his service, for remembering us while away on duty and welcome him back to HESAA.

Thank you.

NEW BUSINESS

Gabrielle Charette presented a resolution for Fr. Michael Braden who recently retired and therefore resigned from the HESAA Board. Since he was unable to attend this meeting, Ms. Charette presented his resolution to John B. Wilson of the Association of Independent Colleges and University in New Jersey, thanking Fr. Braden for his service and dedication to the students of New Jersey.

Chair Falcone also announced Shyam Sharma and Ester Calderon the exiting Student Advisory Committee Chair and Vice Chair were unable to attend today however their resolutions of appreciation along with Fr. Braden's will be noted in the official records of the Authority and appended to these Minutes along with Fr. Braden's.

ADJOURNMENT

Mr. Falcone advised that the next regularly scheduled Board meeting is Wednesday October 25, 2017 at 10:00 am and the Audit Committee would be meeting immediately following the current meeting.

A motion to adjourn was made by Ms. Maria Torres and seconded by Ms. Audrey Bennerson. The motion passed unanimously.

The meeting adjourned at 10:44 am.

RESOLUTION 10:17

ELECTING THE EXECUTIVE COMMITTEE

Moved by: Mr. Bader Qarmout
Seconded by: Ms. Audrey Bennerson

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

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

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

WHEREAS: There are no public members currently able to serve as the member of the Executive Committee representing public members.

NOW THEREFORE, BE IT:

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

July 26, 2017



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

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

FROM: Kathryn Safran *KS*
Director, Grants and Scholarships

SUBJECT: Resolution 11:17 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2017-2018

DATE: July 26, 2017

Summary

Attached for your review, comment, and approval is Resolution 11:17, Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2017-2018. In accordance with the provisions of the TAG program statute and subject to the limits of the Fiscal Year (FY) 2018 Appropriations Act, this action will establish a table of full-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

On July 4, 2017, Governor Christie signed the FY 2018 Appropriations Act, which includes an appropriation of \$425.859 million for the Full-Time TAG Program.

Language in the FY 2018 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

- Provide TAG awards to all qualified applicants at levels not to exceed 2.0% of those levels provided by the Higher Education Student Authority (HESAA) in FY 2017.
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.

Background

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

The purpose of the TAG Program is to reduce or eliminate the tuition component of the cost of attending college for students who demonstrate financial need. The Governor and the Legislature have been very supportive over the years in providing funding for TAG. Historically, the program has attempted to reach the maximum award levels authorized in statute, which provide awards up to full tuition at public institutions and awards up to 50% of the average tuition at non-public colleges and universities, to students demonstrating the highest financial need. In addition, partial awards are provided to other needy students to help offset tuition.

Each year in July, prior to the start of the academic year, HESAA establishes a table of TAG award values based on application volume, projected demand and available funds. The July time frame for adoption of award amounts by the Board is essential to notifying students and institutions of TAG award values prior to payment of fall semester bills.

The structure of the TAG award table is based on a numeric New Jersey Eligibility Index (NJEI) that represents the relative dollar amount the student and family are expected to be able to contribute toward college costs, as determined through a uniform need analysis methodology. The evenly spaced NJEI ranges on the award table are referred to as "cells." Each succeeding cell increases by 1000 points on the scale.

Students demonstrating the highest need are those in the first cell with an NJEI under 1500. In 2016-2017, nearly 40% of all TAG recipients were in this cell. It is expected that these students and their families are able to pay less than \$1,500 toward college costs. Therefore, they are eligible for the maximum award amount. Students with NJEIs in subsequent cells are eligible for proportionately lower awards that decrease as the family's calculated ability to contribute to educational expenses increases.

FY 2018 Available Funds and Projected Award Volume

The FY 2018 TAG appropriation of \$425.859 million is \$22.212 million higher than the original FY 2017 State appropriation, an increase of 5.5%. This is an extraordinary commitment of State funds in a year that New Jersey faces budget limitations.

Attachment B shows the distribution of the FY 2018 Full-Time TAG appropriation across the TAG award cells. This distribution also includes the State appropriation of \$558,000 for part-time students eligible to receive TAG awards under the EOF Part-Time Program.

Pursuant to FY 2018 budgetary footnote language, unexpended balances from the FY 2017 TAG account are re-appropriated and available to fund increases in the number of applicants

qualifying for TAG, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs. The budget also includes language appropriating such additional funds as are required as a result of these changes in program participation patterns.

The total FY 2018 appropriated resources are \$426.417 million, which are sufficient to fund the Full-Time Tuition Aid Grant Award Table for Academic Year 2017-2018 shown in Attachment B. This table is projected to fund 68,048 full-year equivalent awards.

The Full-Time TAG Award Table was constructed as follows:

- Awards at all sectors for all students were increased approximately 2.0% above 2016-2017 award values.

Approximately 40% of award recipients qualify for maximum awards and are expected to receive over \$204.625 million.

Recommendation

It is recommended that the Board approve Resolution 11:17 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2017-2018.

Attachments (3)

RESOLUTION 11:17

ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2017-18

Moved by: Ms. Jean McDonald Rash
Seconded by: Mr. Corey Amon

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

WHEREAS: The FY 2018 line-item appropriation for full-time TAG of \$425,859,000 and Part-Time TAG for EOF Students of \$558,000 total \$426,417,000 in FY 2018 TAG resources; and

WHEREAS: Language in the Appropriations Act stipulates the following:

- Provide TAG awards to all qualified applicants at levels not to exceed 2% above those levels provided by the Higher Education Student Assistance Authority in FY 2017.
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to the Higher Education Student Assistance Authority to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date; and

WHEREAS: Budgeted FY 2018 resources also include unexpended balances reappropriated to the TAG account to be held as a contingency for unanticipated increases in the number of applicants qualifying for full-time TAG awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs; and

WHEREAS: The FY 2018 Appropriations Act provides for such sums as are required to cover the costs of increases in the number of applicants qualifying for full-time TAG awards or to fund shifts in the distribution of awards that result in an increase in total program costs, subject to the approval of the Director of the Division of Budget and Accounting.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Full-Time TAG Award Table for AY 2017-2018 (Attachment A); and be it further

RESOLVED: That the attached Full-Time TAG Award Table for AY 2017-2018 pertains to New Jersey institutions that are licensed and were approved for participation in the State grant program as of September 1, 2009; and be it further

