MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

October 26, 2022

The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on October 26, 2022 at 10:00 am via GoTo Meeting.

PRESENT: HESAA Board Members: Ms. Isabella Berdugo-Hernandez; Dr. Brian Bridges, Secretary of Higher Education; Ms. Nicolette Carpenter; Ms. Beatrice Daggett; Mr. Byron Ward; Dr. Jon Larson; Mr. Anthony Longo, Treasurer's Designee; Ms. Jean McDonald Rash; Mr. Scott Salmon; Mr. David Socolow; and Ms. Christy Van Horn, Chair.

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:01 am. David Socolow stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

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

Ms. Van Horn welcomed Janice Venables, Associate Counsel from the Governor's Authorities Unit; Erin Herlihy, Deputy Attorney General from the New Jersey Division of Law; Andrew Lee and Gina Beyer, CliftonLarsonAllen LLP; and Tim Webb, Hilltop Securities.

Ms. Van Horn introduced Mr. Byron Ward, who has been designated by the Educational Opportunity Fund (EOF) Board to serve as the EOF Board's *ex officio* member of the HESAA Board.

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

CONSIDERATION OF THE MINUTES OF THE JULY 20, 2022 MEETING

A motion to approve the minutes of the July 20, 2022 meeting was made by Dr. Jon Larson and seconded by Mr. Scott Salmon. The minutes were approved unanimously with two abstentions, Mr. Byron Ward and Mr. Anthony Longo, who did not attend the July 20, 2022 meeting.

REPORT OF THE AUDIT COMMITTEE AND RESOLUTION 17:22 ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS FOR FISCAL YEAR 2022

Scott Salmon reported on October 21, 2022 the members of the Board Audit Committee met with HESAA's Independent Auditors to review and discuss the audited financial statements. Andrew Lee from CliftonLarsonAllen presented their findings to the Board.

Andrew Lee explained the scope of the audit and advised that HESAA received unmodified opinions for all three funds, which is the highest level of assurance that auditors can provide. Mr. Lee advised that in addition to auditing HESAA's financial statements for the year ending June 30, 2022, CliftonLarsonAllen also provided a required governance communications letter, an internal controls communications letter, consent letters for the Student Loan Revenue Bonds required by the underwriter, and management letters when required. He noted that there were no significant deficiencies or material weaknesses and no issues of non-compliance with HESAA's internal controls. Mr. Lee praised HESAA's Finance Unit on their preparation of the financial statements and answering all questions in a timely matter.

A motion to approve Resolution 17:22 was made by Ms. Beatrice Daggett and seconded by Ms. Jean McDonald Rash.

Chairwoman Van Horn stated that the auditors were very good to work with as they provided clear explanations.

The motion passed unanimously.

REPORT OF THE BUDGET COMMITTEE AND RESOLUTION 18:22 ADOPTING A BOARD BUDGET POLICY STATEMENT FOR FISCAL YEAR 2024

Scott Salmon reported that on October 3, 2022 the members of the Board Budget Committee reviewed and discussed with HESAA staff the proposed Fiscal Year 2024 Board Budget Policy Statement. Jean Hathaway, Director of Grants and Scholarships presented the Committee's agreed-upon statement to the Board.

On October 03, 2022 the Board's Budget Committee met with HESAA staff to review background information and to draft a FY 2024 budget policy statement for consideration by the full board.

The role of the HESAA Board in the budget process is to advocate policies that advance higher education access, choice, affordability, and academic achievement for New Jersey residents:

- The Board supports, as its funding priority, ensuring protection of the State's historic commitment to all eligible full-time students under the need-based TAG Program.

  As background information, on January 13, 2020, the TAG Study Commission was created. The purpose of the Commission was to examine and evaluate the TAG Program, identify any barriers, gaps, or deficiencies in the successful operation of the program, and develop recommendations for improvements. The Commission recommended the following reforms to improve TAG and make higher education more affordable in New Jersey:

1. Expand the TAG program to provide aid to students during enrollment in summer terms, by allowing students to receive one additional award in each fiscal year, for a total of up to three (3) TAG awards per student per year. A summer TAG expansion would require an estimated $29 to $39 million in additional State funding above current appropriations levels. The Commission estimated that 10,500 full-time students who

receive TAG during the fall and spring semesters would receive additional State aid in the summer, providing TAG awards to potentially more than 13,000 students.

2. Target additional State funding to increase the dollar value of TAG awards provided to the students with the greatest financial need (increasing annual costs by at least $25 million). This would increase the maximum TAG award amount by about $1,000 per year for the more than 35,000 students in "cell 1" of the TAG table, which are the students – about half of all TAG recipients – with the greatest financial need andthe least personal and family resources with which to pay for college.

3. Increase students' maximum lifetime number of semesters of TAG awards from nine (9) semesters to 10. Current law provides that students cannot receive State aid for more than 9 terms (approx. 4 ½ years) over the course of their entire college career. The Commission estimated that this policy would increase TAG expenditures by approximately two to three percent, or approximately $10 to $15 million per year. An additional semester of TAG eligibility would provide students with the incentive and opportunity to remain in school and complete their degree.

4. Increase the income protection allowance (IPA) in the New Jersey Eligibility Index in order to provide higher TAG award amounts to low-income working independent students. This would add a variable amount of increased TAG expenditures, which would be scalable depending on the level of IPA increase. The HESAA Board approved TAG tables for FY 23 that increased the IPA used to calculate independent students' financial need, which resulted in some students receiving increased awards and made other students newly eligible for TAG for the first time. Even so, the IPA for New Jersey State aid has not yet matched the IPA level used in federal financial aid need calculation.

5. To align the TAG eligibility rules with the methodology for calculating need for federal aid, continue the current policy of not including the federal Earned Income Tax Credit (EITC) as income in the calculation of students' need for TAG. There would be no additional cost above current funding levels.

The Budget Policy Statement indicates that the Board recommends focusing any increase in TAG funding for FY24 on implementing the first of the recommendations: offering a third payment in one fiscal year to enable summer TAG awards to students. This would boost financial aid to students enrolled during summer terms, thus encouraging students to take an accelerated path to completing their higher education degrees. The Board also supports the TAG Study Commission's second and third recommendations as objectives for future funding consideration in subsequent years. Finally, the Budget Policy Statement notes that the HESAA Board's recent actions have already addressed the Commission's fourth and fifth recommendations, thanks to the support and generous TAG funding increases from the Governor and the Legislature.

The Budget Policy Statement also includes the Board's support for continued funding of the Community College Opportunity Grant Program in FY24 for students meeting the current eligibility criteria, and the Part-Time TAG Program for County College Students.

Future award values, funding, and expenditures for the Part-Time TAG Program for County College Students are considered separately from those for full-time TAG, because full-time TAG and part-time TAG are required by statute to be separate line items in the State budget.

- In addition, the Budget Policy Statement notes the Board's support for continued funding for the NJSTARS and the NJSTARS II programs, as well as funding for the expansion of the list of municipalities in which residents may be eligible for Governor's Urban Scholarship (GUS) awards.

A motion to approve Resolution 18:22 was made by Dr. Jon Larson and seconded by Ms. Isabella Berdugo-Hernandez.

Dr. Larson stated that he is very pleased by what has been proposed here and hopes it gets funded.

Jean Rash asked whether the Board's priority of recommendations matched the TAG Study Commission's priority. Executive Director Socolow responded that the TAG priorities listed in the Board's Budget Statement are aligned with the priority order of the recommendations of the TAG Study Commission. He further advised that while the TAG Study Commission had put its highest priority on other policy recommendations, the Commission's report commended HESAA's Board for its recent actions to advance its recommendations related to the Income Protection Allowance and the Earned Income Tax Credit.

The motion passed unanimously.

RESOLUTION 19:22 APPOINTING A SENIOR MANAGER FOR AUTHORITY BOND ISSUES

Jerry Traino presented Resolution 19:22 to the Board.

Good morning and thank you all for your attention to Resolution 19:22 addressing the appointment of a Senior Managing Underwriter for the Authority for calendar years 2023 and 2024.

As it relates to HESAA's annual issuance of Student Loan Revenue Bonds for our NJCLASS program, the Senior Managing Underwriter is responsible for developing a financing structure to meet HESAA's loan financing needs. These responsibilities include the production of management and rating agency cash flows, communication with the investor public, and ultimately the marketing and initial sale of the Authority's bonds.

On September 8, 2022, a Request for Proposals (RFP) was sent to 22 nationally recognized bond underwriting firms with experience underwriting complex asset-backed revenue bond transactions as senior managing underwriter.

In response to the RFP, HESAA received five proposals from underwriting firms: Bank of America Securities (BofA); RBC Capital Markets (RBC), Siebert Williams Shank & Co. LLC (SWS), FHN Financial Capital Markets (FHNFM), and Ramirez & Co (Ramirez).

As part of the selection process an evaluation committee made up of HESAA's Chief Financial Officer, the Authority's Controller, and Mr. Tim Webb, a representative from the Authority's Financial Advisor, Hilltop Securities, reviewed these five proposals.

The proposals were scored based on the proven student loan revenue bond transaction experience of the firms and the relevant experience of each firm's assigned staff. The committee evaluated the overall quality of each proposal, the firms' ability to meet the needs of the Authority, as well as their proposed fee schedule.

The evaluation committee notes that FHN specifically asked to be considered as co-manager, if the Authority chooses to utilize one for future transactions. Additionally, if not selected as Senior Manager, both SWS and Ramirez would like to be considered for co-manager.

The evaluation committee further notes that while both SWS and Ramirez are registered broker-dealers they do not have the required experience necessary to structure and underwrite the Authority's student loan revenue bonds as Senior Manager. Neither SWS nor Ramirez have a long, varied history with student loan revenue bond transactions, and SWS does not have the technological capacity to meet HESAA's needs as the Senior Manager.

Both BofA and RBC outlined a set of services that addresses the Authority's needs. Both firms are highly regarded in the student loan financing sector and both firms have proven track records in bringing bond issues to market. However, the committee gave an edge to RBC for its holistic approach to meeting the Authority's financing and operational needs and its commitment to maintaining an active partnership with HESAA throughout the year to address ongoing concerns.

The committee found that both firms present an experienced lead banker and competent support staff but the committee believes that RBC possesses a deeper bench of practical experience on the banking and quantitative sides.

Additionally, when viewed in comparison, the proposal submitted by RBC provided a considerably more detailed and innovative response with critical, thorough explanations for the various financing options presented.

The committee also took into consideration each bidder's approach to required disclosures. RBC engages an independent third-party to review HESAA's compliance with required disclosures while BofA utilizes an in-house review process. The committee preferred the independent third-party approach to mitigating any potential liabilities.

The committee finds that while BofA proposed lower fees overall, RBC's strong expertise in preparing enterprise cash-flow and future structuring analyses, along with its commitment to their high level year-round engagement, outweighs their proposed higher fee structure. RBC has a proven track record with HESAA of superlative service during trying times, including the COVID-19 pandemic and the more recent market conditions of sharply rising interest rates.

Based on these factors, the Evaluation Committee determined that RBC Capital Markets' approach to developing the Authority's bond financings and the scope of services more closely aligns with the ongoing needs of the Authority.

It is recommended that the Board approve the attached Resolution 19:22 approving the Appointment of RBC Capital Markets as the Authority's Senior Managing Underwriter for 2023 and 2024.

A motion to approve Resolution 19:22 was made by Ms. Beatrice Daggett and seconded by Mr. Scott Salmon.

Chairwoman Van Horn commended HESAA's process for reviewing proposals.

The motion passed unanimously.

RESOLUTION 20:22 APPOINTING SPECIAL COUNSEL TO A LIST OF ATTORNEYS TO ASSIGN EDDUCATIONAL RECEIVABLE FILES

Gregory Foster presented Resolution 20:22 to the Board.

As stated in the memorandum provided for Resolution 20:22, HESAA contracts with qualified law firms to act as outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection or representation in bankruptcy proceedings. HESAA's current contracts are scheduled to expire on December 31, 2022.

On September 1, 2022, HESAA issued a Request for Qualifications (RFQ) seeking proposals from qualified law firms to create a list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection.

HESAA emailed the RFQ to the law firms currently providing these services for HESAA and other entities that reached out to HESAA, posted the RFQ on HESAA's website, and advertised the RFQ in the State's NJ Advance Media and Gannett newspapers.

HESAA received proposals from four law firms, all of which currently provide collection services for HESAA.

On October 14th an evaluation committee made up of HESAA's Chief Compliance Officer, Assistant Controller, Assistant Director of Loan Relief, Redemption and Recovery Support and Program Officer of Loan Relief, Redemption and Recovery Support met and reviewed each of the responsive proposals.

Based on the reviews of the evaluation committee, all of the firms: Fein, Such, Kahn & Shepard, P.C.; The Grogan Law Group LLC; Portnoy Schneck LLC; and the Ratchford Law Group, P.C. (formerly known as Solomon and Solomon PC), met the minimum threshold for appointment. HESAA currently engages all of these firms and has been satisfied with their performance. Therefore, the evaluation committee recommends that the Board approve the appointment of all four firms to the list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection for a two-year term, with one caveat.

