

**THE
PURSUIT
OF
EXCELLENCE**



**Annual Report
2014**



Mission

HESAA is the only state agency with the sole mission of providing students and families with the information and resources necessary to attain an education beyond high school. HESAA serves a dual role as both a federal guaranty agency and a State higher education authority. This dual role allows HESAA to provide comprehensive one-stop shopping for all State and federal financial aid programs.

***“The noblest search is the search for excellence.”
— Lyndon B. Johnson, U.S. President***



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Message from the Board Chairman Anthony J. Falcone, CPA

As Chairman of the Board of the Higher Education Student Assistance Authority (HESAA), I have the honor of overseeing an agency that each year equips thousands of students and families with the informational and financial resources necessary to pursue postsecondary education. Through the hard work and commitment to the pursuit of excellence by the entire HESAA team, I am proud to present this report.

In addition to the important mission of helping set State student financial aid policy, the HESAA Board is charged with making certain that the agency is in compliance with the myriad of laws and regulations that govern financial aid administration, student loans, and federal guaranty agency responsibilities. That is why it was a pleasure to welcome this year a new Chief Compliance Officer/Ombudsman, who will be working with staff to review and strengthen internal policies and procedures.

As Chairman of the Board, I am proud of the Authority's compliance activities in 2014, and its recognition that compliance is not a fixed status, but rather an ongoing goal - just like the pursuit of excellence.

The foundation of compliance is training. HESAA's commitment to training is ongoing and extends both internally and externally. Our first responsibility when it comes to compliance is to make certain our employees have the knowledge they need to be successful in their jobs. In 2014, in addition to operational training and updates in their individual units, all HESAA staff completed comprehensive web training in building security and cybersecurity.

Another responsibility of the Authority is to make certain the financial aid administrators at the colleges and universities that participate in the State student aid programs are trained in the laws and regulations that govern those programs. As you will read in this report, HESAA University was launched in 2014. This initiative presents a standardized curriculum on a year-round basis, making for a more professional and predictable training experience.

Since students are at the center of all that we do, they must also benefit from our training initiatives. In this report you will read about two exciting programs, the Student Loan Game Plan and the EverFi Financial Scholars Program. Both are helping young people become financially literate and make sound fiscal decisions.

Given the above, I, along with my colleagues on the HESAA Board, am confident that our compliance and training activities will continue to allow us to travel the road to excellence.

Sincerely,



Anthony J. Falcone, CPA



Message from the Executive Director Gabrielle Charette, Esq.

We chose “the pursuit of excellence” as the theme for the 2014 annual report because we made significant strides in all areas of the Authority during the year. The pursuit of excellence is a journey rather than a destination. As this report details, HESAA’s journey in 2014 was a successful one.

The most notable of our accomplishments in 2014 is that SavingforCollege.com rated NJBEST number one in performance among college savings plans nationwide. As the costs of higher education continue to rise, HESAA is proud to be able to offer families a vehicle for tax-free savings, with excellent growth potential and low fees.

Another significant step forward was the signing of a Memorandum of Understanding with the New Jersey Division of Taxation. This agreement will automate the way HESAA performs State verification for need-based aid, and reduce the reporting burden on students and financial aid offices.

In 2014 we expanded the NJCLASS program to include a new variable rate loan. Unlike similar products on the market, the NJCLASS variable rate loan has a lifetime interest rate cap to protect students and families in inflationary periods.

Last, but certainly not least, our two premier need-based aid programs, the Tuition Aid Grant (TAG) and Part-Time TAG for County Colleges, continued to thrive with significant budgetary support from Governor Christie and the New Jersey Legislature. In 2013-2014, TAG appropriations exceeded \$340 million while funding for Part-Time TAG for County Colleges exceeded \$11 million.

While the theme for the next annual report will change, be assured our commitment to pursuing excellence will not.

Sincerely,



Gabrielle Charette, Esq.
Executive Director

Board Members
As of December 31, 2014

Executive Committee

Chairperson
Anthony J. Falcone
Public Member

Vice Chairperson
Christy Van Horn
Public Member

Secretary-Treasurer
Gabrielle Charette, Esq.
Executive Director
Ex-Officio

Andrew P. Sidamon-Eristoff
State Treasurer
Ex-Officio
Treasurer's Designee
Christopher McDonough

James P. Allen, C.F.E.
Public Member

Dr. Jon Larson
Representative
County Colleges

Members

Michael L. Braden, S.J.
Representative
Independent Institutions
of Higher Education

George Garcia, Esq.
Public Member

Rochelle Hendricks
Secretary of Higher
Education
Secretary's Designee
Audrey Bennerson

Dr. Harvey Kesselman
Representative
State Colleges

Bader Qarmout
Representative
Educational Opportunity Fund
Ex-Officio

Kathleen Flynn*
Vice Chair
Student Advisory Committee

Jean McDonald Rash
Representative
Rutgers University

Luis Padilla*
Chair
Student Advisory Committee

Maria Torres
Public Member

*Member as of July, 2014



One of the longest-serving HESAA Board members, Dr. Kesselman has been serving since June of 1999.