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

July 26, 2017

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
FULL-TIME TUITION AID GRANT (TAG) AWARD TABLE FOR 2017-18¹**

New Jersey Eligibility Index (NJEI)	County Colleges² Award Average	State Colleges² Award Average	Independent Non-Public³ Award Value	Rutgers Award Value	Rowan Award Value	NJIT Award Value	Montclair Award Value
Under 1500	\$2,732	\$7,236	\$12,686	\$9,656	\$8,240	\$11,204	\$7,328
1500-2499	2,378	6,334	10,756	8,564	7,252	9,704	6,320
2500-3499	2,060	5,364	9,460	7,626	6,140	8,642	5,354
3500-4499	1,606	4,442	8,474	6,576	5,084	7,452	4,434
4500-5499	1,198	3,684	7,484	5,734	4,214	6,498	3,676
5500-6499	0	2,874	6,504	4,892	3,290	5,546	2,870
6500-7499		2,092	5,520	4,102	2,398	4,646	2,088
7500-8499		0	4,528	3,250	1,500	3,684	1,308
8500-9499			3,582	2,240	604	2,538	528
9500-10499			2,034	0	0	0	0
Over 10499			0				

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

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

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

FY 2018 TAG TABLE PROJECTION - BASED ON THE FY 2018 BUDGET APPROPRIATION

All 2016-17 TAG Award Values Increased by 2.0%

NJEI	ESTIM. AVERAGE FAMILY INCOME	COUNTY		STATE		NON-PUBLIC		ROWAN		RUTGERS/NJIT		TOTAL				
		NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG. \$ (000)			
1500-1500	20,300	7,943	2,721	21,613	6,894	7,069	48,734	5,234	12,519	65,529	1,041	8,235	8,573	27,123	7,544	204,625
1500-2499	24,000	3,510	2,360	8,284	3,327	6,142	20,434	2,431	10,638	25,860	574	7,246	4,159	12,797	6,632	84,871
2500-3499	34,400	2,232	2,045	4,564	2,067	5,228	10,806	1,406	9,398	13,213	331	6,122	2,026	7,784	5,702	44,385
3500-4499	37,800	1,782	1,596	2,844	1,712	4,359	7,463	1,192	8,396	10,008	311	5,084	1,581	6,382	4,902	31,286
4500-5499	40,600	1,461	1,184	1,730	1,306	3,591	4,690	1,047	7,430	7,779	248	4,204	1,043	5,200	4,227	21,980
5500-6499	44,900				1,190	2,800	3,332	853	6,408	5,466	215	3,281	705	3,141	4,445	13,961
6500-7499	48,700				900	2,057	1,851	723	5,461	3,948	177	2,389	423	2,597	3,895	9,596
7500-8499	52,100				594	4,475	2,658	594	4,475	2,658	122	1,500	183	1,394	3,664	5,108
8500-9499	54,800				554	3,547	1,965	554	3,547	1,965	128	603	77	1,225	2,686	3,290
9500-10499	53,500				405	2,012	815	405	2,012	815				405	2,012	815
TOTAL		16,928	2,306	39,035	17,396	5,594	97,310	14,439	9,505	137,241	3,147	5,964	18,770	16,138	7,904	419,917

(000)

FY 2018 TAG APPROPRIATION
 FY 2018 PT TAG/EOF APPROPRIATION
 FY 2018 TOTAL RESOURCES

425,859
 558
 426,417

ESTIMATED FY 2018 MODEL COST ¹

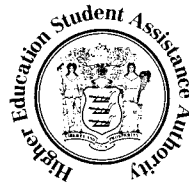
419,917

UNEXPENDED BALANCE ^{1,2}

6,500

¹ Pursuant to the July 21, 2017 passage of P. L. 2017 c. 178, which establishes Montclair State University (MSU) as a public research university, two additional NJEI cells will be added for MSU, projecting 417 new awards totalling \$396,456, thereby increasing the Estimated 2018 Model Cost and decreasing the Unexpended Balance.

² Budgetary footnote limits TAG award increases to 2% above FY 2017 levels.



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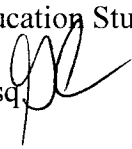
CHRIS CURISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: Kathryn Safran 
Director, Grants and Scholarships

SUBJECT: Resolution 12:17 Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year 2017-2018

DATE: July 26, 2017

Summary

Attached for your review, comment, and approval is Resolution 12:17, Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year (AY) 2017-2018. In accordance with the provisions of the Fiscal Year (FY) 2018 Appropriations Act, this action will establish a table of part-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

Background

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

As provided in the FY 2018 Appropriations Act, part-time awards shall be prorated against full-time awards within the limits of available appropriations as follows: eligible students enrolled for 6–8 credits receive 50 percent of the value of a full-time award, while students enrolled for 9–11 credits receive 75 percent of the full-time award value.

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

Available Funds and Projected Award Volume

The FY 2018 Appropriations Act includes funding of \$8.737 million for the Part-Time TAG for County Colleges Program.

Language in the FY 2018 Appropriations Act allows HESAA to retain the unexpended balances from FY 2017 in the Part-Time TAG for County Colleges Program. These funds serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges awards, to fund increases in award amounts and to fund shifts in the distribution of awards that result in an increase in program costs.

- The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2017-2018 full-time TAG award table. That is, the full-time TAG awards were increased by approximately 2.0% and then prorated by 50% or 75%.

Current projections indicate that the \$8.737 million appropriation will be sufficient to fund the Part-Time TAG Award Table shown in Attachment B.

Recommendation

It is recommended that the Board approve Resolution 12:17 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2017-2018. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$683 to a minimum of \$299 per semester for eligible students enrolled for 6-8 credits, and a maximum of \$1,024 to a minimum of \$449 for students enrolled for 9-11 credits.

Attachments (3)

RESOLUTION 12:17

ADOPTING A PART-TIME TUITION AID GRANT FOR COUNTY COLLEGES AWARD TABLE FOR ACADEMIC YEAR 2017-18

Moved by: Dr. Jon Larson
Seconded by: Ms. Maria Torres

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

WHEREAS: Pursuant to the Fiscal Year (FY) 2018 Appropriations Act, part-time awards shall be prorated, within the limits of available appropriations, against full-time awards as follows: eligible students enrolled for 6–8 credits receive 50 percent of the value of a full-time award, and students enrolled for 9–11 credits receive 75 percent of the full-time award; and

WHEREAS: The FY 2018 Appropriation for the Part-Time TAG for County Colleges Program is \$8.737 million; and

WHEREAS: The Part-Time TAG for County Colleges Award Table shown in Attachment A was constructed following the parameters used to develop the 2017-2018 Full-Time TAG Award Table as follows:

- Provide TAG awards to all qualified applicants at levels not to exceed 2% of those levels provided by the Higher Education Student Assistance Authority in FY 2017.