HESAA has engaged Solomon and Solomon since 2006. The firm recently merged with the Ratchford Law Group. As the two firms are in the process of merging their systems, the new Ratchford Law Group has not completed all of the steps necessary for their new systems to meet all of HESAA's policy and reporting requirements. HESAA staff have followed up with the firm regarding existing files and are confident that the firm will be able to meet all of HESAA's requirements in short order. Therefore it is recommended that the Board approve the provisional appointment of the Ratchford Law Group to the list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection for a two-year term, with the stipulation that no new files will be assigned to Ratchford until the firm provides proof satisfactory to HESAA that all policy and reporting issues have been resolved.

Based on the factors cited above, it is recommended that the Board approve Resolution 20:22 Appointing Fein, Such, Kahn & Shepard, P.C., The Grogan Law Group LLC, and Portnoy Schneck LLC, to a List of Attorneys to Assign Educational Receivables Files for a two-year term and appointing Ratchford Law Group, P.C. (formerly known as Solomon and Solomon PC) to a provisional two-year term with placement of files contingent on providing proof satisfactory to HESAA that all policy and reporting issues have been resolved.

A motion to approve Resolution 20:22 was made by Ms. Beatrice Daggett and seconded by Ms. Nicolette Carpenter.

The motion passed unanimously.

RESOLUTION 21:22 APPROVING ADOPTION OF NEW RULES GOVERNING THE TEACHER LOAN REDEMPION PROGRAM

Marnie Grodman presented Resolution 21:22 to the Board.

At its April 20, 2022 meeting the Board approved the proposed New Rules establishing a loan redemption program for newly hired teachers in high-need fields who are employed in low-performing schools (the "Program"). The proposed new rules were published in the June 6, 2022 New Jersey Register, and publicized throughout the State. The public comment period expired on August 5, 2022, with no comments received by that date.

As you may recall, the Program offers redemptions of 25% of the outstanding principal and interest amount of a Program participant's loan from the New Jersey College Loans to Assist State Students (NJCLASS) program, in an amount up to $5,000, in return for each consecutive full year of service teaching in a high-need field in a low-performing school. The total amount of a participant's outstanding NJCLASS loan principal and interest balance which may be redeemed under the Program, for a Participant who completes four full school years of service, shall not exceed $20,000. The Program will provide State-funded loan redemption only to teachers who were initially hired after the Act's January 18, 2022 effective date and meet all other eligibility requirements.

A copy of the proposal, as published in the New Jersey Register, is included in the materials. Upon the Board's approval, the adoption notice will be published in the December 5, 2022 *New Jersey Register*, thereby making the adoption effective on December 5, 2022.

It is recommended that the Board approve Resolution 21:22 Approving Adoption of New Rules Governing the Teacher Loan Redemption Program.

A motion to approve Resolution 21:22 was made by Dr. Jon Larson and seconded by Ms. Jean McDonald Rash.

The motion passed unanimously.

RESOLUTION 22:22 APPROVING PROPOSED NEW RULES GOVERNING THE BEHAVIORAL HEALTHCARE PROVIDER LOAN REDEMPTION PROGRAM

Marnie Grodman presented Resolution 22:22 to the Board.

On June 30, 2022, Governor Murphy signed P.L. 2022, c. 34, establishing a loan redemption program for behavioral healthcare providers. The Act provides that HESAA shall adopt rules necessary for the administration of the Act.

The Act authorizes loan redemption not to exceed $50,000 of principal and interest of eligible student loan expenses for every two full years of service satisfactorily completed by the program participant, for up to six years of service and a total loan redemption amount not to exceed $150,000. Additionally, the Act establishes incentive grants to be awarded to Program participants who work primarily with children and adolescents, not to exceed $5,000 annually.

The proposed new rules govern the policy, administration, and procedures of the program and are included in the materials. Upon the Board's approval today, the proposed rules will be published in the December 19, 2022 New Jersey Register for public comment and once the comment expires the rules will be brought back to the Board for adoption.

It is recommended that the Board approve Resolution 22:22.

A motion to approve Resolution 22:22 was made by Dr. Brian Bridges and seconded by Ms. Beatrice Daggett.

The motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director David Socolow gave the following report:

Thank you Chairwoman Van Horn and members of the Board for today's actions to move forward on key projects that will help students and families pay for college. I am grateful for the opportunity to brief you on recent activities and initiatives.

Tuition Aid Grant (TAG) Study Commission

Two years ago, the Governor and legislative leadership appointed the members of the Tuition Aid Grant (TAG) Study Commission, and tasked this group with evaluating options to improve and reform the TAG program.

This week, the Commission concluded its work by submitting a final report to the Governor and the Legislature with recommended policy options for strengthening the TAG program's support of college access and completion among low- and moderate-income New Jerseyans. The

Commission's report highlights the evidence that TAG funding improves student outcomes by significantly raising graduation rates. It also notes that by lowering the net tuition price that students pay, TAG helps to improve access and influences initial college-going decisions.

The Commission's recommendations include providing TAG to students during enrollment in summer terms by following the policy model of the federal "Year-Round" Pell grant; increasing the dollar value of TAG awards provided to students with the greatest financial need; and increasing students' maximum lifetime number of semesters of TAG awards. The Commission also recommended continuing two policy improvements that this Board has implemented in recent years: increasing the Income Protection Allowance to boost the dollar value of TAG for independent working adult students, and continuing this year's improvement to TAG awards for students whose families receive federal Earned Income Tax Credits.

I am grateful to my fellow members of the Commission for their thoughtful and candid discussions and collaboration on a range of options to improve New Jersey's support for students. Now that the Commission's work is complete, the Budget Policy Statement that the Board approved today presents these options to policymakers for consideration, subject to available funding.

NJCLASS Loan Volume to date for Academic Year 2022-2023

For students with remaining unmet need after applying all grants, scholarships, and federal Direct Loans for which they are eligible, HESAA offers low-interest NJCLASS family loans. Each year between June and September, HESAA processes the vast majority of NJCLASS loan applications, as New Jersey students and families apply for Standard NJCLASS loans that cover college expenses for students enrolling in the academic year beginning each fall. During this annual period of peak workload, dozens of dedicated HESAA team members capably and admirably serve tens of thousands of New Jersey students and families, starting with the superb work of the Loan Originations staff, with additional critical functions performed by the Customer Contact Center, and by the Outreach and Communications, Finance, and Information Services teams. It is truly a team effort.

To date, HESAA originated more Standard NJCLASS loan volume for academic year 2022-23 than we had by the same date last year. With nearly 5,600 new NJCLASS loans, totaling more than $127 million issued to students enrolling in college this fall, loan applications are tracking at more than 10 percent above the volume in 2021-22, and more than 35 percent above the level at the same time two years ago. Since May 2022, HESAA originated more than 600 NJCLASS refinance and consolidation loans with volume of nearly $40 million, driven by a continuation of last year's sharply increased demand for NJCLASS ReFi+ refinance loans.

HESAA is able to meet this year's demand for NJCLASS loans because we held down the Authority's cost of funds, thanks to the Board's approval of the 2022 student loan revenue bond transaction last spring, which allowed the Authority to quickly secure investments from the bond market in advance of the full impact of the steadily rising interest rate environment. As a result, NJCLASS loans are now offering low interest rates for families to finance college costs in Academic Year 2022-2023 – saving borrowers hundreds of dollars per month compared with federal Parent PLUS loans. For instance, the most popular NJCLASS loan, with a 15-year term and interest-only payments while the student is in school, has an interest rate of 5.30 percent this year and a 6.02 percent Annual Percentage Rate (APR). Thus, HESAA offers a far better deal to

New Jersey families than the 7.54 percent interest rate and 8.44 percent APR for a Parent PLUS loan with the same 15-year repayment schedule.

HESAA's ReFi$^+$ loans also offer competitive rates that allow New Jersey borrowers to refinance their existing NJCLASS loans or other school-certified private education loans at interest rates as low as 3.75%. For many borrowers who are paying off loans from prior years when interest rates were much higher, ReFi$^+$ loans are a money-saving opportunity.

Overall, HESAA remains committed to assisting those who struggle to repay their loans. The vast majority of NJCLASS borrowers remain current on their payments, and we continue to offer relief programs and collections policies to support those who face challenges. Also, in the wake of Hurricanes Fiona and Ian, we contacted NJCLASS loan borrowers living in impacted regions to remind them that our customer service team can offer assistance during times of hardship.

NJ Pay It Forward

It is my pleasure to report that, together with Governor Murphy, HESAA joined our colleagues at the New Jersey Economic Development Authority, the Labor Department, several other State agencies, and the CEOs of eight leading New Jersey businesses, to launch the New Jersey Pay It Forward program this fall. This first-in-the-nation program is preparing students for good-paying jobs in health care, IT, and clean energy, helping to build a robust and talented workforce while supporting economic growth in the state. Participants in the program are enrolled in credential, certificate, and degree programs at one of three inaugural training providers: Registered Nursing at Hudson County Community College, Cybersecurity at New Jersey Institute of Technology, and Heating, Ventilation, and Air Conditioning (HVAC) and Welding at Camden County College.

All loan payments will be recycled back into the fund to "pay it forward" for subsequent students' training costs. Participants who find jobs earning above a specific earning threshold will repay the cost of their tuition over time. Any loan balance remaining after five years will be forgiven for borrowers in good standing. To help them succeed throughout the program, participants will also receive living stipends and wraparound supports, including access to an emergency aid fund and mental health counseling services. Under the program, students will not have to repay the living stipends or the wraparound supports. And the loans are designed as a last-dollar option, allowing students to maximize free resources so they can minimize debt.

Because all loan repayments from graduates will be recycled to train future students, the $7.5 million in State appropriations to HESAA and the more than $5 million in private corporate donations will together stretch further to reach more New Jerseyans.

Public Outreach

To better serve the students and families of New Jersey, it is essential that we inform as many New Jersey residents as possible about how the State's financial aid resources can make it affordable and accessible to earn a postsecondary degree. In Academic Year 2021-2022, HESAA's Outreach & Communications team reached more than 45,000 constituents, including nearly 30,000 college-bound students and almost 12,000 parents or guardians. In total, the team delivered 621 presentations in every county of the State last year, including financial aid workshops, financial literacy education, and college admissions planning sessions.

We are now expanding our Outreach & Communications team to get in touch with even more students and families, including through employers and community-based organizations. This is a particularly important time to intensify our outreach, as we begin the full implementation of Governor Murphy's New Jersey College Promise in this inaugural year of the Garden State Guarantee for eligible students in their third and fourth years at a senior public institution of higher education. In addition, we will be targeting new communications efforts to deliver information about HESAA's six (6) loan redemption programs that pay off a portion of individuals' student loans in exchange for an agreement to serve for multiple years in certain key professions that are deeply needed in New Jersey, including behavioral healthcare providers; workers in high-demand STEM occupations; nursing faculty; primary care doctors, dentists, and advance practice nurses in medically underserved areas; teachers in high-need fields at eligible schools; public defenders and state prosecutors.

At a series of at least 14 training workshops this fall, HESAA is updating more than 1,200 high school counselors about the State's grants and scholarship programs as well as the financial aid process. These sessions include the latest updates, including information about:

- New Jersey's College Promise;
- the expansion of the Governor's Urban Scholarship to this year's high school seniors in 19 additional municipalities; and
- HESAA's collaboration with high school administrators to track their students' completion of financial aid applications.

To further promote financial aid applications, the new dashboard on HESAA's website displays the overall progress of each high school's Class of 2023 in filing the FAFSA or the NJ Alternative Financial Aid Application for NJ Dreamers each week. Also, when a school signs a secure data sharing agreement with HESAA, its counselors can target their attention to assisting the specific 12th graders at their high school who have not yet filed their financial aid application. Helping students with these applications not only gets them over the first hurdle toward qualifying for valuable financial aid – it is also a proven element in a broader strategy to boost postsecondary education student outcomes, especially for students facing the greatest barriers to success.

HESAA Staff Updates

Since the Board last met in July, HESAA promoted three Information Services team members and one team member each in the Technical Services and Human Resources units. Collectively these five colleagues have served more than 98 years at HESAA! Thank you and congratulations to Angela Benson, Marianne Morris, Barry Halloran, JoAnn Kurtz-Paladino, and Don Ropp.

HESAA is also making good progress on our multi-year staffing plan, which ultimately will add 55 new employees in mission-critical roles between 2021 and 2023. Two new team members joined HESAA this week and we expect to welcome three more new hires next month. We are still recruiting candidates to fill 21 vacant positions that are posted on the HESAA website – so please help spread the word about these great career opportunities to join our dynamic team.

As our team grows, we're also adapting our workspace. Today our Outreach & Communications team is returning to their updated and refurbished space in Building 4, which includes designated media rooms for creating live and recorded webinars and multimedia financial aid resources.

While our staff serves students in New Jersey, HESAA is supporting them with evolving technology and collaborative work environments.

Ahead of her departure on Friday, I would like to recognize Brenda Smith. Nearly 25 years to the day after she started her career with HESAA, Brenda Smith is retiring. She is looking forward to trading out her work time here for some well-earned quality time at home with her family, which includes four children, 15 grandchildren, and 30 great-grandchildren. Brenda worked diligently in our Finance and Accounting unit, where she was a reliable member of the FFELP team with responsibility for payment processing, account filing, and helping borrowers with the legacy federal student loan program. Since HESAA ended its role as a guaranty agency for FFELP, Brenda has carefully and effectively implemented the wind-down protocol for documenting and removing paper files, reports, and banking statements that date back decades. We are grateful to Brenda for all of her important contributions to HESAA and we wish her the best.