***Dr. Harvey Kesselman
Representative, State Colleges***

New Jersey Advisory Committee on Student Aid
2013-2014

Members

County College Sector
Karyn Arnold
Associate Director
of Financial Aid
Brookdale Community College

EOF
Ruben Melendez
Director of EOF
Union County College

Graduate Representative
Cheryl White
Campus Director
Student Financial Aid
Rutgers - Newark

Independent Sector
Shawn O'Neill
Director of Financial Aid
Stevens Institute of Technology

NJASFAA Representative
Mark Singer
Director of Financial Aid
Ramapo College of New Jersey

N.J. Bursars Association
Representative
Philip Sanders, Bursar
Thomas Edison State College

NJIT
Ivon Nunez
Director of Student Financial Aid
Services
NJIT

Non-Traditional Sector
Al Cama
Director of Student Finance
DeVry University

Rutgers Representative
Eo Hunt
Deputy Director of Financial Aid
Rutgers University

State College Sector
Jim Anderson
Director of Financial Aid
Montclair State University

During a meeting of the Advisory Committee, Cheryl White makes a point while Karyn Arnold and Ruben Melendez listen.





Student Advisory Committee
Academic Year 2013-2014

Committee Chairs

Chair

David Reeth
Caldwell University

Vice Chair

Sumana Prasai
Kean University

Members

Opeyemi Alade
New Jersey Institute of Technology

Eduardo Bustamante
Kean University

Valerie Batista
Bergen Community College

Colleen Carrol
Princeton University

***“Excellence is doing ordinary things extraordinarily well.”
—John W. Gardner, U.S. Secretary of Health,
Education and Welfare (1964-68)***



***“Entrepreneurship is my true passion.”
— David Reeth***

Student Advisory Committee Chair Values Hard Work

David Reeth of Highland Lakes started his career long before he pursued his bachelor’s degree in Business Administration. He started an automotive beautification company, “Awesome Auto,” at age 12. Over the past 10 years, this company has expanded its client base to over 300 customers in New Jersey.

In 2012, he was named New Jersey’s Collegiate Entrepreneur of the Year, and was interviewed by NJTV’s Steve Aduato. During the interview David expressed a modest but thoughtful reaction to the award: “It’s an honor to receive it,” he said, “but I know success doesn’t come without hard work.”

In addition to his superior work ethic, David has a passion for leadership. He served two consecutive terms as president of the Caldwell College Student Government Association, and just weeks before graduation, he spearheaded “Meeting of the SG Voices,” a statewide executive coaching conference, which included student government leaders from 11 independent New Jersey institutions, five State legislators, and higher education officials, including representatives from HESAA and the Office of the Secretary of Higher Education. The conference included sessions on debt management and college affordability.

David also played a leadership role at HESAA for two years. He served as chair of its 2013-2014 Student Advisory Committee, and as a voting member of the HESAA Board. In the future, David hopes to continue in his pursuit of entrepreneurship.

Grants and Scholarships

Tuition Aid Grant

The National Association of State Student Grant and Aid Programs (NASSGAP) has consistently ranked New Jersey’s premier need-based Tuition Aid Grant (TAG) program as one of the most generous in the nation.

TAG was in demand during the 2013-2014 academic year. HESAA received 544,000 applications for aid and made 73,347 awards.

New Jersey’s investment in this important program has made the dream of higher education a reality for over two million low and moderate-income students. The Pell Institute for the Study of Opportunity in Higher Education published a report in 2013 about college participation rates for students from low-income families between the years 1993 and 2012. The report looked at all 50 states plus the District of Columbia. Only four jurisdictions had college participation rates above 50% for low-income students. The first was New Hampshire, followed by New Jersey, New York and Massachusetts.

Maximum TAG awards for AY 13-14

County College	\$2,578
State College	\$6,822
Public Research	\$10,562
Non-Public	\$11,958

Maximum Part-Time TAG for County Colleges

Half-Time	\$644
Three-Quarter Time	\$966

TAG Helps Ease Concern Over College Costs



Antonia “Toni” Sorrentino says that receiving TAG has helped her academically and financially. “Knowing that some of my expenses are covered through TAG allows me to focus on my studies, with less stress about the cost of college.”