WHEREAS: Language in the Appropriations Act reappropriates unexpended balances in the Part-Time TAG for County Colleges account to serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges awards, to fund increases in award amounts and to fund shifts in the distribution of awards that result in an increase in program costs.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Part-Time Tuition Aid Grant (TAG) Award Table for AY 2017-2018 (Attachment A); and be it further

RESOLVED: That the attached Part-Time TAG for County Colleges Award Table for AY 2017-2018 pertains to New Jersey County Colleges established pursuant to N.J.S.A. 18A:64A-1 et. seq. (and their programs of study) that are licensed and approved for participation in the State grant program as of September 1, 2009; and be it further

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

July 26, 2017

STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGES AWARD TABLE FOR
2017-2018*

NJEI	1/2 Time Semester Award (6-8 credits)	3/4 Time Semester Award (9-11 credits)
0-1499	\$683	\$1,024
1500-2499	594	891
2500-3499	515	772
3500-4499	401	602
4500-5499	299	449

*Awards pro-rated against 2017-18 full-time TAG county college sector awards.

NOTE: If the TAG award reflected above exceeds the student's actual tuition charges, the institution must reduce the TAG award to reflect actual tuition charges.

7/26/2017

**PART-TIME TAG FOR COUNTY COLLEGES PROGRAM
2017-18 Budget Estimate**

NJEI	Est. # of 1/2 Awards		Semester 1/2 Award Value		Est. Cost of 1/2 Awards		Est. # of 3/4 Awards		Semester 3/4 Award Value		Est. Cost of 3/4 Awards		Est. # of All Awards	Est. Total Cost	Proj. Headcount
	Awards	Value	Awards	Value	Awards	Value	Awards	Value	Awards	Value	Awards	Value			
0-1499	1,995	\$683	\$1,362,585	2,520	\$1,024	\$2,580,480	4,515	\$3,943,065	3,504						
1500-2499	1,025	594	608,850	1,199	891	1,068,309	2,224	1,677,159	1,727						
2500-3499	685	515	352,775	773	772	596,756	1,458	949,531	1,115						
3500-4499	619	401	248,219	640	602	385,280	1,259	633,499	972						
4500-5499	582	299	174,018	593	449	266,257	1,175	440,275	898						
Total	4,906	\$560	\$2,746,447	5,725	\$855	\$4,897,082	10,631	\$7,643,529	8,216						

FY2018 APPROPRIATION 8,737,000

FY2018 MODEL COST 7,643,529

PROJECTED UNEXPENDED BALANCE 1,093,471



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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

FROM: Dr. Jon Larson *JL*
Member, Board Budget Committee

SUBJECT: Resolution 13:17 Approval of HESAA's FY 2018 Administrative and Capital Budgets

DATE: July 26, 2017

As part of HESAA's annual budget process, and to ensure the Board's continued oversight of the programmatic and administrative activities of the Authority, on June 26, 2017 staff presented the FY 2018 administrative and capital budgets to the Board Budget Committee for its review and approval. The Budget Committee approved the budgets and is now recommending that the full Board approve these budgets through the attached resolution.

Background

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

Revenue Budgets

In FY 2018 HESAA revenues and appropriated reserves will fully provide the resources required to pay for the expenditure budgets outlined below. These revenues include amounts earned under HESAA Guaranty Agency agreements with the federal government and from the administration of the NJCLASS and NJBEST programs, as well as the use \$1.2 million in Guaranty Agency Operating Fund (GAOF) reserves. HESAA administrative revenues projected for FY 2018 total \$29.8 million, an increase of \$0.6 million or 2.0% above FY 2017 levels as detailed in attached Schedule I. These revenues are broken down as follows:

Federal Student Loan Program Administration – HESAA is projected to realize \$9.6 million under its Guaranty Agency Agreements with the federal government, a decrease of \$0.2 million from the FY 2017 budget. This includes revenue earned from the collections of defaulted student loans, rehabilitation of previously defaulted loans and maintenance of existing loan guarantees. The decreases in federal revenue are the result of continued amortization of HESAA’s federal student loan guaranty portfolio, decreases in loan defaults, and associated decreases in defaulted loan collections. In addition, the budget allocates \$1.2 million in appropriated reserves from the GAOF which will be used to continue public awareness and outreach activities and other services under our guaranty agency agreement with the USDE.

NJCLASS Program Administration – HESAA is anticipated to earn \$16.1 million for the origination and servicing of NJCLASS loans, an increase of \$0.6 million from FY 2017. As part of this revenue, HESAA will also be realizing \$1.4 million in NJCLASS equity releases from prior bond issues. HESAA retains 1% of the 3% origination fee charged to borrowers with the other 2% deposited to the Student Loan Fund within the NJCLASS Bond Trust Estates to make additional loans during the origination and recycling period. HESAA earns servicing and administrative fees from the Bond Trust Estate which are paid from the spread between the cost of capital and the loan rate, as required by the rating agencies. HESAA also retains revenue from a portion of the recovery of NJCLASS loans that have defaulted.

NJBEST Administration – NJBEST revenue for FY 2018 is projected to total \$4.9 million from fees and interest earnings related to the NJBEST trust for administration of the program. This amount is reduced by \$0.8 million set aside for NJBEST scholarship obligations resulting in net revenues available for administration of \$4.1 million, an increase of \$0.2 million from FY 2017.

Expenditure and Capital Budgets

Operating Expenditures – HESAA’s administrative expenditure budget for FY 2018 totals \$29.8 million, which is an increase of \$0.6 million or 2.0% from the FY 2017 budget as detailed in the attached Schedule I. Budget reductions in Other Services will help to offset expected increases in cyber security, licensing & maintenance, temporary help, and a full year of rent expense. The budget funds 156 HESAA positions and all non-salary costs associated with delivering State and Federal student assistance funds and services to over 1 million New Jersey residents each year. During FY 2017 we had 11 retirements and resignations in addition to the 12 positions that were vacant at the beginning of the fiscal year. There have been 13 positions filled with the approval of the Governor’s office, and HESAA plans to add an additional 9 positions in FY 2018 to fill critical vacancies in the loan servicing and collections area, information services and finance areas. These positions will strengthen the operations of these offices and help ensure that HESAA maintains high levels of customer service.

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

- Salary and Benefits are relatively flat, only up \$0.1 million over FY 2017 budget, as the positions being filled are offsetting the 12 positions held vacant at year end in addition to the 11 retirements and resignations.
- Web based applications continue to help with reducing overall costs in publishing, as costs are being reduced \$0.1 million over FY 2017 budget.
- Annual licensing, maintenance and support services in addition to hosting and maintenance for the new Grant Software are estimated to increase \$0.6 million.
- Annual Federal Information Security Management Act (FISMA) security and cybersecurity monitoring costs of \$0.3 million are required to monitor, secure and optimize the Authority's systems and networks.
- A reduction of \$1.2 million is projected in Other Services as bond issuance costs are funded from program reserves in accordance with the bond resolution.
- A Temporary Personnel budget of \$3.9 million or \$0.5 million over FY 2017 budget will give the agency the ability to better meet peak program demands.
- The Authority's office space costs are increasing \$0.2 million over FY 2017 budget, resulting from a full year of rent in FY 2018.