Finally, this month we celebrated our staff's excellence by observing two occasions: National Customer Service Appreciation Week during the week of October 3rd, and National Financial Aid Day on Oct 17th. Our staff appreciated the appreciation – and a good time was had by all.

Conclusion
Once again, many thanks to the Board for all your support of HESAA's work to serve New Jersey's students and families by making postsecondary education more affordable.

NEW BUSINESS

Chairwoman Van Horn shared that in Dr. Jon Larson has announced that he is retiring as President of Ocean County College in this year and that April will be his last meeting as a HESAA Board member.

Dr. Larson commented that it has been a tremendous honor and pleasure to serve on this Board. After 23 years of service he is retiring as president of Ocean County College (OCC), but the OCC Board has requested that he stay on as a part-time counselor to the new president, assisting that person in getting connected with the school and the community. Dr. Larson will also play a key role in mentoring his successor on OCC's relationships with academic partners in the Middle East. OCC is currently working with higher education institutions in Egypt and will soon be connected with an institution in Morocco. Dr. Larson advised that the search process for his successor is going well and the Board has three qualified finalists from which they plan to select the new president in November.

Chairwoman Van Horn thanked Dr. Larson for his service to the HESAA Board and expressed what a pleasure it has been to serve with him.

Executive Director Socolow expressed his great appreciation to Dr. Larson for bringing the voice of the county colleges to HESAA and commended Dr. Larson's assistance in creating the successful Community College Opportunity Grant program.

ADJOURNMENT

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, January 18, 2023.

A motion to adjourn was made by Mr. Scott Salmon and seconded by Ms. Beatrice Daggett. The motion passed unanimously.

The meeting adjourned at 11:00 am.

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DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: HESAA Board Audit Committee

SUBJECT: Report of the Audit Committee and Resolution 17:22 Accepting and Adopting the Financial Statements and Independent Auditors' Reports for Fiscal Year 2022

DATE: October 26, 2022

Summary

Attached for review, comment and approval is Resolution 17:22 Accepting and Adopting the Financial Statements and Independent Auditors' Reports for Fiscal Year 2022.

Background

The Higher Education Student Assistance Authority (HESAA) Audit Committee is comprised of Christy Van Horn, Chair; Scott Salmon, Vice-Chair; Beatrice Daggett, Public Member; and Treasurer's Designee, Anthony Longo as the member of the Board having accounting or related financial experience.

The Committee met with representatives of CliftonLarsonAllen on October 21, 2022 to review and discuss the 2022 Financial Statements and CliftonLarsonAllen's unmodified reports.

Recommendations

The Audit Committee recommends that the HESAA Board accept and adopt the Financial Statements and Independent Auditors' Reports for Fiscal Year 2022.

Attachment

RESOLUTION 17:22

ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS FOR FISCAL YEAR 2022

Moved by: Ms. Beatrice Daggett
Seconded by: Ms. Jean McDonald Rash

WHEREAS: The Higher Education Student Assistance Authority (HESAA) prepared three separate financial statements for Fiscal Year 2022 ("2022 Financial Statements") which were audited by the independent auditor CliftonLarsonAllen LLP; and

WHEREAS: The members of the Board Audit Committee met with CliftonLarsonAllen LLP on July 27, 2022, prior to the commencement of the audit; and

WHEREAS: The members of the Board Audit Committee have received and reviewed the Financial Statements and the unmodified reports of CliftonLarsonAllen LLP dated for the year ending June 30, 2022; and

WHEREAS: The members of the Board Audit Committee met with representatives of CliftonLarsonAllen LLP on October 21, 2022 to discuss the 2022 Financial Statements and CliftonLarsonAllen's unmodified reports; and

WHEREAS: The members of the Board Audit Committee recommend that the HESAA Board accept and adopt the Financial Statements and Independent Auditors' Reports for Fiscal Year 2022.

NOW THEREFORE, BE IT:

RESOLVED: That the HESAA Board accepts and adopts the Fiscal Year 2022 Financial Statements and Independent Auditor's Reports as attached hereto; and be it further

RESOLVED: That the attached Fiscal Year 2022 Financial Statements and Independent Auditor's Reports shall be posted on HESAA's website at www.HESAA.org, and submitted to the State Treasurer and the Governor's Authorities Unit.

October 26, 2022

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

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director DJS

FROM: Jean Hathaway
Director, Grants and Scholarships

SUBJECT: Report of the Budget Committee and Resolution 18:22 Adopting a Board Budget Policy Statement for Fiscal Year 2024

DATE: October 26, 2022

Summary

Attached for review, comment, and approval is Resolution 18:22 Adopting a Board Budget Policy Statement for Fiscal Year 2024. Jean Hathaway will summarize the Policy Statement drafted based on the Budget Committee's discussion.

Background

The members of the Budget Committee of the Authority are Christy Van Horn, Scott Salmon, Beatrice Daggett, Jon Larson and David Socolow.

The Committee met with HESAA staff on October 3, 2022 to develop the attached Board Budget Policy Statement for Fiscal Year 2024.

Recommendations

The Budget Committee recommends adoption of Resolution 18:22 and the attached Budget Policy Statement.

Attachments

FISCAL YEAR 2024 BUDGET POLICY STATEMENT OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY BOARD

Pursuant to N.J.S.A. 18A:71A-9f., the Higher Education Student Assistance Authority (HESAA) is the lead State agency in determining policy on student assistance issues. Consequently, the HESAA Board is charged with developing budget recommendations for all postsecondary financial aid programs administered by the Authority. These recommendations are submitted to the Executive Director for review and submission to the Office of Management and Budget.

The Board, on behalf of the students and families served, would like to thank Governor Murphy and the Legislature for their sustained support of New Jersey's State grant and scholarship programs during these challenging fiscal times. During the 2022-2023 academic year, the State's financial aid programs are projected to provide more than 90,000 awards to State residents to pursue a postsecondary education, contributing to these students' individual success and strengthening New Jersey's economy and society.

The Fiscal Year 2024 (FY24) Budget Policy Statement reflects the Board's fundamental principles of promoting access to and affordability of postsecondary education for New Jersey residents through need-based student financial aid and merit-based scholarship programs. Over the course of the budget process, and subject to available funding, the Board urges HESAA's staff to advance the Board's funding recommendations and priorities expressed in this policy statement.

The Board is mindful of its role as an advocate for students, while also recognizing the fiscal challenges facing the State of New Jersey. While the Board continues to reaffirm its long-standing commitment to achieving full funding of the full-time TAG Program, and thus promoting affordability, access, and choice for all students, the Board agrees that the funding recommendations outlined below are the most reasonable in light of the State's fiscal constraints.

General Policy Recommendations

The role of the HESAA Board in the budget process is to advocate policies that advance higher education access, choice, affordability, and academic achievement for New Jersey residents.

- The Board supports, as its funding priority, ensuring protection of the State's historic commitment to all eligible full-time students under the need-based TAG Program.
- The Board supports continued funding of the Community College Opportunity Grant Program in FY24 for students meeting the current eligibility criteria, providing last-dollar CCOG awards to cover the full cost of tuition and approved educational fees for students with AGIs between $0 and $65,000 and providing 50% of the full CCOG award amount for students with an AGI between $65,001 and $80,000.
- The Board supports continued funding of the Part-Time TAG Program for County College Students. Future award values, funding, and expenditures for the Part-Time TAG Program for County College Students, are considered separately from those for full-time TAG, because full-time TAG and part-time TAG are required by statute to be separate line items in the State budget.
- The Board supports continued support for the Governor's Urban Scholarship program for the list of municipalities where residents may be eligible for these awards, consistent with the recent expansion of this list to 33 municipalities in FY23.

To provide higher education access and affordability for New Jersey families, it is important to maintain the predictability and stability of State grant programs for financially needy students and their families. With this goal in mind, we present the following specific funding policy recommendations:

FY24 Funding Policy Recommendations

TAG for Full-Time Students

On January 13, 2020, P.L. 2019, c.298 (the "Act") was enacted establishing the Tuition Aid Grant (TAG) Study Commission for the purpose of examining and evaluating the TAG Program. The TAG Study Commission was directed to identify any barriers, gaps, or deficiencies in the successful operation of the program, to develop recommendations for improvements, and to report on its findings and recommendations to the Governor and the Legislature. The Commission recommended the following reforms to improve TAG and make higher education more affordable in New Jersey:

1. Expand the TAG program to provide aid to students during enrollment in summer terms, by allowing students to receive one additional award in each fiscal year, for a total of up to three (3) TAG awards per student per year (increasing annual costs by $29-39 million);

2. Target additional State funding to increase the dollar value of TAG awards provided to the students with the most financial need (increasing annual costs by at least $25 million);

3. Increase students' maximum lifetime number of semesters of TAG awards from nine (9) semesters to 10 (increasing annual costs by $10-15 million);

4. Increase the Income Protection Allowance used to calculate independent students' financial need, in order to increase the value of TAG awards for working adult students (increasing annual costs by variable amounts, scalable based on level of IPA increase); and

5. Maintain the value of TAG awards for students whose families receive Earned Income Tax Credits (EITC), by continuing this year's policy of not counting EITC as income in financial need calculations (no additional cost above current funding levels).

The HESAA Board endorses all of the TAG Study Commission's recommendations. The Board recommends focusing any increase in TAG funding for FY24 on implementing the first of these recommendation, offering a third TAG award to students within a single calendar year so as to boost financial aid to students enrolled during summer terms, thus encouraging students to take an accelerated path to completing their higher education.

The Board also supports the TAG Study Commission's second and third recommendations as objectives for future funding consideration in subsequent years. Finally, the Board notes that its recent actions have already addressed the Commission's fourth and fifth recommendations, thanks to the support and generous TAG funding increases from the Governor and the Legislature. In recent fiscal years, HESAA has increased the income protection allowance (IPA) used to calculate independent students' financial need. However, the IPA for New Jersey State aid has not yet matched the IPA level used in federal financial aid need calculations. Additionally, as of Academic Year 2022-23, HESAA no longer counts EITC as income in financial need calculations, and the Board recommends continuing this policy in FY24 and beyond.

Community College Opportunity Grant (CCOG) Program

The Board recommends sufficient FY24 funding for CCOG to maintain the current program parameters as of Academic Year 2022-23 which:

- Funds full CCOG awards to all students attending New Jersey's 18 community colleges who meet current eligibility criteria, including the income threshold of a family AGI between $0 and $65,000; and

- Funds 50% CCOG awards to all students attending New Jersey's 18 community colleges who meet current eligibility criteria and meet the income threshold of a family AGI between $65,001 and $80,000.

Part-Time Tuition Aid Grant Program for County College Students

The Board recommends FY24 funding for the Part-Time Tuition Aid Grant Program for County College Students line item that is sufficient to continue providing part-time TAG awards to all eligible county college students who apply by the application deadlines at one-half or three-quarters of the dollar value of full-time awards.

Part-Time Tuition Aid Grants for EOF Students

The Board recommends FY24 funding for the Part-Time TAG for EOF Students Program at a level sufficient to maintain the current program.

NJ Student Tuition Assistance Reward Scholarship/NJ Student Tuition Assistance Reward Scholarship II Programs (NJ STARS/NJ STARS II)

Based on enrollment trends and annual tuition increases, the Board recommends FY24 funding for the NJ STARS and NJ STARS II Programs line item that is sufficient to support all students who meet the eligibility requirements of the NJ STARS and NJ STARS II Programs.

Governor's Urban Scholarship (GUS) Program

Since its creation in 2012, the Governor's Urban Scholarship Program provided aid to New Jersey high school students who resided in 14 high-need communities. In FY23 the list of high-need communities was expanded to 33 municipalities in which GUS recipients may reside. For FY24, the Board recommends continued funding of $1,000 renewable scholarship awards for New Jersey high school graduates who rank in the top 5% of their class with a GPA of 3.0 or higher and demonstrate financial need, regardless of whether they attend a public or non-public high school. In addition, the GUS persistency award of $500 should continue to be provided to students in their final term of the scholarship upon completion of their associate or baccalaureate degree. In FY24, the GUS program will begin to incur additional expenditures attributable to the expanded list of municipalities of residence for eligible GUS awardees, because GUS eligibility is based upon 11th grade class rankings that high schools report for the upcoming graduating class. The first students affected by this change will be current 12th grade students in the high school class of 2023, who are expected to start attending college in Academic Year 2023-2024. The Board recommends sufficient funding in FY24 to support all students who meet the newly expanded eligibility requirements for GUS.

World Trade Center (WTC) Scholarship Program

Recognizing that the WTC program is committed to funding the majority of the students through 2026, when it is expected that no students will remain eligible under the terms of the scholarship program, the Board recommends continuation of level funding to support WTC Scholarship recipients. The Board also notes the existence of other revenue sources for the WTC Scholarship Program, including public and private donations.