Toni earned an associate’s degree from Mercer County Community College in West Windsor. She will continue her studies at Mercer through its partnership with William Paterson University (WPU) in Wayne. The joint venture allows WPU to offer bachelor’s degree coursework at the West Windsor campus. The program offers cost savings and an inside track for enrollment at WPU. Toni commenced her junior year in the Fall 2014.

Part-Time TAG for County Colleges

The Part-Time TAG for County Colleges program allows students who attend a New Jersey county college and demonstrate financial need to receive a grant. Students must be enrolled for at least six, but no more than 11 credits. The amount of an individual award varies based upon the student's need, the cost of tuition and available funding.

Part-Time TAG for Educational Opportunity Fund (EOF) Students

The Part-Time TAG for EOF Students program provides prorated TAG awards to eligible EOF students who have been counseled by institutional EOF staff to attend college part-time to address personal, financial, and/or academic concerns that impede their ability to pursue a full-time course of study. This program is open to students enrolled for at least six credits, but no more than 11 credits, at two and four-year institutions approved by the EOF Board to award part-time EOF grants.



Luis Padilla has been a recipient of both the Part-Time TAG for County Colleges and the Part-Time TAG for EOF Students. A member of HESAA's Student Advisory Committee, he is currently enrolled at Union County College.

Governor's Urban Scholarship

Created in 2012, this is a merit-based award of up to \$1,000 annually for students ranked within the top five percent of their high school class and who have a minimum GPA of 3.0 at the end of their junior year. The award is renewable for up to four years and provides students with a persistence bonus in their last semester before degree completion. To be eligible for this award, students must attend a TAG participating institution and must reside, but not necessarily attend high school, in one of the following communities:

- Asbury Park
- City of Camden
- East Orange
- Irvington
- Jersey City
- Lakewood
- Millville
- Newark
- New Brunswick
- Paterson
- Plainfield
- Roselle
- Trenton
- Vineland



Berod Merilus, a Governor's Urban Scholarship recipient, hails from East Orange. He is in his third year at The College of New Jersey, where he is majoring in Marketing.

“Perfection is not attainable, but if we chase perfection we can catch excellence.”

— Vince Lombardi, Professional Football Coach

New Jersey Governor's Industry Vocations Scholarship (NJ-GIVS)

In the summer of 2013, Governor Christie announced the creation of NJ-GIVS to assist individuals interested in pursuing a career in construction trades.

NJ-GIVS is administered by HESAA and funded by the Schools Development Authority (SDA). The award benefits women and minority students pursuing a certificate or degree program in a construction related field. NJ-GIVS pays up to \$2,000 per year for the cost of enrollment in an eligible program at one of New Jersey's community colleges or county vocational/technical schools. The scholarship can be renewed for one year.

“NJ-GIVS gave me the opportunity to continue my education in the New Home Construction program at Ocean County Vocational Technical School (OCVTS).”

-Teddy Rolle, OCVTS student



NJ STARS and NJ STARS II

Created in 2004, the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) is a merit program providing New Jersey students graduating in the top 15.0% of their high school class with a scholarship to attend the community college in their county of residence free of tuition charges.

The success of NJ STARS prompted the creation of the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) program. NJ STARS II provides successful NJ STARS scholars with a \$2,500 award to continue their undergraduate studies at a four-year public or private institution of higher education in New Jersey.

On September 10, 2014, Governor Christie signed A-2364/S-1985, expanding eligibility for the NJ STARS program to students whose class rank at the end of either their junior or senior year of high school is in the top 15.0%. As noted above, the program was previously open only to students who graduated in the top 15.0% of their high school class. Upon the Governor's signature, the law became effective immediately.



***Marnie Grodman, Esq.,
Director of Legal and
Government Affairs,
drafts all of HESAA's
regulations and works
with the Legislature
and Governor's Office
on measures such as
the NJ STARS bill.***

NJ STARS Student Has a Bright Future Ahead



Rutgers University graduate Jaime D'Angelo

Upon graduation from college in 2014, Jaime D'Angelo was in an enviable position. He had a bachelor's degree, a promising position with a major corporation, and best of all, no student debt. This financial position, unusual among today's graduates, is a testament to his mother, HESAA and his own commitment to achievement.

The accomplishment took root long ago when Jaime was only seven years old. That's when his

mother Annette, a long-time HESAA employee, started making \$100 payroll deductions toward an NJBEST 529 college savings account. The account was open long enough to earn Jaime a \$1,500 scholarship from NJBEST. Annette said saving in advance was a wise choice that benefitted her as well as Jaime and "by saving in advance we avoided borrowing and the burden of long-term debt."