Capital Budget – The Authority maintains a capital fund that is utilized for investments towards the improvement of HESAA's technological infrastructure and Federal Information Security Management Act (FISMA) compliance. Capital expense has been funded from administrative surpluses realized over the last several years. The major expenditures for FY 2018 include costs associated with upgrading our mainframe and servers, remaining implementation of our Grants and Scholarship system, continued enhancement of NJCLASS loan application platform software, security software and data storage replacements. With increasing amounts of data and media being transported over the web, it is critical that HESAA make these investments to continue to adequately serve students, families and institutions and deliver services with a reduced workforce. The expenditure budget for the capital fund is \$2.1 million, an increase of \$0.4 million or 2% over the FY 2017 capital budget as detailed in attached Schedule II.

Summary

FY 2018 administrative resources of \$29.8 million will fund budgeted expenditures of \$29.8 million. HESAA has continued to contain administrative costs wherever possible while making additional investments in HESAA's infrastructure in support of federal contracts, better service to our constituents, and continued improvements to staff productivity. The FY 2018 Administrative and Capital Budgets are recommended for your approval.

The Board Budget Committee recommends that the Board approve Resolution 13:17 Approving HESAA's FY 2018 Administrative and Capital Budget.

Attachments

RESOLUTION 13:17

APPROVING HESAA's FY 2018 ADMINISTRATIVE AND CAPITAL BUDGETS

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

WHEREAS: As part of the Higher Education Student Assistance Authority's (HESAA) annual budget process, to ensure the Board's oversight of the programmatic and administrative activities of the Authority, staff presents the FY 2018 administrative and capital budgets to the Board for its review and approval; and

WHEREAS: On June 26, 2017 the Board's Budget Committee met with staff to review and approve the FY 2018 administrative and capital budgets for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the Board hereby approves the FY 2018 administrative and capital budgets as advanced by the Budget Committee and described in the attachment to this resolution.

July 26, 2017

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Appropriated Administrative Revenues & Expenses FY 2016-2018
(\$000)

	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget	FY 2017 Forecast	FY 2018 Budget	Inc/(Dec) FY 2018 Budget vs FY 2017 Budget	
						\$	%
<u>Federal Student Loan Program Administration:</u>							
Net Retained Collections	\$4,436	\$4,384	\$4,297	\$3,806	\$2,975	(\$1,321)	-30.8%
Proceeds from Sale of Rehabilitated Loans	2,357	2,752	3,618	5,162	4,153	535	14.8%
Account Maintenance Fee	1,219	1,117	1,060	1,050	1,050	(10)	-0.9%
Default Aversion Fee	190	(171)	(130)	(109)	(144)	(14)	10.8%
MOHELA	245	224	220	222	219	(1)	-0.4%
Interest Earnings	20	50	20	58	60	40	200.0%
Secondary Market Administrative Fees	140	152	124	133	120	(4)	-3.2%
Guarantee Agency Operating Trust Fund Release	1,097	0	597	0	1,189	592	99.2%
Total Federal Student Loan Program Administration	\$9,704	\$8,509	\$9,806	\$10,322	\$9,622	(\$183)	-1.9%
<u>NJCLASS:</u>							
Application Fees	\$2,200	\$1,700	\$1,734	\$1,900	\$2,000	\$266	15.3%
Servicing Fees	6,756	6,446	6,464	6,200	6,400	(64)	-1.0%
Administrative Fees	3,484	3,282	3,296	3,600	3,600	304	9.2%
Net Collection Revenue	2,409	2,698	2,960	2,531	2,600	(360)	-12.2%
NJCLASS Equity Release	0	1,687	1,000	1,365	1,400	400	40.0%
Interest Earnings	3	31	3	67	70	68	N/M
Total NJCLASS Program Administration	\$14,852	\$15,845	\$15,457	\$15,664	\$16,070	\$613	4.0%
<u>NJBEST:</u>							
Fee Income From Provider	\$4,852	\$4,131	\$4,715	\$4,372	\$4,778	\$63	1.3%
Interest Earnings	20	54	23	128	130	107	457.0%
Scholarship Awards	(800)	(618)	(800)	(717)	(800)	0	0.0%
Total NJBEST Program Administration	\$4,072	\$3,567	\$3,938	\$3,783	\$4,108	\$169	4.3%
Total All Funds	\$28,628	\$27,920	\$29,201	\$29,769	\$29,800	\$599	2.0%
<u>FY 2018 HESAA Program Administrative Budgets:</u>							
Salary and Wages	10,637	9,252	11,132	9,844	11,177	45	0.4%
Employee Benefits	4,946	4,066	5,176	4,968	5,197	21	0.4%
Materials/Supplies	433	330	442	239	395	(47)	-10.7%
Services Other Than Personnel	11,229	9,838	11,310	10,610	11,701	390	3.5%
Maintenance and Fixed Charges	1,192	1,209	958	995	1,140	182	19.0%
Special Purpose/Indirect Cost	191	179	183	196	190	7	3.7%
Total Program Administrative Expenditures	\$28,628	\$24,874	\$29,201	\$26,853	\$29,800	\$599	2.0%

Schedule II

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
SFY 2017 AND SFY 2018 BUDGETS**

	<u>FY 2017</u>	<u>FY 2018</u>
Beginning of Year Encumbered Balance	1,976,346	1,905,109
Capital Budget	4,048,248	2,089,213
Capital Commitments	(4,119,485)	(3,994,322)
End of Year Encumbered Balance	1,905,109	-
 <u>Capital Budget Detail</u>		
CMOD Imaging	70,000	-
Telephone Systems	100,000	-
Information Systems Infrastructure Upgrades	90,000	443,000
Desktop Replacment	20,000	35,000
Federal Information Security Management Act	30,000	105,794
Information Systems Equipment Replacement	-	10,000
Customer Authentication Control Software	-	330,000
Distributed Data Storage and Back-up	-	275,000
NJCLASS Software	205,000	497,419
E-Mail Platform Replacement	90,000	-
Network Switches and Routers	-	30,000
Mainframe Virtual DASD & Tape System	190,000	-
Physical Security	430,000	40,000
Grant Software Development	400,000	270,000
Client Services Customer Database Management Tool	8,000	-
Data Center Flooring	-	3,000
Furniture Replacement	415,248	50,000
	2,048,248	2,089,213
 HESAA Loan Servicing Platform Replacement Project	 2,000,000	 -
Total Capital Budget	4,048,248	2,089,213



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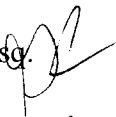
CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director 

FROM: Robert J. Clark, CPA
Controller 

SUBJECT: Resolution 14:17 – Approving the Extension of the Agreement with BLX Group as Arbitrage Calculation Consultant

DATE: July 26, 2017

Background

Under the federal tax code, municipal bond issuers, which include the student loan revenue bonds issued by the Higher Education Student Assistance Authority (“HESAA” or the “Authority”), are required to produce two types of arbitrage reports on a periodic basis, and remit any liability determined as a result of the calculations to the IRS. Due to the complexity of the federal tax code as it relates to arbitrage calculations for the structures of HESAA asset-backed bonds the services of a specialist in this area of accounting are required to ensure compliance.