Loan Redemption Programs

HESAA administers five (5) loan redemption programs that are currently funded by State appropriations:

- the Primary Care Practitioner Loan Redemption Program;
- the Nursing Faculty Loan Redemption Program;
- the NJCLASS Loan Redemption Program for New Jersey Teachers;
- the New Jersey STEM Loan Redemption Program; and
- the Behavioral Healthcare Provider Loan Redemption Program.

Recently the Governor and the Legislature have increasingly tasked HESAA with administering new and expanded Loan Redemption programs, including through the establishment in June 2022 of the new Behavioral Healthcare Provider Loan Redemption Program and proposals to expand funding and eligibility for the Primary Care Practitioner Loan Redemption Program and the Nursing Faculty Loan Redemption Program. The Board recommends funding each of these programs in an amount sufficient to meet demand, including any increased demand if pending legislation expanding eligibility is signed into law.

HESAA Revenue and Fee-Supported Programs Not Funded by State Line-Item Appropriations

The Board notes that although the following services and activities are not funded through HESAA's State line-item appropriations, they are key elements of the Authority's overall mission:

- Law Enforcement Officers Memorial Scholarship program
- Survivor Tuition Benefits (STB) program
- New Jersey Governor's Industry Vocations Scholarship for Women and Minorities (NJ GIVS)
- New Jersey Better Education Savings Trust (NJBEST) college savings program
- NJBEST Scholarship program
- NJBEST Matching Grant program
- New Jersey College Loans to Assist State Students (NJCLASS) loan programs
- John R. Justice Federal Student Loan Redemption Program

RESOLUTION 18:22
ADOPTING A BOARD BUDGET POLICY STATEMENT FOR STATE FISCAL YEAR 2024

Moved by: Dr. Jon Larson
Seconded by: Ms. Isabella Berdugo-Hernandez

WHEREAS: The Higher Education Student Assistance Authority (HESAA) Board is responsible for recommending budget policies in support of New Jersey's student financial aid programs; and

WHEREAS: On October 3, 2022 the Board's Budget Committee met with staff to review background information and to draft a FY 2024 budget policy statement for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the HESAA Board strongly affirms the importance of preserving education access and affordability for all residents of the State of New Jersey and recognizing academic achievement; and be it further

RESOLVED: That the Board hereby adopts the budget policy statement for FY 2024 as advanced by the budget committee and described in the attachment to this resolution; and be it further

RESOLVED: That HESAA shall endeavor to maximize FY 2024 resources available for State-funded student assistance programs in keeping with the attached budget policy statement, subject to refinement of underlying projections.

October 26, 2022

State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
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DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow DJS
Executive Director

FROM: Jerry Traino JT /S/
Chief Financial Officer

SUBJECT: Resolution 19:22 Appointing a Senior Managing Underwriter for Authority Bond Issues

DATE: October 26, 2022

Introduction

The Higher Education Student Assistance Authority ("HESAA" or the "Authority") engages a Senior Managing Underwriter (the "Underwriter") in connection with the issuance of HESAA's Student Loan Revenue Bonds (the "Bonds"). In a negotiated sale, the Underwriter, with input from the Authority staff and other professional advisors, is responsible for developing a financing structure to meet HESAA's financing needs, working with the relevant professionals to obtain the appropriate rating on the Bonds, including the production of management and rating agency cash flows, communication with the investor public, and ultimately the marketing and initial sale of the Authority's Bonds. The Underwriter works with HESAA's financial advisor to resolve issues raised by bond counsel, the bond trustee, rating agencies, and potential investors. Additionally, the Senior Manager is responsible for ongoing data and portfolio analysis throughout the year to determine, and advise the Authority as to, the progress of current and upcoming bond issues.

Background

A. Selection Process

Authority procedures call for Request for Proposal ("RFP") documents to be developed and circulated to prospective underwriting firms by Authority staff. On September 8, 2022 the RFP was sent to 22 nationally recognized bond underwriting firms with experience underwriting complex asset-backed revenue bond transactions as senior managing underwriter. The RFP was posted on HESAA's website, and was advertised in the State's NJ Advance Media and Gannett newspapers. An evaluation team consisting of the Chief Financial Officer, Controller, and a representative from HESAA's Financial Advisor, Hilltop Securities, reviewed the proposals based on the following criteria:

1. The experience of the firm in advising on tax-exempt student loan revenue bond offerings;
2. The relevant experience of the staff assigned to the Authority;
3. The quality of the response to the RFP, including but not limited to, the level of detail of the response;
4. The ability to meet the needs of the Authority; and
5. Proposed fees.

HESAA received five (5) proposals from the following underwriting firms: Bank of America Securities ("BofA"); FHN Financial Capital Markets ("FHN"); Samuel A. Ramirez & Co., Inc. ("Ramirez"); RBC Capital Markets LLC ("RBC"), and Siebert Williams Shank & Co., LLC ("SWS").

FHN's proposal was deemed non-responsive because the firm proposed to serve as a co-manager not a senior manager. Additionally, while both Ramirez and SWS are registered broker-dealers, they do not have the required experience in student loan bonds to meet HESAA's needs as the Senior Manager. Both firms expressed their desire to serve as co-manager if they are not selected as Senior Manager. As co-managers are selected with input from the Financial Advisor later in the bond process, HESAA will ensure that all three bidders are considered when the co-manager is selected.

Of the remaining two bidders, both BofA and RBC outlined a set of services that closely matches the Authority's needs. Both firms are highly regarded in the student loan financing sector and both firms have proven track records in bringing student loan revenue bond issues to market in an effective, efficient, and timely manner. The committee's evaluations gave an edge to RBC due to the bank's holistic approach to meeting HESAA's financing and operational needs. While BofA is very proactive during the lead-up to the annual Bond transaction, RBC stays committed year-round to assist HESAA in addressing ongoing concerns.

RBC's experienced staff is fully committed to student loan revenue bond financing, including willingness to work with HESAA. The analysis RBC provided in its proposal, relative to the various trusts and each individual bond year within the trusts, is both highly detailed and comprehensive. RBC's transparent approach provides HESAA with the data necessary to make informed decisions about the Authority's finances and operations.

The committee also took into consideration each bidder's approach to required disclosures. RBC engages an independent third-party to review HESAA's compliance with required disclosures while BofA utilizes an in-house review process. The committee preferred the independent third-party approach to mitigating any potential liabilities.

In order to compare the fees of the bidders, the attached Excel spreadsheet applies the respondents' takedown proposals to a representative Bond transaction sized similarly to the recent structure of HESAA's Series 2022 bonds. This analysis includes both Management Fees and Takedown. While BofA proposed lower fees overall, the evaluation committee determined that the additional services that RBC provides warrant the higher amount. For example, in addition to being available to HESAA staff at any time throughout the year, RBC proposes to continue their high level of year-round engagement, including meeting with HESAA staff bi-weekly to provide current market updates and ensure HESAA is prepared for handling upcoming changes in the market, such as the elimination of LIBOR. Due to RBC's strong expertise in preparing enterprise cash-flow analyses and partnering with HESAA to consider future structuring options, RBC's proposal is best suited to HESAA's needs. RBC has a proven track record of providing HESAA with superlative service during trying times, including the COVID-19 pandemic and the more recent market conditions of sharply rising interest rates. RBC's superlative service enabled HESAA to accelerate the completion of the 2022 Bond transaction in order to provide New Jersey borrowers with highly competitive interest rates. Additionally, RBC demonstrates superb capacity to partner with HESAA in responding to rating agency surveillance.

The RFP Evaluation Committee recommends that the Board select RBC Capital Markets as its approach to developing the Authority's bond financings and the scope of services it proposed are more closely aligned with the current needs of the Authority.

Recommendation

It is recommended that the Board approve the attached Resolution 19:22 Approving the Appointment of RBC Capital Markets as the Authority's Senior Managing Underwriter for 2023 and 2024.

Attachments

NJ HESAA
Underwriters' Fee Proposal - RFP October 2022
Comparison of Underwriters' Proposal based on Bond Year 2022 Deal Structure

Management Fee (per Bond)		
BOA	$1.00	(1)
RBC	$1.00	
Ramirez	$1.50	
Siebert	$0.75	

(1) $175,000 Minimum

Total Takedown Based on HESAA Series 2022	
BOA	$ 1,299,445
RBC	$ 1,517,100
Ramirez	$ 1,409,819
Siebert	$ 1,195,356

	BOA >=Aa3	RBC >=Aa3	Difference >=Aa3	RBC A3 to A1	RBC Baa3 to Baa1	Ramirez	Siebert	2022 Bond by Series ane Maturity Date (Ratings Aa1 (sf)/as(sf) Year	2022A	2022B	2022C	Takedown per Series 2020 BOA	RBC	Ramirez	Siebert
1	$2.25	$2.50	($0.25)	$3.75	$5.00	$2.50	$3.50	2024				$ -	$ -	$ -	$ -
2	$2.25	$3.75	($1.50)	$3.75	$5.00	$2.50	$3.50	2025	$2,680,000	$6,220,000		$ 20,025	$ 33,375	$ 22,250	$ 31,150
3	$2.25	$3.75	($1.50)	$3.75	$5.00	$2.50	$3.50	2026	$2,800,000	$12,425,000		$ 34,256	$ 57,094	$ 38,063	$ 53,288
4	$2.50	$3.75	($1.25)	$3.75	$5.00	$3.75	$3.50	2027	$2,800,000	$14,300,000		$ 42,750	$ 64,125	$ 64,125	$ 59,850
5	$2.75	$3.75	($1.00)	$3.75	$5.00	$3.75	$3.50	2028	$2,800,000	$14,400,000		$ 47,300	$ 64,500	$ 64,500	$ 60,200
6	$3.00	$5.00	($2.00)	$5.00	$6.25	$3.75	$3.75	2029	$2,800,000	$14,900,000		$ 53,100	$ 88,500	$ 66,375	$ 66,375
7	$3.50	$5.00	($1.50)	$5.00	$6.25	$5.00	$3.75	2030	$2,800,000	$14,990,000		$ 62,265	$ 88,950	$ 88,950	$ 66,713
8	$3.50	$5.00	($1.50)	$5.00	$6.25	$5.00	$3.75	2031	$2,800,000	$14,405,000		$ 60,218	$ 86,025	$ 86,025	$ 64,519
9	$3.50	$5.00	($1.50)	$5.00	$6.25	$5.00	$3.75	2032				$ -	$ -	$ -	$ -
10	$3.50	$5.00	($1.50)	$5.00	$6.25	$5.00	$3.75	2033				$ -	$ -	$ -	$ -
11	$5.00	$5.00	$0.00	$5.00	$6.25	$6.25	$4.50	2034				$ -	$ -	$ -	$ -
12	$5.00	$5.00	$0.00	$5.00	$6.25	$6.25	$4.50	2035				$ -	$ -	$ -	$ -
13	$5.00	$5.00	$0.00	$5.00	$6.25	$6.25	$4.50	2036				$ -	$ -	$ -	$ -
14	$5.00	$5.00	$0.00	$5.00	$6.25	$6.25	$4.50	2037				$ -	$ -	$ -	$ -
15	$5.00	$5.00	$0.00	$5.00	$6.25	$6.25	$4.50	2038				$ -	$ -	$ -	$ -
16	$5.00	$6.25	($1.25)	$6.25	$7.50	$6.25	$4.50	2039				$ -	$ -	$ -	$ -
17	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$4.50	2040				$ -	$ -	$ -	$ -
18	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$4.50	2041				$ -	$ -	$ -	$ -
19	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$4.50	2042		$112,725,000		$ 704,531	$ 704,531	$ 704,531	$ 507,263
20	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$4.50	2043				$ -	$ -	$ -	$ -
21	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$5.50	2044				$ -	$ -	$ -	$ -
22	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$5.50	2045				$ -	$ -	$ -	$ -
23	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$5.50	2046				$ -	$ -	$ -	$ -
24	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$5.50	2047				$ -	$ -	$ -	$ -
25	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$5.50	2048				$ -	$ -	$ -	$ -
26	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$6.50	2049				$ -	$ -	$ -	$ -
27	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$6.50	2050				$ -	$ -	$ -	$ -
28	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$6.50	2051				$ -	$ -	$ -	$ -
29	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$6.50	2052				$ -	$ -	$ -	$ -
30	$6.25	$6.25	$0.00	$6.25	$7.50	$6.25	$6.50	2053				$ -	$ -	$ -	$ -
												$ -	$ -	$ -	$ -
Subordinate	$6.25	$7.50	($1.25)	$7.50	$875.00	$6.25	$6.50	2052			$44,000,000	$ 275,000	$ 330,000	$ 275,000	$ 286,000
								Total	$19,480,000	$204,365,000	$44,000,000	$ 1,299,445	$ 1,517,100	$ 1,409,819	$ 1,195,356
											$267,845,000				

RESOLUTION 19:22

APPOINTING A SENIOR MANAGER FOR AUTHORITY BOND ISSUES

Moved by: Ms. Beatrice Daggett
Seconded by: Mr. Scott Salmon

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

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

WHEREAS: Pursuant to these procedures on September 8, 2022 a Request for Proposals (RFP) was sent to 22 nationally-recognized bond underwriting firms with experience underwriting complex asset-backed revenue bond transactions as senior managing underwriter, as well as posted on HESAA's website and advertised in the State's NJ Advance Media and Gannett newspapers; and

WHEREAS: The Authority received five (5) proposals in response to the RFP; and

WHEREAS: An Evaluation Committee comprised of the Authority's Chief Financial Officer, Controller, and a representative from HESAA's Financial Advisor, Hilltop Securities, reviewed all of the proposals; and

WHEREAS: RBC Capital Markets received the highest score as a result of such evaluation.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves a two-year appointment of RBC Capital Markets as the Senior Manager.