At its July 2014 meeting the Board approved the appointment of BLX Group as HESAA’s arbitrage calculation consultant, for an initial term of three years with two optional one year extensions. BLX Group is owned by Orrick Herrington & Sutcliffe, LLP, a leading national law firm with recognized expertise in arbitrage compliance. When needed, the resources of this firm were made available on short notice to respond to IRS requests for audits of two HESAA bond issues. In both cases, this service resulted in a resolution in favor of HESAA with a minimum of interruption to the Authority’s normal business and at a reasonable cost.

HESAA staff has been satisfied with the services provided by BLX Group and recommends exercising the first one year extension option.

The services provided by BLX Group include but are not limited to:

- Calculating applicable bond yield and student loan-yield for each of the Authority's respective issues as requested by the Authority. Identifying and separately accounting for, all Gross Proceeds and Acquired Program Investments (i.e., the loans) allocable to each bond issue, including those requiring allocation analyses due to circumstances such as refunding, transferred proceeds and/or commingled funds.
- Calculating each issue's excess yield, if any, on student loans.
- Calculating each issue's excess earnings, if any, on non-purpose investments, taking into account any available temporary periods, spending exceptions and exceptions for funds on deposit in a qualified reserve fund.
- Preparing clear and concise reports, for each issue.
- Delivering appropriate documentation required to support calculations.
- Providing an executive summary identifying the methodology employed, major assumptions, conclusions, and any recommendations for changes in the Authority's record keeping.
- Assisting the Authority as necessary in the event of an IRS inquiry.
- Performing the required yield reduction or yield adjustment calculations and provide documentation to support such calculations.
- Preparing the necessary forms, if any, which need to be filed by the Authority with the Internal Revenue Service in connection with making yield reduction or arbitrage payments.
- Consulting with Authority staff and providing such other incidental advice and assistance as the Authority may deem necessary to ensure full compliance with the arbitrage restrictions imposed by the Arbitrage Requirements.

Recommendation

It is recommended that the Board approve Resolution 14:17 Approving the Extension of the Agreement with BLX Group as Arbitrage Calculation Consultant, permitting HESAA to exercise its first option for a one-year renewal of its contract with BLX Group.

Attachments

RESOLUTION 14:17

APPROVING THE EXTENSION OF THE AGREEMENT WITH BLX GROUP AS ARBITRAGE CALCULATION CONSULTANT

Moved By: Mr. Corey Amon
Seconded By: Mr. Rbrey Singleton

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

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

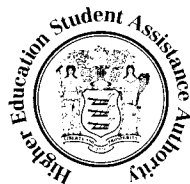
WHEREAS: Pursuant to the responses to a Request for Proposals, at its July 24, 2014 meeting the HESAA Board appointed BLX Group as arbitrage calculation consultant for a term of three years with two possible one year extensions; and

WHEREAS: HESAA has been satisfied with the service provided by BLX Group.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves a one-year extension of the agreement with BLX Group as its arbitrage calculation consultant.

July 26, 2017



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
Administrative Practice Officer

SUBJECT: Resolution 15:17 Adoption of Amendments to Regulations Governing Discharge of New Jersey College Loans to Assist State Students (NJCLASS), N.J.A.C. 9A:10-6.3, 6.12, 6.13 and 6.17

DATE: July 26, 2017

Background

HESAA is responsible for the administration of the NJCLASS Program pursuant to N.J.S.A. 18A:71C-21 et seq. NJCLASS ensures that loans are available to, or for the benefit of, eligible students who are not eligible for, or have additional financial need beyond, Federal student loans.

NJCLASS loans are funded by the sale of bonds that are repaid solely through the repayment of the NJCLASS loans. The interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale, cost of servicing the loans and other costs determined by the bond sale. In addition to the rules, HESAA is required to administer NJCLASS pursuant to the indentures for the bonds that finance the loans.

At its January 25, 2017 meeting the HESAA Board approved proposed regulatory amendments to implement statutory changes made by the December 5, 2016 enactment of P.L. 2016 c. 71, and to provide additional clarifications to the NJCLASS program.

The proposed amendment, PRN 2017-034, was published in the March 6, 2017 New Jersey Register at 49 N.J.R. 396, on the HESAA website at HESAA.org and sent to the Statehouse News Media. In addition, secondary notice was emailed to interested parties and a press release

was distributed to the news media. The 60-day legislative review period for this rule expired on April 1, 2017, with no comments received and the public comment period for this rule expired on May 5, 2017. Comments were received from Jean Publiee, and do not require any amendments to the proposal. The comments are summarized below along with HESAA's responses.

COMMENT: The commenter states that all loans should be repaid and that "those who borrow need to know that they need to repay."

RESPONSE: Parties to NJCLASS loans are required to repay their loans. They are advised of their obligations throughout the application process as well as throughout the life of the loan. The amendments implement provisions of P.L. 2016, c. 71 which provides loan forgiveness exclusively in the event of the death or total and permanent disability of the student borrower.

COMMENT: The commenter asserts that if they do not repay their loans, "both the student and the parent should have their credit rating downgraded to disgraceful if they don't repay and they should have their income tax refunds taken and every other method of judgment taken against them if they do not repay these student loans."

RESPONSE: The Higher Education Student Assistance Authority follows the Fair Credit Reporting Act by accurately reporting the status of loans to the credit bureaus and utilizes all statutorily permitted collection tools.

COMMENT: The commenter states that she does not believe the State of New Jersey should be handling student loans. The commenter thinks this function should be turned over to a bank that will insist on repayments.

RESPONSE: N.J.S.A. 18A:71C-21 et seq. authorizes the Higher Education Student Assistance Authority to administer the NJCLASS program. As such, the commenter's assertion would need to be addressed legislatively, not through the regulatory process.