October 26, 2022

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)
BIDDER BofA Securities	DATE 10/18/2022

SUMMARY OF EVALUATION TEAM'S COMMENTS: Strong proposal with an attractive fee structure; staff not exclusively dedicated to student loan revenue bonds; required disclosures reviewed in-house instead of by an independent third-party.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The experience of the firm in advising on tax-exempt student loan revenue bond offerings	10	10	10	20	600
The relevant experience of the staff assigned to the Authority	9	9	8	20	520
The quality of the response to the RFP, including but not limited to, the level of detail of the response	10	8	9	20	540
The ability to meet the needs of the Authority as detailed in the RFP	9	8	7	20	480
The fee proposed	10	10	10	20	600
Total	48	45	44	100	2740

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)
BIDDER FHN Financial Capital Markets	DATE 10/18/2022

SUMMARY OF EVALUATION TEAM'S COMMENTS: Only seeking to be Co-Manager; does not have the ability or resources to serve as senior manager

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The experience of the firm in advising on tax-exempt student loan revenue bond offerings	2	5	5	20	240
The relevant experience of the staff assigned to the Authority	2	5	4	20	220
The quality of the response to the RFP, including but not limited to, the level of detail of the response	1	0	0	20	20
The ability to meet the needs of the Authority as detailed in the RFP	1	0	0	20	20
The fee proposed	0	0	0	20	0
Total	6	10	9	100	500

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)
BIDDER Samuel A. Ramirez & Co., Inc.	DATE 10/18/2022

SUMMARY OF EVALUATION TEAM'S COMMENTS: experience with student loan revenue bonds limited exclusively to previous co-manager role with HESAA transactions; does not have the ability or resources to structure, market and sell a complex asset-backed student loan transaction; although the fees are very low they are not realistic based on the work required

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The experience of the firm in advising on tax-exempt student loan revenue bond offerings	2	5	4	20	220
The relevant experience of the staff assigned to the Authority	3	5	4	20	240
The quality of the response to the RFP, including but not limited to, the level of detail of the response	3	0	3	20	120
The ability to meet the needs of the Authority as detailed in the RFP	3	0	0	20	60
The fee proposed	9	9	9	20	540
Total	20	19	20	100	1180

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)
BIDDER RBC Capital Markets LLC	DATE 10/18/2022

SUMMARY OF EVALUATION TEAM'S COMMENTS: Strong, detailed proposal; experienced staff fully committed to student loan revenue financing, including willingness to work with HESAA and availbility of staff; ongoing holistic analysis of HESAA operational and financing needs; proposal analysis relative to the various trusts and each individual bond year within the trusts is both highly detailed and comprehensive; highly transparent, works with HESAA as a partner; required disclosures reviewed by an independent third-party.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The experience of the firm in advising on tax-exempt student loan revenue bond offerings	10	10	10	20	600
The relevant experience of the staff assigned to the Authority	10	10	10	20	600
The quality of the response to the RFP, including but not limited to, the level of detail of the response	10	10	10	20	600
The ability to meet the needs of the Authority as detailed in the RFP	10	9	9	20	560
The fee proposed	8	8	8	20	480
Total	48	47	47	100	2840

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Senior Manager Proposal Evaluation)
BIDDER Siebert Williams Shank & Co., LLC	DATE 10/18/2022

SUMMARY OF EVALUATION TEAM'S COMMENTS: Responsive staff; does not have long history of student loan revenue bond transactions; does not have software required for cash flow modeling; does not have the technical capabilities to structure the deal, work with the ratings agencies or meet all of HESAA's needs.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
The experience of the firm in advising on tax-exempt student loan revenue bond offerings	3	5	4	20	240
The relevant experience of the staff assigned to the Authority	5	5	5	20	300
The quality of the response to the RFP, including but not limited to, the level of detail of the response	6	0	0	20	120
The ability to meet the needs of the Authority as detailed in the RFP	4	0	0	20	80
The fee proposed	10	10	10	20	600
Total	28	20	19	100	1340

Summary of Scores	
Firm	Score
BofA Securities, Inc.	2740
FHN Financial Capital Markets	500
Samuel A. Remirez & Co., Inc.	1180
RBC Capital Markets	2840
Siebert Williams Shank & Co., LLC	1340

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Philip D. Murphy
Governor

Sheila Y. Oliver
Lt. Governor

David J. Socolow
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director DJS

FROM: Aurea Thomas AT.
Program Officer, Servicing & Collections

SUBJECT: Resolution 20:22 Appointing Special Counsel to a List of Attorneys to Assign Educational Receivables Files

DATE: October 26, 2022

Background

On September 1, 2022 the Higher Education Student Assistance Authority (HESAA) issued a Request for Qualifications (RFQ) seeking proposals from qualified law firms to create a list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection. Additionally, the firms on the list will represent HESAA in contesting the dischargeability of a debtor from bankruptcy, in Administrative Wage Garnishment hearings, and in collection-related appellate work. The term of the appointment for the placement of new files will be two years.

HESAA emailed the RFQ to the law firms currently providing these services for HESAA and other entities that reached out to HESAA, posted the RFQ on HESAA's website, and advertised the RFQ in the state's NJ Advance Media and Gannett newspapers.

HESAA received proposals from four law firms, all of which currently provide collection services for HESAA.

Selection Process

An evaluation committee made up of HESAA's Chief Compliance Officer, Assistant Controller, Associate Director of Servicing & Collections, and Servicing & Collections Program Officer met and reviewed each of the responsive proposals.

The selection criteria for reviewing Collection Counsel proposals were as follows:

- Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work;
- The firm's recovery performance;
- Average time it takes the firm to liquidate debt;
- Resources of the firm;
- Approach to communication with HESAA;
- Approach to, and effective results of, settlements with borrowers; and
- Past experience of HESAA with the firm and/or attorneys, including responsiveness to directives and timely and accurate reporting.

The committee determined that a firm must achieve a minimum score of 1600, meaning that it was deemed overall to be "fair," to be recommended for placement on the list. Pursuant to the RFQ the list was limited to no more than four firms.

Based on the reviews of the evaluation committee, all of the firms: Fein, Such, Kahn & Shepard, P.C.; The Grogan Law Group LLC; Portnoy Schneck LLC; and Ratchford Law Group, P.C. (formerly known as Solomon and Solomon PC), met the minimum threshold for appointment. HESAA currently engages all of these firms and has been satisfied with their performance. Therefore, the evaluation committee recommends that the Board approve the appointment of all four firms to the list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection for a two-year term, with one caveat.

HESAA has engaged Solomon and Solomon, P.C. since 2006. The firm recently merged with the Ratchford Law Group, P.C. As the two firms are in the process of merging their systems, the new Ratchford Law Group has not completed all of the steps necessary for their new systems to meet all of HESAA's policy and reporting requirements. HESAA staff have followed up with the firm regarding existing files and are confident that the firm will be able to meet all of HESAA's requirements in short order. Therefore it is recommended that the Board approves appointing the Ratchford Law Group, P.C. to the list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection for a two-year term, with the stipulation that no new files will be assigned to Ratchford until the firm provides proof satisfactory to HESAA that all policy and reporting issues have been resolved.

HESAA staff will assign files to the firms based on the following criteria, as was specified in the RFQ:

- The background, qualifications, skills, and experience of the firm and its staff with specific reference to educational receivables collections practice;
- The firm's degree of expertise in all facets of providing legal services relating to educational receivables collections;
- The Authority's prior experiences with the firm, if applicable;
- The firm's recovery performance;
- The average time it takes the firm to liquidate debt;
- The firm's handling of customer service issues;

- The firm's familiarity with the work, requirements, and systems of New Jersey State Authorities and those of the Higher Education Student Assistance Authority; and
- Geographical location of the firm's office.

Recommendation

It is recommended that the Board approve Resolution 20:22 Appointing Fein, Such, Kahn & Shepard, P.C., The Grogan Law Group LLC, and Portnoy Schneck LLC, to a List of Attorneys to Assign Educational Receivables Files for a two-year term and appointing Ratchford Law Group, P.C. (formerly known as Solomon and Solomon PC) to a provisional two-year term with placement of files contingent on providing proof satisfactory to HESAA that all policy and reporting issues have been resolved.

Attachment

RESOLUTION 20:22

APPOINTING SPECIAL COUNSEL TO A LIST OF ATTORNEYS TO ASSIGN EDUCATIONAL RECEIVABLES FILES

Moved by: Ms. Beatrice Daggett
Seconded by: Ms. Nicolette Carpenter

WHEREAS: On September 1, 2022 the Higher Education Student Assistance Authority (HESAA) issued a Request for Qualifications (RFQ) seeking proposals from qualified law firms to create a list of no more than four outside counsel firms to which HESAA can assign defaulted student loans and other educational receivables for collection; and

WHEREAS: Four law firms provided proposals in response to the RFQ; and

WHEREAS: An evaluation committee made up of HESAA's Chief Compliance Officer, Assistant Controller, Associate Director of Servicing & Collections, and Servicing & Collections Program Officer met and reviewed each of the proposals; and

WHEREAS: All four proposals submitted in response to the RFQ were found by the evaluation committee to exceed the minimum score for placement on the list of attorneys to which HESAA assigns educational receivable files; and

WHEREAS: In order to meet HESAA's policy and reporting requirements, one of the firms must finish converting all of its systems after its merger with a new firm.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board hereby appoints Fein, Such, Kahn & Shephard, P.C ,The Grogan Law Group LLC, and Portnoy Schneck LLC, as Special Counsel to be placed on a List of Attorneys to Assign Educational Receivables Files for a two-year term; and be it further

RESOLVED: That the Board hereby appoints Ratchford Law Group, PC as Special Counsel to be placed on a List of Attorneys to Assign Educational Receivables Files for a provisional two-year term, with placement of files contingent on providing proof satisfactory to HESAA that all policy and reporting issues have been resolved.

October 26, 2022

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER Fein, Such, Kahn & Shepard, P.C.	DATE October 14, 2022

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Unable to place out of state files. Needs to improve pursuit of settlement agreements and submission of settlement reports.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	8	7	8	7	15	450
The firm's recovery performance	6	5	8	6	15	375
Average time it takes the firm to liquidate debt	6	5	8	7	15	390
Resources of the firm	5	7	9	7	15	420
Approach to communication with HESAA	6	5	5	7	15	345
Approach to; and effective results of, settlements with borrowers	5	3	3	6	15	255
Past experience of HESAA with the firm and/or attorneys, including responsiveness to directives and timely and accurate reporting	4	6	5	7	10	220
Total	40	38	46	47	100	2455

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER The Grogan Law Group, LLC	DATE October 14, 2022

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Grogan has consistently met HESAA's expectations. Responsive to requests from HESAA. Thorough and comprehensive approach to bankruptcy matters.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	7	7	7	9	15	450
The firm's recovery performance	6	5	8	8	15	405
Average time it takes the firm to liquidate debt	5	5	7	8	15	375
Resources of the firm	6	6	8	8	15	420
Approach to communication with HESAA	8	6	7	8	15	435
Approach to, and effective results of, settlements with borrowers	6	4	8	7	15	375
Past experience of HESAA with the firm and/or attorneys, including responsiveness to directives and timely and accurate reporting	6	5	8	8	10	270
Total	44	38	53	56	100	2730

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER Portnoy Schneck, L.L.C.	DATE October 14, 2022

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Portnoy Schneck has successfully represented HESAA for a long time period. Responses and reports have always been timely. Flexible appoach to settlement agreement.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	7	7	8	9	15	465
The firm's recovery performance	5	5	7	8	15	375
Average time it takes the firm to liquidate debt	6	5	8	8	15	405
Resources of the firm	6	6	7	8	15	405
Approach to communication with HESAA	6	7	8	9	15	450
Approach to, and effective results of, settlements with borrowers	5	5	7	7	15	360
Past experience of HESAA with the firm and/or attorneys, including responsiveness to directives and timely and accurate reporting	7	7	7	9	10	300
Total	42	42	52	58	100	2760

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER Ratchford Law Group, P.C. (FKA Solomon and Solomon, P.C.)	DATE October 14, 2022

SUMMARY OF EVALUATION TEAM'S COMMENTS:

There have been growing pains in the recent merger of the two firms. Though HESAA has had a long relationship with Solomon & Solomon, the merged firm is not yet meeting all of HESAA's policy and reporting requirments. This firm has an extensive out-of-state attorney network.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	8	7	6	8	15	435
The firm's recovery performance	5	5	7	7	15	360
Average time it takes the firm to liquidate debt	5	5	7	6	15	345
Resources of the firm	6	6	7	7	15	390
Approach to communication with HESAA	6	5	5	6	15	330
Approach to, and effective results of, settlements with borrowers	6	4	6	5	15	315
Past experience of HESAA with the firm and/or attorneys, including responsiveness to directives and timely and accurate reporting	7	6	6	7	10	260
Total	43	38	44	46	100	2435

Firm	Score
Fein, Such, Kahn & Shepard, P.C.	2455
The Grogan Law Group, LLC	2730
Portnoy Schneck, L.L.C.	2760
Ratchford Law Group, P.C.	2435

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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director DJS

FROM: Marnie B. Grodman MBG
Director, Legal & Governmental Affairs
Administrative Practice Officer

SUBJECT: Resolution 21:22 Approving Adoption of New Rules Governing the Teacher Loan Redemption Program

DATE: October 26, 2022

Background

On January 18, 2022, Governor Murphy signed P.L. 2021, c. 384 (the "Act"), establishing a loan redemption program for newly hired teachers in high-need fields who are employed in low-performing schools (the "Program"). The Act provides that the Higher Education Student Assistance Authority (Authority), in consultation with the Department of Education, shall adopt rules necessary for the administration of the Act.

The Act authorizes redemptions of 25% of the outstanding principal and interest amount of a Program participant's loan from the New Jersey College Loans to Assist State Students (NJCLASS) program, in an amount up to $5,000, in return for each consecutive full year of service teaching in a high-need field in a low-performing school. The total amount of a participant's outstanding NJCLASS loan principal and interest balance which may be redeemed under the Program, for a Participant who completes four full school years of service, shall not exceed $20,000. The Program will provide State-funded loan redemption only to teachers who were initially hired after the Act's January 18, 2022 effective date and meet all other eligibility requirements.

At its April 20, 2022 meeting the Board approved the proposed New Rules Governing the Program, N.J.A.C. 9A:10-8. The proposed new rules, PRN 2022-079, were published in the June 6, 2022

New Jersey Register at 54 N.J.R. 1001(a), 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. The 60-day legislative review period for this rule expired on July 3, 2022, with no comments received. The public comment period expired on August 5, 2022, with no comments received by that date.

Recommendation

It is recommended that the Board approve Resolution 21:22 Adopting the New Rules Governing the Teacher Loan Redemption Program, N.J.A.C. 9A:10-8.

Attachments

RESOLUTION 21:22

APPROVING THE ADOPTION OF NEW RULES GOVERNING THE TEACHER LOAN REDEMPTION PROGRAM, N.J.A.C. 9A:10-8

Moved By: Dr. Jon Larson
Seconded By: Ms. Jean McDonald Rash

WHEREAS: On January 18, 2022, Governor Murphy signed P.L. 2021, c. 384 (the "Act"), establishing a loan redemption program for newly hired teachers in high-need fields who are employed in low-performing schools (the "Program"); and

WHEREAS: The Act provides that the Higher Education Student Assistance Authority (Authority), in consultation with the Department of Education, shall adopt rules necessary for the administration of the Act; and

WHEREAS: At its April 20, 2022 meeting, the HESAA Board approved the proposed New Rules Governing the Teacher Loan Redemption Program, N.J.A.C. 9A:10-8; and

WHEREAS: The proposed new rules, PRN 2022-079, were published in the June 6, 2022 New Jersey Register at 54 N.J.R. 1001(a), 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 July 3, 2022, with no comments received; and

WHEREAS: The public comment period for this rule expired on August 5, 2022 with no comments received by that date.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the Adoption of New Rules Governing the Teacher Loan Redemption Program, N.J.A.C. 9A:10-8.

October 26, 2022

May Cause Potential Public Health Impacts			
Stressor	**Designation**	**Measure**	**Source**
Potential Lead Exposure	Baseline	Percent houses older than 1950	Most recent U.S. Census five-year ACS[12] data
Lack of Recreational Open Space	Affected	Population per acre of open space within 0.25 mile	Most recent NJDEP State, Local and Nonprofit Open Space of New Jersey data
Lack of Tree Canopy	Affected	Percent lack of tree canopy	Most recent USFS[10] Analytical Tree Canopy Cover data
Impervious Surface	Affected	Percent impervious surface	Most recent NJDEP County Impervious Surface of New Jersey data
Flooding (Land Use Cover)	Affected	Percent urban land use area flooded	Most recent NJDEP Urban Flooding data

[9]Private Well Testing Act
[10]United States Forest Service

Density/Proximity Stressors			
Stressor	**Designation**	**Measure**	**Source**
Emergency Planning Sites	Affected	Sites per square mile	Most recent NJDEP Facility Density Data
Permitted Air Sites	Affected	Sites per square mile	Most recent NJDEP Facility Density Data
NJPDES[11] Sites	Affected	Sites per square mile	Most recent NJDEP Facility Density Data

[11]New Jersey Pollutant Discharge Elimination System

Social Determinants of Health			
Stressor	**Designation**	**Measure**	**Source**
Unemployment	Baseline	Percent unemployed	Most recent U.S. Census Bureau five-year ACS[12] data
Education	Baseline	Percent without high school diploma	Most recent U.S. Census Bureau five-year ACS data

[12]American Community Survey

HIGHER EDUCATION

(a)

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Loan and College Savings Programs Loan Redemption Program for Teachers in High-Need Fields Employed in Low-Performing Schools

Proposed New Rules: N.J.A.C. 9A:10-8

Authorized By: Higher Education Student Assistance Authority, Christy Van Horn, Chairperson.

Authority: P.L. 2021, c. 384.

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

Proposal Number: PRN 2022-079.

Submit written comments by August 5, 2022, to:

Marnie B. Grodman, Esquire
Administrative Practice Officer
Higher Education Student Assistance Authority
PO Box 545
Trenton, NJ 08625-0545
Email: Regulations@hesaa.org

The agency proposal follows:

Summary

On January 18, 2022, Governor Murphy signed P.L. 2021, c. 384, establishing a loan redemption program for newly hired teachers in high-need fields who are employed in low-performing schools (Act). The Act provides that the Higher Education Student Assistance Authority (Authority), in consultation with the Department of Education, shall adopt rules necessary for the administration of the Act.

The Act authorizes redemptions of 25 percent of the outstanding principal and interest amount of a program participant's loan from the New Jersey College Loans to Assist State Students (NJCLASS) program, in an amount up to $5,000, in return for each consecutive full year of service teaching in a high-need field in a low-performing school. The total amount of a participant's outstanding NJCLASS loan principal and interest balance that may be redeemed under the program, for a participant who completes four full school years of service, shall not exceed $20,000.

The proposed new rules govern the policy, administration, and procedures of the Loan Redemption Program for Teachers in High-Need Fields Employed in Low-Performing Schools (Program), and are summarized below.

The subchapter heading establishes the name of the program for which these proposed new rules will be promulgated, as the Loan Redemption Program for Teachers in High-Need Fields Employed in Low-Performing Schools.

Pursuant to the Act, proposed new N.J.A.C. 9A:10-8.1 provides that the purpose of the proposed new subchapter is to provide redemptions of 25 percent of principal and interest of a Program participant's NJCLASS loan amounts up to $5,000 in return for each consecutive full year of service teaching in a high-need field in a low-performing school and that the total amount of NJCLASS loan amounts that may be redeemed under the Program by a Program participant, for four full school years of service, shall not exceed $20,000.

Proposed new N.J.A.C. 9A:10-8.2 provides the definitions for words and terms used within this subchapter, which include "Authority," "Department," "Executive Director," "low-performing school," "high-need field," "Program," "Program participant," "public school," "teacher," and "total and permanent disability."

Proposed new N.J.A.C. 9A:10-8.3 provides the eligibility requirements that an applicant must meet in order to participate in the Program pursuant to subparagraph 2.a of the Act.

Proposed new N.J.A.C. 9A:10-8.4 establishes the application procedures that an applicant must follow to participate in the Program. Proposed new N.J.A.C. 9A:10-8.4(a) provides the minimum information required by the application, specifically, the applicant's identification and contact information, certification of full-time employment from the applicant's current or anticipated employer, including the start date, and the account numbers for the applicant's outstanding NJCLASS loans.

Proposed new N.J.A.C. 9A:10-8.4(b) establishes that applications will be considered in the order they are received, subject to available funding.

Proposed new N.J.A.C. 9A:10-8.4(c) provides that eligibility is based solely on the information submitted on the application and that the Authority will notify applicants of their acceptance into the Program.

Proposed new N.J.A.C. 9A:10-8.5 provides the terms that participants must meet in order for the Authority to release funds for loan redemption. Pursuant to subparagraph 2.a of the Act, proposed new N.J.A.C. 9A:10-8.5(a) provides that the process of establishing eligibility for loan redemption funds is initiated by a written contract between the participant and the Authority. The contract specifies the duration of the participant's approved employment service obligation, not to exceed four school years, and the total amount of NJCLASS loans to be redeemed by the Authority in return for service.

Pursuant to subparagraph 2.d of the Act, proposed new N.J.A.C. 9A:10-8.5(b) specifies that the loan redemption under the Program shall amount to 25 percent of principal and interest of a Program participant's outstanding NJCLASS loan amount, not exceed $5,000, in return for each consecutive full school year of approved employment service successfully completed by the Program participant and that the total loan redemption amount for a Program participant shall not exceed $20,000. Proposed new N.J.A.C. 9A:10-8.5(b)1 provides that the Authority will encumber up to $20,000 of Program funds, as necessary, to provide for the redemption of the participant's outstanding NJCLASS loans upon the applicant's acceptance into the Program and execution of the written contract with the Authority.

To verify that Program participants meet the employment requirements for loan redemption, proposed new N.J.A.C. 9A:10-8.5(c) requires participants to submit to the Authority certification, in the form approved by the Authority, of full-time employment.

Pursuant to subparagraph 2.c., proposed new N.J.A.C. 9A:10-8.5(d) provides that a Program participant may remain in the Program in the event that either the public school in which the teacher is employed loses its designation as a low-performing school or the teacher is transferred to a school in the district that is not a low-performing school; or the high-need field in which the Program participant is teaching pursuant to the Program service obligation subsequently loses its designation as a high-need field, and the Program participant continues to teach in the same field in accordance with the Program participant's contractual agreement with the Authority.

Proposed new N.J.A.C. 9A:10-8.5(e) establishes that Program participants are not eligible for any benefits under the Program for less than a full school year of service pursuant to subparagraph 2.d of the Act.

Pursuant to subparagraph 2.f, proposed new N.J.A.C. 9A:10-8.6 outlines the conditions for termination or suspension of the participant's participation contract. Proposed new N.J.A.C. 9A:10-8.6(a) provides that the Authority will terminate a participant's contract if: the participant is totally and permanently disabled; the participant is deceased; continued enforcement of the employment service obligation may result in an extreme hardship for the participant; the participant is no longer teaching in a high-need field at a low-performing school; the participant's license has been revoked; the participant has been convicted of a felony or a high misdemeanor or has committed an act of gross negligence in the performance of the participant's employment service obligation; or the participant has not provided the documentation required prior to annual redemption of loan indebtedness within 60 days of written request for the required documents by the Authority.

Proposed new N.J.A.C. 9A:10-8.6(b) provides that the Authority will suspend the participant's participation contract if continued enforcement of the employment service obligation may result in extreme hardship for the participant. The proposed new subsection defines extreme hardship to include temporary disability, active duty military service, or temporary suspension of the participant's professional license pending the outcome of an investigation. The subsection further provides that the contract may be suspended for up to two years, but that it may be extended under exceptional circumstances.

Proposed new N.J.A.C. 9A:10-8.6(c) provides that the participant can nullify the participation contract by notifying the Authority in writing. Proposed new N.J.A.C. 9A:10-8.6(d) establishes that the Authority has final decision-making authority to terminate a participation contract. Proposed new N.J.A.C. 9A:10-8.6(e) advises participants that, if a participation agreement is terminated or nullified, the participant is not eligible to reapply to participate in the Program.

Proposed new N.J.A.C. 9A:10-8.7 sets forth the procedures that an applicant must follow in order to appeal a notification of ineligibility for Program participation from the Authority and also requires the Authority to be responsible for providing the Authority's final decision on the appeal to the applicant within 30 days of receipt of the appeal.

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 new rules are intended to address the need for qualified teachers in high-need fields in low-performing schools. Providing NJCLASS loan redemption in exchange for up to four years of service will encourage qualified teachers to accept jobs at low-performing schools, thereby improving the education of New Jersey's students in these schools.

Economic Impact

The Act caps annual appropriations for the Program at $1 million, therefore, the economic impact of the proposed new rules is capped at $1 million per year.

Federal Standards Statement

A Federal standards analysis is not required since the proposed new rules are not subject to any Federal requirements or standards.

Jobs Impact

The proposed new rules will not result in the loss or generation of jobs but will encourage teachers to accept jobs in low-performing school districts.

Agriculture Industry Impact

The proposed new rules will have no impact on the agriculture industry.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed new rules 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 proposed new rules address the shortage of qualified teachers in high-need fields in low-performing school districts.

Housing Affordability Impact Analysis

The proposed new rules will have an insignificant impact on the affordability of housing in New Jersey and there is an extreme unlikelihood that the proposed new rules would evoke a change in the average costs associated with housing because the proposed new rules concern loan redemptions for teachers.