Recommendation

It is recommended that the Board approve Resolution 15:17 Adoption of Amendments to Regulations Governing Discharge of New Jersey College Loans to Assist State Students (NJCLASS), N.J.A.C. 9A:10-6.3, 6.12, 6.13 and 6.17.

Attachments

RESOLUTION 15:17

APPROVING THE ADOPTION OF AMENDMENTS TO THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM, N.J.A.C. 9A:10-6.3, 6.12, 6.13 and 6.17

Moved By: Dr. Jon Larson
Seconded By: Ms. Stephanie Berdugo-Hernandez

WHEREAS: HESAA is responsible for the administration of the New Jersey College Loans to Assist State Students (NJCLASS) Program pursuant to N.J.S.A. 18A:71C-21 et seq.; and

WHEREAS: NJCLASS loans are funded by the sale of bonds and the interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale and other costs determined by the bond sale; and

WHEREAS: At its January 25, 2017 meeting the HESAA Board approved proposed regulatory amendments to implement statutory changes made by the December 5, 2016 enactment of P.L. 2016 c. 71, and to provide additional clarifications to the NJCLASS program; and

WHEREAS: The proposed amendment, PRN 2017-034, was published in the March 6, 2017 New Jersey Register at 49 N.J.R. 396, posted on the HESAA website at HESAA.org and sent to the Statehouse News Media and secondary notice was emailed to interested parties and a press release was distributed to the news media; and

WHEREAS: The 60-day legislative review period for this rule expired on April 1, 2017, with no comments received; and

WHEREAS: The public comment period for this rule expired on May 5, 2017 with one comment received that did not require any changes to the proposal.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the Adoption of Amendments to the New Jersey College Loans To Assist State Students (NJCLASS) Program, N.J.A.C. 9A:10-6.3, 6.12, 6.13 and 6.17.

July 26, 2017

meet continuing education requirements or to comply with law or regulation;

2. Travel by spouses, civil union partners, domestic partners, immediate family members, or other relatives or unrelated persons who are not school employees;

3. Costs for employee attendance for coordinating other attendees' accommodations at the travel event;

4. Lunch or refreshments for training sessions, professional development, and retreats held within the APSSD, including in-service days beyond the limitations at N.J.A.C. 6A:23A-18.6(a)18;

5. Training to maintain a certification that is not required as a condition of employment;

6. Charges for laundry, valet service, or entertainment;

7. Limousine services and chauffeuring costs to or during an event;

8. Alcoholic beverages;

9. Entertainment costs, including, but not limited to, amusement, diversion, and social activities, and any directly associated costs;

10. Gratuities or tips in excess of those permitted by the Federal per diem rates;

11. Hospitality rooms;

12. Souvenirs, memorabilia, promotional items, or gifts;

13. The cost associated with a conference, meeting, or seminar held in countries not contiguous to the United States; and

14. Other travel expenditures that are unnecessary and/or excessive.

6A:23A-18.22 Behavior modification

(a) APSSDs recording expenditures for behavior modification shall adopt a policy that defines the procedures, evidence-based strategies, techniques, and approaches used in the APSSD's behavior modification program.

(b) Behavior modification, provided pursuant to (a) above, shall not include:

1. Cash or checks;

2. The replacement of meals or components of meals on a regular basis outside of special achievements outlined in the policy described in (a) above; or

3. High-dollar value items such as personal electronics.

6A:23A-18.23 Child nutrition

(a) APSSDs may provide meals to students that align to the Dietary Guidelines for Americans, using United States Department of Agriculture's meal patterns reviewed and/or approved by the New Jersey Department of Agriculture. The costs associated with providing meals may be included in the certified actual cost per student if the following requirements are met:

1. Nonprofit APSSDs shall:

i. Ensure the menu is approved by the New Jersey Department of Agriculture;

ii. Apply for and receive funding from the Child Nutrition Program administered by the New Jersey Department of Agriculture;

iii. Charge students for a reduced and/or paid meal; and

iv. Not have total food service costs, net of the reimbursement and/or sales pursuant to (a)iii above, that exceed the maximum daily price schedule for a high school published annually by the New Jersey Department of Agriculture. Excess expenditures are non-allowable costs.

2. For-profit APSSDs shall:

i. Ensure the menu is approved by the New Jersey Department of Agriculture;

ii. Charge students for a reduced and/or paid meal; and

iii. Not have total food service costs, net of the reimbursement and/or sales pursuant to (a)ii above, that exceed the maximum daily price schedule for a high school published annually by the New Jersey Department of Agriculture. Excess expenditures shall be deemed non-allowable costs.

(b) The cost of meals for staff shall not be included in the certified actual cost per student.

HIGHER EDUCATION

(a)

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Loan and College Savings Programs The New Jersey College Loans to Assist State Students (NJCLASS) Program: Policies and Procedures

Proposed Amendments: N.J.A.C. 9A:10-6.3, 6.12, 6.13, and 6.17

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

Authority: N.J.S.A. 18A:71A-1 et seq., and 18A:71C-21 et seq.

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

Proposal Number: PRN 2017-034.

Submit written comments by May 5, 2017, 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

The agency proposal follows:

Summary

The Higher Education Student Assistance Authority ("Authority" or "HESAA") is statutorily responsible for the administration of the State's supplemental student loan program, the New Jersey College Loans to Assist State Students (NJCLASS), and for the promulgation of all rules to that effect, pursuant to N.J.S.A. 18A:71C-21 et seq.

NJCLASS ensures that loans are available to, or for the benefit of, eligible students who are not eligible for, or have additional financial need beyond Federal student loans.

NJCLASS loans are funded by the sale of bonds that are repaid solely through the repayment of the NJCLASS loans. The interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale, cost of servicing the loans and other costs determined by the bond sale. In addition to the rules, HESAA is required to administer NJCLASS pursuant to the indentures for the bonds that finance the loans.

The proposed amendments are summarized below:

Guidance issued by the U.S. Department of the Treasury in November 2015, clarified that parent only loans are eligible to be financed by qualified student loan bonds. To ensure that the parent only NJCLASS loan meets all Federal eligibility requirements, it is proposed that the definition of parent borrower in N.J.A.C. 9A:10-6.3 be amended to mirror the Federal definition for parent borrower by replacing "parent(s), spouse, legal guardian, or other relative of a dependent undergraduate or graduate student" with "student's biological or adoptive mother or father or the student's stepparent, if the biological or adoptive parent has remarried at the time of application."

Public Law 2016, c. 71, which was signed into law on December 5, 2016, defines temporary total disability for a student borrower to include student borrowers who continue to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved. It is proposed that the definition of temporarily totally disabled in N.J.A.C. 9A:10-6.3 be amended to reflect the statutory change.