Smart Growth Development Impact

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

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Authority has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposed new rules follows:

SUBCHAPTER 8 LOAN REDEMPTION PROGRAM FOR TEACHERS IN HIGH-NEED FIELDS EMPLOYED IN LOW-PERFORMING SCHOOLS

9A:10-8.1 Purpose and scope

The rules established by this subchapter provide the policies and procedures for participation in the Loan Redemption Program for Teachers in High-Need Fields Employed in Low-Performing Schools administered by the Higher Education Student Assistance Authority (Authority). This program shall provide redemptions of 25 percent of the outstanding principal and interest balance of a Program participant's New Jersey College Loans to Assist State Students (NJCLASS) loan amounts, up to $5,000, in return for each consecutive full year of service teaching in a high-need field in a low-performing school. The total amount of NJCLASS loan amounts that may he redeemed under the Program by a Program participant, for four full school years of service, shall not exceed $20,000.

9A:10-8.2 Definitions

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

"Authority" means the Higher Education Student Assistance Authority.

"Department" means the Department of Education.

"Executive Director" means the Executive Director of the Higher Education Student Assistance Authority.

"High-need field" means a subject area or field of expertise in which there is a shortage of qualified teachers in the State, as determined by the Department of Education and reported to the United States Department of Education. The Department shall reassess its designation of high-need fields at least every five years. The Authority shall provide a link to the list of high-need fields that is posted on the United States Department of Education's website.

"Low-performing school" means any public school at which, among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories in both the language arts and mathematics subject areas of the State assessments exceeded 40 percent in each of the prior two school years; or in either the language arts or mathematics subject areas of the State assessment exceeded 65 percent in each of the prior two school years. A school shall continue to be designated a low-performing school until such time that the sum of the percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories in both the language arts and mathematics subject areas of the State assessments is less than, or equal to, the sum of the Statewide percent of students scoring in the not-yet-meeting expectations and partially meeting expectations categories on the corresponding Statewide assessments. The term "low-performing schools" is defined solely for the purposes of this loan redemption program. For all other purposes, the Department of Education uses the term "comprehensive and targeted schools", which should not be conflated with this definition.

"Program" means the Loan Redemption Program for Teachers in High-Need Fields Employed in Low-Performing Schools established pursuant to P.L. 2021, c. 384.

"Program participant" means an undergraduate student borrower under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program established pursuant to N.J.S.A. 18A:71C-21 who, after January 18, 2022, the effective date of P.L. 2021, c. 384, is initially hired by a school district to work as a teacher in a high-need field in a low-performing school, and who is employed in a high-need field in a low-performing school at the time of application.

"Public school" means a school located within a district board of education or within a charter or a renaissance school board of trustees.

"Teacher" means a person who holds an instructional certification or educational services certification from the Department.

"Total and permanent disability" means a physical or mental disability that is expected to continue indefinitely or result in death and renders a Program participant unable to perform that person's employment obligation, as determined by the Executive Director, or the Executive Director's designee.

9A:10-8.3 Eligibility requirements for Program participation

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

1. Be a New Jersey resident and maintain residency in the State during Program participation;

2. Have an outstanding balance on an NJCLASS loan and not be in default on any NJCLASS loans;

3. Be certified by the Department to teach in New Jersey;

4. Have been initially hired to teach in a high-need field in a low-performing school on or after January 18, 2022, and be employed in a high-need field in a low-performing school at the time of application; and

5. Not previously have been selected for participation in the Program.

9A:10-8.4 Application procedures

(a) In order to apply for participation in the Program, an applicant must complete a Program application and submit the complete application to the Authority.

1. The Program application includes, but is not limited to:

i. The applicant's identification and contact information;

ii. Certification of full-time employment for a full school year from the applicant's current employer or anticipated employer, including the start date; and

iii. The account numbers for the applicant's outstanding NJCLASS loans.

(b) The Authority will consider applications for approval of Program participation in the date order they are received, subject to available funding.

(c) The Authority will determine the applicant's eligibility for the Program based upon the information submitted on the application and will provide notification to the applicant of their acceptance into the Program.

9A:10-8.5 Terms for loan redemption

(a) An applicant who has been selected for participation in the Program shall enter into a written contract with the Authority. The contract shall specify the duration of the participant's approved employment service obligation, not to exceed four school years, and the total amount of NJCLASS loans to be redeemed by the Authority in return for service.

(b) Loan redemption under the Program shall amount to 25 percent of principal and interest of a Program participant's outstanding NJCLASS loan amount, not to exceed $5,000, in return for each consecutive full school year of approved employment service successfully completed by the Program participant. The total loan redemption amount for a Program participant shall not exceed $20,000.

1. At the time an applicant is accepted as a Program participant and has entered into a written contract with the Authority, the Authority will encumber up to $20,000 of Program funds, as necessary, to provide for the redemption of the participant's outstanding NJCLASS loans.

(c) In order for a participant to qualify for an annual redemption payment, the Program participant shall submit to the Authority certification, in the form approved by the Authority, of full-time employment in a high-need field at a low-performing school for the school year.

(d) A Program participant who has entered into a contract with the Authority shall remain eligible for loan redemption under the contract in the event that:

1. The public school in which the teacher is employed loses its designation as a low-performing school or the teacher is transferred to a school in the district that is not a low-performing school; or

2. The high-need field in which the Program participant is teaching pursuant to the Program service obligation subsequently loses its designation as a high-need field, and the Program participant continues to teach in the same field, in accordance with the Program participant's contractual agreement with the Authority.

(e) No amount of loan redemption shall be provided for service performed for less than a full school year.

9A:10-8.6 Termination or suspension of the Program participant's participation contract

(a) The Authority shall terminate the Program participant's participation contract if it determines:

1. On the basis of a sworn affidavit of a qualified physician, that the participant is totally and permanently disabled;

2. On the basis of a death certificate, or other evidence of death that is conclusive under State law, that the participant has died;

3. On the basis of substantiating documentation, as may be deemed necessary by the Authority upon specific case review, that continued enforcement of the employment service obligation may result in extreme hardship for the participant;

4. That the participant is no longer teaching in a high-need field at a low-performing school, except as permitted at N.J.A.C. 9A:10-8.5(d);

5. That the participant's certification has been revoked;

6. That the participant has been convicted of a felony and/or a high misdemeanor, as defined at N.J.S.A. 2C:1-4.d, has committed an act of gross negligence in the performance of his or her employment service obligation, or that the participant has not met the employer's performance standards; or

7. The participant has not submitted the certification required pursuant to N.J.A.C. 9A:10-8.5(c) to receive the loan redemption within 60 days of written request for the required documents by the Authority.

(b) The Authority may suspend the Program participant's participation contract if the Authority determines, on the basis of substantiating documentation, as may be deemed necessary by the Authority upon specific case review, that continued enforcement of the employment service obligation may result in extreme hardship for the participant. Extreme hardships include, but are not limited to, temporary disability, active duty military service, or temporary suspension of the participant's professional license pending the outcome of an investigation.

1. The Authority may suspend the Program participant's participation contract for a period of up to two calendar years from the date the suspension commences. At the end of the first year of suspension, the participant must provide the Authority with substantiating documentation, as defined in this subsection, to renew the suspension for a second year.

2. The suspension, as stipulated at (b)1 above, may be extended beyond two years for exceptional circumstances at the discretion of the Authority on the basis of substantiating documentation, as defined in this subsection.

(c) A participant may nullify the participation contract by notifying the Authority, in writing.

(d) The Authority shall have final decision-making authority to terminate a participant's participation contract.

(e) Participants who nullify their participation agreement, or whose participation agreements are terminated by the Authority, are not eligible to reapply to participate in the Program.

9A:10-8.7 Appeals process

(a) When an applicant has received a notification of ineligibility for Program participation, the applicant may submit a written appeal to the Authority within 30 days of the date of the notification. The written appeal must include the following:

1. A copy of the notification of ineligibility received by the applicant from the Authority; and

2. The reason(s) why the applicant feels the applicant is eligible to participate in the Program, along with any documentation that the applicant has obtained to support the appeal, if applicable.

(b) Within 30 days of the receipt of the appeal, the Authority shall provide the applicant with the Authority's final determination of the appeal. Final decisions of the Authority can be appealed to the Appellate Division of the Superior Court.

INSURANCE

(a)

DEPARTMENT OF BANKING AND INSURANCE OFFICE OF SOLVENCY REGULATION

Credit for Reinsurance

Proposed Amendments: N.J.A.C. 11:2-28.7 through 28.7B, 28.8, 28.10, 28.12, and 11:2-28 Appendix

Proposed New Rule: N.J.A.C. 11:2-28.7E

Authorized By: Marlene Caride, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17:51B-1 et seq.

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

Proposal Number: PRN 2022-071.

Submit comments by August 5, 2022, to:

Denise M. Illes, Chief
Office of Regulatory Affairs
New Jersey Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625-0325
Fax: (609) 292-0896
Email: legsregs@dobi.nj.gov

The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) proposes amendments and a new rule to reflect amendments to the National Association of Insurance Commissioners (NAIC) Credit for Reinsurance Model Regulation. The proposed amendments and new rule are necessary to avoid Federal preemption and maintain New Jersey's NAIC accreditation status, as described more fully below.

Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 31 U.S.C. §§ 313 and 314, established the Federal Insurance Office (FIO), and authorizes the United States Secretary of the Treasury and the United States Trade Representative to negotiate and enter into covered agreements on behalf of the United States. A covered agreement is defined at 31 U.S.C. § 313(r)(2) as an agreement entered into between the United States and foreign government(s) on prudential measures with respect to the business of insurance or reinsurance that achieves a level of protection for consumers that is "substantially equivalent" to the level of protection under state law. 31 U.S.C. § 313(f) mandates the preemption of state law insurance measures to the extent that the Director of the FIO determines that the measure is inconsistent with a covered agreement and results in less favorable treatment of a non-U.S. insurer domiciled in a foreign jurisdiction that is subject to a covered agreement than a U.S. insurer domiciled, licensed, or otherwise admitted in that state.

On September 22, 2017 and December 19, 2018, the United States entered into covered agreements with the European Union (E.U.) and the United Kingdom (U.K.), respectively (Covered Agreements). Among other things, the Covered Agreements bilaterally eliminate local requirements for reinsurers based in the other jurisdiction to post collateral or establish a local presence, both as a prerequisite to reinsurance placement, as well as a condition to receive financial statement credit for the reinsurance. Article 9(4) of the Covered Agreements require the Director of the FIO to complete any necessary preemption determinations, regarding state law insurance measures, 60 months after the date of signature.

On June 25, 2019, the NAIC adopted amendments to the Credit for Reinsurance Model Law (Model Law) and Credit for Reinsurance Model

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Philip D. Murphy
Governor

Sheila Y. Oliver
Lt. Governor

David J. Socolow
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow DJS
Executive Director

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

SUBJECT: Resolution 22:22 Approving Proposed New Rules Governing the Behavioral Healthcare Provider Loan Redemption Program

DATE: October 26, 2022

Background

On June 30, 2022, Governor Murphy signed P.L. 2022, c. 34 (N.J.S.A. 18A:71C-87 et seq.), establishing a loan redemption program for behavioral healthcare providers. The Act provides that the Higher Education Student Assistance Authority (Authority) shall adopt rules necessary for the administration of the Act.

The Act authorizes loan redemption not to exceed $50,000 of principal and interest of eligible student loan expenses for every two (2) full years of service satisfactorily completed by the program participant, for up to six (6) years of service and a total loan redemption amount not to exceed $150,000. In addition, program participants who work primarily with children or adolescents are eligible to receive individual incentive grants that shall not exceed $5,000 annually.

The proposed new rules govern the policy, administration, and procedures of the Behavioral Healthcare Provider Loan Redemption Program (Program), and are summarized below. The subchapter heading establishes the name of the program for which these proposed new rules will be promulgated, as the Behavioral Healthcare Provider Loan Redemption Program.

Pursuant to the Act, proposed new N.J.A.C. 9A:10-9.1 provides that the purpose of the proposed new subchapter is to provide redemptions not to exceed $50,000 of principal and interest of eligible student loan expenses for every two full years of service satisfactorily completed by the program participant, for up to six years of service and a total loan redemption amount not to exceed $150,000.

Proposed new N.J.A.C. 9A:10-9.2 provides the definitions for words and terms used within this subchapter, which include "Approved site," "Authority," "Department," "Eligible behavioral healthcare providers," "Eligible qualifying loan expenses," "Executive Director," "Program," "Program participant," "Qualifying loan," and "total and permanent disability."

Proposed new N.J.A.C. 9A:10-9.3 provides the eligibility requirements that an applicant must meet in order to participate in the Program pursuant to subsection 3(a) of the Act.

Proposed new N.J.A.C. 9A:10-9.4 establishes the application procedures that an applicant must follow to participate in the Program. Proposed new N.J.A.C. 9A:10-9.4(a) provides the minimum information required by the application, specifically, the applicant's identification and contact information, as well as documentation of whether the applicant works primarily with children or adolescents from the applicant's current employer or anticipated employer, and documentation necessary to demonstrate the applicant's eligibility to practice as a behavioral health provider.

Proposed new N.J.A.C. 9A:10-9.4(b) establishes that applications will be considered in the order they are received, subject to available funding.

Proposed new N.J.A.C. 9A:10-9.4(c) provides that eligibility is based on the information submitted on the application and that the Authority will notify applicants of their acceptance into the Program.