Public Law 2016, c. 71, defines total and permanent disability for a student borrower to include student borrowers who continue to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved. It is proposed that the definition of totally and

permanently disabled in N.J.A.C. 9A:10-6.3 be amended to reflect the statutory change.

Pursuant to P.L. 2016, c. 71, interest shall no longer accrue during periods of deferment due to the student borrower's temporary total disability. As such, an amendment is proposed to N.J.A.C. 9A:10-6.12(a) to reflect this change.

An amendment to N.J.A.C. 9A:10-6.12(a)6 is proposed pursuant to P.L. 2016, c. 71, to provide that if the student borrower qualifies for the temporary total disability deferment, it will be granted, regardless of whether the other parties to the loan qualify for a deferment.

Pursuant to P.L. 2016, c. 71, it is proposed that N.J.A.C. 9A:10-6.12(b) be amended to add total temporary disability to the list of deferments permitted for NJCLASS Loan Program loans with a 10-year repayment term.

An amendment is proposed to N.J.A.C. 9A:10-6.13(f) to clarify that to be eligible for an NJCLASS Consolidation Loan, cosigners are required to meet both the minimum income and credit requirements, not income or credit requirements.

N.J.A.C. 9A:10-6.13(i) currently defines a specific application/administrative fee for an NJCLASS Consolidation Loan. In order to provide more flexibility to lower fees if market conditions permit, an amendment is proposed to N.J.A.C. 9A:10-6.13(i) to provide that the administrative fee will be prescribed by the bond indentures.

N.J.A.C. 9A:10-6.13(j) provides a specific formula for the interest rate for NJCLASS Consolidation Loans. Market conditions may permit the Authority to offer interest rates for NJCLASS Consolidation Loans that are lower than those currently prescribed by regulation. As such, an amendment to N.J.A.C. 9A:10-6.13(j) is proposed to permit the bond indentures to define the interest rates in order to provide the flexibility to lower rates as the market allows.

As Federal regulations pertaining to the Federal Family Education Loan Program (FFELP) are being deleted, N.J.A.C. 9A:10-6.13(m) is proposed for amendment to delete cross-references to the Federal regulation. The term "economic hardship" is replaced with "financial hardship" to reflect the term of art currently used in these situations and to add a definition of the term.

Further amendments are proposed to N.J.A.C. 9A:10-6.13(m) pursuant to P.L. 2016, c. 71, to provide a deferment in the repayment of NJCLASS Consolidation loans in the event of the total temporary disability of the student borrower.

Proposed amendments to N.J.A.C. 9A:10-6.17 were published in the December 5, 2016 New Jersey Register at 48 N.J.R. 2573(a). In addition to the pending amendments, it is further proposed that N.J.A.C. 9A:10-6.17(c) be amended to reflect the statutory change made by P.L. 2016, c. 71, which defines total and permanent disability for a student borrower to include student borrowers who continue to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved.

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 proposed amendments would have a positive social impact on borrowers. The NJCLASS Program serves as this State's supplemental student loan program to help families fund their expected family contribution not met by other sources. While the NJCLASS Program offers one of the lowest fixed rate supplemental loans in the nation, the Authority continuously seeks to maintain and improve service to applicants and borrowers.

The proposed amendments will provide student borrowers who suffer from a temporary total disability, and the other parties to their loans, with relief in making their loan payments.

Economic Impact

The proposed amendments implement changes to the State supplemental student loan program, which makes postsecondary education accessible and affordable to thousands of New Jersey students and families. For the State's NJCLASS Loan Program, more than \$200 million was made available last year alone in affordable NJCLASS loans. The proposed amendments will have a positive economic impact

on student borrowers who suffer from a temporary total disability, and the other parties to their loans, as they will receive a deferment of both principal and interest on their NJCLASS loans, and interest will not accrue during the deferment period. These amendments will add additional costs to the NJCLASS loan program to fund the deferment and lack of interest accrual.

Federal Standards Statement

A Federal standards analysis is not required because the subject matter of this State student loan program is not subject to any Federal requirements or standards, except for the standards for tax-exempt bonds, section 144(b) of the Federal Internal Revenue Code. NJCLASS loans funded by tax-exempt bonds are intended to qualify under the standards of section 144(b) of the Federal Internal Revenue Code, and do not exceed the standards of that section.

Jobs Impact

Because the NJCLASS Program administered by the Authority makes postsecondary education accessible to thousands of New Jersey students and their families, it promotes access to one of the keys to economic development: higher education. Programs so significant to the financing of a college-trained New Jersey workforce can only be expected to add to the job opportunities in this State. It is not anticipated that the proposed amendments will result in the generation or loss of jobs.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed amendments to the NJCLASS Program 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 Authority does not anticipate that any educational institution participating in this program would be covered by the definition of a small business because these entities have over 100 full-time employees. Additionally, NJCLASS loan applicants are not covered by the definition because they are individuals, not businesses.

Housing Affordability Impact Analysis

The proposed amendments will have an insignificant impact on the affordability of housing in New Jersey. There is an extreme unlikelihood that the amendments would evoke a change in the average costs associated with housing because the proposed amendments concern student loans, which have no impact on 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 concern student loans, which have no impact on housing.

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

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:

...
 "Parent borrower" means a [parent(s), spouse, legal guardian, or other relative of a dependent undergraduate or graduate student] **student's biological or adoptive mother or father or the student's stepparent, if the biological or adoptive parent has remarried at the time of application**, who applies for and receives an NJCLASS Loan Program loan.
 ...

"Temporarily totally disabled" means that an individual is unable to work and earn money or attend school during a period needed to recover from injury or illness. **Other than a student borrower, an individual shall not be considered temporarily totally disabled if he or she continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved.**

"Totally and permanently disabled" means the condition of any individual who is unable to work and earn money or attend school because of an injury or illness that is expected to continue indefinitely or result in death. [An] **Other than a student borrower, an individual is not considered "totally and permanently disabled" if he or she continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved.**

(b) (No change.)

9A:10-6.12 Deferments and forbearance

(a) Under certain conditions, borrowers shall be permitted to defer payments of interest and/or loan principal for specified periods of time. Some deferments may only be granted if both the borrower and co-borrower qualify for the deferment. During periods of authorized deferment, borrowers remain responsible for the payment of the interest accruing on their loan(s), **except for during approved periods of temporary total disability of the eligible student borrower.** The following are available NJCLASS Loan Program deferments and their requirements:

1.-5. (No change.)

6. Temporary total disability.

i. To qualify for this deferment, a borrower shall submit a request in a form prescribed by the Authority, and provide the Authority with a statement from a physician, who is a doctor of medicine or osteopathy and is legally authorized to practice, certifying that the borrower is temporarily totally disabled. **If an eligible student borrower qualifies for this deferment it will be granted regardless of whether the other parties to the loan qualify for a deferment.**

(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, **temporary total disability of an eligible student borrower,** 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 **and total temporary disability** deferments.

(c)-(d) (No change.)

9A:10-6.13 Consolidation Loan Program

(a)-(e) (No change.)

(f) An NJCLASS Consolidation [loan] **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] **Loan.** Cosigners shall be required to meet the minimum income [or] **and** creditworthy determination by the Authority if the borrower or co-borrower are unable to do so.

1.-2. (No change.)

(g)-(h) (No change.)

(i) NJCLASS Consolidation Loan borrowers and/or co-borrowers [will] **may** be required to pay [a one percent] **an** application administrative fee **as proscribed by the bond indentures.** This fee will be added to the sum of the outstanding principal and interest balance of each underlying NJCLASS Loan Program loan being consolidated at the time of approval. In addition, borrowers and/or co-borrowers may be

required to pay a servicing fee for the NJCLASS Consolidation Loan if provided for by the promissory note.

(j) The interest rate on the NJCLASS Consolidation Loan will be a fixed rate based upon [the weighted average interest rate of all the underlying NJCLASS Loan Program loans being consolidated plus 25 basis points. The interest rate of the underlying NJCLASS Loan Program loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of the underlying NJCLASS Loan Program loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS Loan Program loan or an NJCLASS Loan Program loan with a 10-year repayment term is being included in the NJCLASS Consolidation Loan, the rate used in the weighted average calculation will be the equivalent 15- or 20-year fixed rate interest rate for the immediate repayment of principal and interest in effect at the time of disbursement of the underlying NJCLASS Loan Program loan. Interest on an NJCLASS Consolidation Loan will begin to accrue at the time of the loan disbursement] **a calculation or rate defined in the bond indentures.**

(k)-(l) (No change.)

(m) The Authority may also, at its discretion, grant borrowers periods of **deferments or forbearance** in the repayment of the NJCLASS Consolidation 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** [(as these terms are defined for the FFEL Program, 34 CFR Part 682)], **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 Consolidation Loan debt payments.** During periods of forbearance, the NJCLASS Consolidation Loan will revert to quarterly or monthly payments of interest only. The maximum allowable time period for [economic] **financial hardship** forbearance set forth in N.J.A.C. 9A:10-6.12(d) pertains to NJCLASS Consolidation Loans. **Deferments will be granted in the event of temporary total disability of an eligible student borrower. To qualify for this deferment, the student borrower shall submit a request in a form prescribed by the Authority and provide the Authority with a statement from a physician, who is a doctor of medicine or osteopathy and is legally authorized to practice, certifying that the student borrower is temporarily totally disabled. If an eligible student borrower qualifies for this deferment, it will be granted regardless of whether the other parties to the loan qualify for a deferment.**

(n) (No change.)

9A:10-6.17 Discharge

(a)-(b) (No change.)

(c) If the Authority determines that an individual borrower is totally and permanently disabled, the obligation of the borrower to make any further payments on the loan is discharged. [A] **Other than a student borrower, a borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time he or she applied for the loan, unless the borrower's condition has substantially deteriorated later, so as to render the borrower totally and permanently disabled.** A borrower is not considered totally and permanently disabled if he or she continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved. After being notified by the borrower, or the borrower's representative, that the borrower claims to be totally and permanently disabled, the Authority shall request that the borrower, or the borrower's representative, submit the discharge application provided by the Authority. The application must contain a certification by a physician, who is a doctor of medicine or osteopathy and legally authorized to practice in a state, that the borrower is totally and permanently disabled as defined in N.J.A.C. 9A:10-6.3.

(d) (No change.)



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

PO BOX 545

TRENTON, NJ 08625-0545

1-800-792-8670

www.hesaa.org

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

A Resolution Expressing Appreciation to Fr. Michael Braden

- WHEREAS:** Fr. Michael Braden has served with distinction on the Higher Education Student Assistance Authority Board since 2011; and
- WHEREAS:** As Vice President for Mission and Ministry, Saint Peter's University and an ardent student advocate, Fr. Braden served as the representative of the Independent Colleges and Universities; and
- WHEREAS:** His high level of commitment to higher education has been a true asset in achieving HESAA's mission of providing students and families with the financial and informational resources for students to pursue their education beyond high school; and
- WHEREAS:** Fr. Braden's exceptional service and dedication to New Jersey's student financial assistance programs has been instrumental in serving the needs of New Jersey students and families; and
- WHEREAS:** The members of the Higher Education Student Assistance Authority wish to express their appreciation to Fr. Braden for his valuable contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Fr. Braden in all of his future endeavors; and be it further
- RESOLVED** That a copy of this resolution be noted in the official records of the Authority and the original copy be presented to Fr. Braden.

July 26, 2017



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

PO BOX 545

TRENTON, NJ 08625-0545

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CHRIS CHRISTIE
Governor

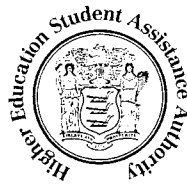
KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

A Resolution Expressing Appreciation to Mr. Shyam Sharma

- WHEREAS:** Mr. Shyam Sharma has served with distinction on the Student Advisory Committee (SAC) and was elected vice chairperson for 2015-2016 and chairperson for 2016-2017; and
- WHEREAS:** In his role as an officer of the SAC, Mr. Sharma served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS:** Mr. Sharma has proven himself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WHEREAS:** His contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and
- WHEREAS:** The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Mr. Sharma's fine service and contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Mr. Sharma's service and dedication; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Mr. Sharma for his outstanding leadership and dedication on behalf of New Jersey students; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. Sharma for success in all of his future endeavors; and be it further
- RESOLVED:** That a copy of this resolution be noted in the official records of the Authority and the original be presented to Mr. Sharma.

July 26, 2017



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

A Resolution Expressing Appreciation to Ms. Ester Calderon

- WHEREAS:** Ms. Ester Calderon has served with distinction on the Student Advisory Committee (SAC) and was elected vice chairperson for 2016-2017; and
- WHEREAS:** In her role as an officer of the SAC, Ms. Calderon served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS:** Ms. Calderon has proven herself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WHEREAS:** Her contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and
- WHEREAS:** The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Ms. Calderon's fine service and contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Ms. Calderon's service and dedication; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Ms. Calderon for her outstanding leadership and dedication on behalf of New Jersey students; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Ms. Calderon for success in all of her future endeavors; and be it further
- RESOLVED:** That a copy of this resolution be noted in the official records of the Authority and the original be presented to Ms. Calderon.

July 26, 2017