Proposed new N.J.A.C. 9A:10-9.5 provides the terms that participants must meet in order for the Authority to release funds for loan redemption. Pursuant to subparagraph 3.c. of the Act, proposed new N.J.A.C. 9A:10-9.5(a) provides that the process of establishing eligibility for loan redemption funds is initiated by a written contract between the participant and the Authority. The contract shall specify that the participant's approved service obligation will be for two years and that applicants will be eligible to apply for up to two additional two-year terms, subject to appropriation. The duration of the participant's approved employment service obligation, with extensions, shall not exceed six years.

Pursuant to subparagraph 3.d of the Act, proposed new N.J.A.C. 9A:10-9.5(b) specifies that the loan redemption under the Program shall not exceed $50,000 of principal and interest of eligible student loan expenses in exchange for each two-year term of service satisfactorily completed by the Program participant. Proposed new N.J.A.C. 9A:10-9.5(b)1 provides that at the time an applicant is accepted as a Program participant and has entered into a written contract with the Authority for a two-year term, the Authority will encumber up to $150,000 of Program funds, as necessary, to provide for the redemption of the participant's outstanding eligible student loan expenses and that total loan redemption for three two-year terms shall not exceed $150,000.

To verify that Program participants meet the employment requirements for loan redemption, proposed new N.J.A.C. 9A:10-9.5(c) requires participants to submit to the Authority certification, in the form approved by the Authority, of full-time employment.

Proposed new N.J.A.C. 9A:10-9.5(d) establishes that Program participants are not eligible for any benefits under the Program for less than two full years of service, pursuant to subsection 4.(c) of the Act.

Proposed new N.J.A.C. 9A:10-9.6 establishes incentive grants to be awarded to Program participants who work primarily with children and adolescents, pursuant to section 6. of the Act. The proposed rule provides that the Executive Director shall annually allocate a portion of the Program's appropriation for the incentive grants and that the individual incentive grant amount awards will be determined by dividing the annual allocation by the number of Program participants who are anticipated to complete a full work of service, working primarily with children or adolescents, during that fiscal year. Pursuant to the Act, annual individual incentive grants shall not exceed $5,000.

Pursuant to subsection 4.(b). of the Act, proposed new N.J.A.C. 9A:10-9.7 outlines the conditions for termination or suspension of the participant's participation contract. Proposed new N.J.A.C. 9A:10-9.6(a) provides that the Authority will terminate a participant's contract if: the participant has a total and permanent disability; the participant is deceased; continued enforcement of the employment service obligation may result in an extreme hardship for the participant; the participant is no longer employed as an eligible behavioral healthcare provider at an approved site; the participant's license to practice has been revoked; the participant has committed an act of gross negligence in the performance of his or her employment service obligation, or has not met the employer's performance standards; or the participant has not provided the documentation required prior to annual redemption of loan indebtedness within 60 days of written request for the required documents by the Authority.

Proposed new N.J.A.C. 9A:10-9.7(b) provides that the Authority will suspend the participant's participation contract if continued enforcement of the employment service obligation may result in extreme hardship for the participant. The proposed new subsection defines extreme hardship to include temporary disability, active duty military service, or temporary suspension of the participant's professional license pending the outcome of an investigation. The subsection further provides that the contract may be suspended for up to two years, but that it may be extended under exceptional circumstances.

Proposed new N.J.A.C. 9A:10-9.7(c) provides that the participant can nullify the participation contract by notifying the Authority in writing. Proposed new N.J.A.C. 9A:10-9.7(d) establishes that the Authority has final decision-making authority to terminate a participation contract. Proposed new N.J.A.C. 9A:10-9.7(e) advises participants that, if a participation agreement is terminated or nullified, the participant is not eligible to reapply to participate in the Program.

Proposed new N.J.A.C. 9A:10-9.8 sets forth the procedures that an applicant must follow in order to appeal a notification of ineligibility for Program participation from the Authority and also requires the Authority to be responsible for providing the Authority's final decision on the appeal to the applicant within 30 days of receipt of the appeal.

Recommendation

It is recommended that the Board approve Resolution 22:22 Proposing New Rules Governing the Behavioral Healthcare Provider Loan Redemption Program.

Attachment

Full text of the proposed new rules follows:

SUBCHAPTER 9 BEHAVIORAL HEALTHCARE PROVIDER LOAN REDEMPTION PROGRAM

9A:10-9.1 Purpose and scope

The rules established by this subchapter provide the policies and procedures for participation in the Behavioral Healthcare Provider Loan Redemption Program administered by the Higher Education Student Assistance Authority. This program shall provide redemptions not to exceed $50,000 of principal and interest of eligible student loan expenses for every two full years of service satisfactorily completed by the program participant, for up to six years of service and a total loan redemption amount not to exceed $150,000.

9A:10-9.2 Definitions

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

"Approved site" means a community provider of behavioral and mental health services in the State identified by the Authority, in consultation with the Department, for inclusion in the program. Approved sites include providers operated by a nonprofit; institution of higher education; school district, county; the State; municipalities; and the Federal government.

"Authority" means the Higher Education Student Assistance Authority.

"Department" means the Department of Health.

"Eligible behavioral healthcare providers" means psychiatrists; licensed psychologists; licensed clinical social workers; psychiatric nurse mental health clinical specialists; board certified behavior analysts; licensed clinical alcohol and drug counselors; and licensed professional counselors.

"Eligible qualifying loan expenses" means the cumulative outstanding balance of student loans covering the cost of attendance at an undergraduate or graduate institution of higher education at the time an applicant is selected for the program. Interest paid or due on qualifying loans that an applicant has taken out for use in paying the costs of undergraduate or graduate education shall be considered eligible for reimbursement under the program.

"Executive Director" means the Executive Director of the Higher Education Student Assistance Authority.

"Program" means the Behavioral Healthcare Provider Loan Redemption Program established pursuant to N.J.S.A. 18A:71C-87 et seq.

"Program participant" means a behavioral healthcare provider who contracts with the Authority to engage in the clinical practice of mental or behavioral healthcare at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program.

"Qualifying loan" means a government or commercial loan for the actual costs paid for tuition and reasonable education and living expenses relating to the obtaining of a degree for use in a mental or behavioral healthcare profession.

"Total and permanent disability" means a physical or mental disability that is expected to continue indefinitely or result in death and renders a Program participant unable to perform that person's service obligation, as determined by the Executive Director, or the Executive Director's designee.

9A:10-9.3 Eligibility requirements for Program participation

(a) To be eligible for participation in the Program, an applicant shall:

1. Be a New Jersey resident and maintain residency in the State during Program participation;

2. Be employed, or plan to be employed, as an eligible behavioral healthcare provider at an approved site;

3. Maintain a license, as applicable, to practice as a behavioral healthcare provider in the State of New Jersey throughout participation in the program;

4. Agree to practice as a behavioral healthcare provider at an eligible site pursuant to the terms specified in N.J.A.C. 9A:10-9.5;

5. Not be in default on any eligible qualifying loan;

6. Not previously have been selected for participation in the Program; and

7. Not currently be participating in any other State tuition or loan redemption program or in the federally administered National Health Service Corps Loan Repayment Program, section 338B of the Public Health Service Act (42 U.S.C. 254l-1).

9A:10-9.4 Application procedures

(a) In order to apply for participation in the Program, an applicant must complete a Program application and submit the complete application to the Authority.

1. The Program application includes, but is not limited to:

i. The applicant's identification and contact information;

ii. Certification of full-time employment, as well as whether the applicant works primarily with children or adolescents from the applicant's current employer or anticipated employer;
iii. Documentation necessary to demonstrate the applicant's eligibility to practice as a behavioral health provider, which includes but is not limited to a copy of the applicant's license to practice as a behavioral health provider, the applicant's undergraduate or graduate transcript, or the applicant's diploma; and
iv. Documentation evidencing qualifying education loan expenses.

(b) The Authority will consider applications for approval of Program participation in the date order they are received, subject to available funding.

(c) The Authority will determine the applicant's eligibility for the Program based upon the information submitted on the application and will provide notification to the applicant of their acceptance into the Program.

9A:10-9.5 Terms for loan redemption

(a) An applicant who has been selected for participation in the Program shall enter into a written contract with the Authority. The contract shall specify that the participant's approved service obligation will be for two years and that applicants will be eligible for up to two additional two-year terms. The duration of the participant's approved employment service obligation, with extensions, shall not exceed six years.

(b) Loan redemption under the Program shall not exceed $50,000 of principal and interest of eligible student loan expenses in exchange for each two-year term of service satisfactorily completed by the Program participant.

1. At the time an applicant is accepted as a Program participant and has entered into a written contract with the Authority for a two-year term, the Authority will encumber up to $150,000 of Program funds, as necessary, to provide for the redemption of the participant's outstanding eligible student loan expenses. Total loan redemption for three two-year terms shall not exceed $150,000.

(c) In order for a participant to qualify for a redemption payment, the Program participant shall submit to the Authority certification, in the form approved by the Authority, of full-time employment as an eligible behavioral healthcare provider at an approved site for the previous two years.

(d) No amount of loan redemption shall be provided for service performed for less than two full years.

9A:10-9.6 Incentive Grants

(a) The Executive Director shall annually allocate a portion of the Program's appropriation for incentive grants to be awarded to Program participants who work primarily with children and adolescents. The individual incentive grant amount awards will be determined by dividing the annual allocation by the number of Program participants who are anticipated to complete a full work of service, working primarily with children or adolescents, during that fiscal year. Annual individual incentive grants shall not exceed $5,000.

(b) To receive an incentive grant each year the participant remains in the Program, within 30 days of written request from the Authority, the Program participant must submit a certification from the participant's employer of successful completion of a full year of full-time service primarily with children and adolescents.

(c) Program participants are eligible to receive up to six incentive grants, for a total of no more than $30,000.

9A:10-9.7 Termination or suspension of the Program participant's participation contract

(a) The Authority shall terminate the Program participant's participation contract if it determines:

1. On the basis of a sworn affidavit of a qualified physician, that the participant has a total and permanent disability;
2. On the basis of a death certificate, or other evidence of death that is conclusive under State law, that the participant has died;
3. On the basis of substantiating documentation, as may be deemed necessary by the Authority upon specific case review, that continued enforcement of the employment service obligation may result in extreme hardship for the participant;
4. That the participant is no longer employed as an eligible behavioral healthcare provider at an approved site;
5. That the participant's license to practice has been revoked;
6. That the participant has committed an act of gross negligence in the performance of his or her employment service obligation, or that the participant has not met the employer's performance standards; or
7. The participant has not submitted the certification required pursuant to N.J.A.C. 9A:10-9.5(c) to receive the loan redemption within 60 days of written request for the required documents by the Authority.

(b) The Authority may suspend the Program participant's participation contract if the Authority determines, on the basis of substantiating documentation, as may be deemed necessary by the Authority upon specific case review, that continued enforcement of the employment service obligation may result in extreme hardship for the participant. Extreme hardships include, but are not limited to, temporary disability, active duty military service, or temporary suspension of the participant's professional license pending the outcome of an investigation.

1. The Authority may suspend the participant's participation contract for a period of up to two calendar years from the date the suspension commences. At the end of the first year of suspension, the participant must provide the Authority with substantiating documentation, as defined in this subsection, to renew the suspension for a second year.
2. The suspension, as stipulated at (b)1 above, may be extended beyond two years for exceptional circumstances at the discretion of the Authority on the basis of substantiating documentation, as defined in this subsection.

(c) A participant may nullify the participation contract by notifying the Authority, in writing.

(d) The Authority shall have final decision-making authority to terminate a participant's participation contract.

(e) Participants who nullify their participation agreement, or whose participation agreements are terminated by the Authority, are not eligible to reapply to participate in the Program.

9A:10-9.8 Appeals process

(a) When an applicant has received a notification of ineligibility for Program participation, the applicant may submit a written appeal to the Authority within 30 days of the date of the notification. The written appeal must include the following:

1. A copy of the notification of ineligibility received by the applicant from the Authority; and
2. The reasons why the applicant believes the applicant is eligible to participate in the Program, along with any documentation that the applicant has obtained to support the appeal, if applicable.

(b) Within 30 days of the receipt of the appeal, the Authority shall provide the applicant with the Authority's final determination of the appeal. Final decisions of the Authority can be appealed to the Appellate Division of the Superior Court.

RESOLUTION 22:22

PROPOSED NEW RULES GOVERNING THE BEHAVIORAL HEALTHCARE PROVIDER LOAN REDEMPTION PROGRAM

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

WHEREAS: On June 30, 2022, Governor Murphy signed P.L. 2022, c. 34, establishing a loan redemption program for behavioral healthcare providers; and

WHEREAS: The Act provides that the Higher Education Student Assistance Authority (Authority) shall adopt rules necessary for the administration of the Act; and

WHEREAS: The Act authorizes loan redemption not to exceed $50,000 of principal and interest of eligible student loan expenses for every two (2) full years of service satisfactorily completed by the program participant, for up to six (6) years of service and a total loan redemption amount not to exceed $150,000; and

WHEREAS: The Act establishes incentive grants to be awarded to Program participants who work primarily with children and adolescents, not to exceed $5,000 annually.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the proposed new rules Governing the Behavioral Healthcare Provider Loan Redemption Program so that the proposed new rules can be published in the New Jersey Register.

October 26, 2022