Jaime also had financial assistance through the NJ STARS program and attended Mercer County Community College. With support from NJ STARS II, he went on to graduate magna cum laude from Rutgers-New Brunswick with a degree in supply chain management.

Last but certainly not least, Jaime contributed to his education. He worked part-time and during breaks. He also completed internships, where his potential for success impressed management, and landed him six postgraduate job offers.

Although these opportunities were valuable, Jaime continued to fill out applications and interview potential employers. He ultimately accepted an offer from Amazon.

Naturally, Jaime is grateful to his mom for her foresight. "Without needing to work to pay bills," he said, "I was able to take on two six-month co-ops, which added to my experience and greater success in launching my career with one of the largest and best companies in the world."

Student Loans

NJCLASS

During 2014, the New Jersey College Loans to Assist State Students (NJCLASS) program continued to help students meet the cost of a higher education. The Authority successfully negotiated the sale of \$250 million in tax exempt bonds in May 2014, providing funds for the 2014-2015 academic terms. From June to November, HESAA approved more than \$168 million in loans across all product offerings, with over \$9 million still in processing at year end.

A new feature offered in 2014 was the 10-year, variable-rate repayment option with monthly principal and interest payments. This new repayment option has no origination fees, the interest rate is based on the three-month LIBOR rate plus a 4.25% margin, and it carries an interest rate cap of 9.50%. The rates over the first six months have ranged from 4.48% to 4.49%. The interest rates on traditional 15-year NJCLASS loans rose slightly in 2014 from the 6.65% offered in 2013 to 6.95% in 2014.

In the Fall of 2014, HESAA unveiled a new feature for borrowers, providing online access to bill statements. This online access is the first step in the Authority's initiative to provide borrowers with paperless bills. Bill statements can now be viewed within the HESAA portal and, over the coming year, HESAA will work to send emails to participating borrowers notifying them of their bill statements and eliminating their paper statements. While this project will help the Authority save on the costs associated with printing and postage, it will also present borrowers with more information at their fingertips to facilitate better management of their student loan accounts.

During 2014, HESAA responded to all borrower inquiries and complaints filed through the federal government's Consumer Financial Protection Bureau's private student loan portal. HESAA's responses always provide detailed summaries of the servicing of the loans, offer suggestions to borrowers to address student loan debt including loan consolidation and reinforce repayment responsibility.

FFELP Loans

In September 2014, the U.S. Department of Education released the annual three-year cohort default rate calculations for institutions, lenders and guaranty agencies. While the cohort default rates fell one percentage point from 14.7% to 13.7% nationally, HESAA's three-year cohort rate fell from 9% to 7.5%, as we continue to actively counsel FFELP borrowers on how to manage their FFELP debt.

New federal regulations for loan rehabilitation became effective in July 2014, requiring a reasonable and affordable payment arrangement using a 15% formula, based upon the defaulted borrower's family size and adjusted gross income. While the impact in the number of eligible rehabilitated borrowers will not be evident until the first half of 2015, it is expected that the new lower monthly payment for many borrowers will aid those seeking to resolve their defaulted student loan account.

College Savings

NJBEST

As of March 31, 2014, SavingforCollege.com rated NJBEST the number one college savings plan in the United States.

In 2014 NJBEST assets under management grew to over \$4.5 billion. As importantly, NJBEST had also made over \$1 billion in qualified distributions since its inception. That represents \$1 billion that students and families did not need to borrow.

In 2013, as required by law, HESAA went through a public bid process for an investment manager for the State's 529 college savings plan. In 2014, following the bid process, Franklin Templeton was reappointed investment manager. As a result of the bid process, Franklin Templeton agreed to lower its re-appointed fees for both its advisor and direct-sold programs. Fees for the direct-sold program were reduced by half and fees for the advisor-sold program were reduced by 37.5%.

As the cost of education continues to climb, HESAA and our investment manager Franklin Templeton Distributors will continue to encourage families to save for education costs through the State's 529 college savings plan.

The Borowick Family of Monmouth Junction, NJ (left to right: Kathy, Jenny, Matthew, Lauren, Alexander and Meghan) are joined by the Seton Hall Pirate at the University's annual "Many Are One" black-tie alumni gala. Both Matt and Kathy are Seton Hall alumni. Today, Meghan is making the most of her NJBEST savings by following in mom and dad's footsteps at Seton Hall. Alex and Lauren also plan to tap into their NJBEST accounts as they decide where they will attend college. Matt says, "We were thrilled with the steady returns Meghan's NJBEST account provided. Plus, by attending a New Jersey school she also received the \$1,500 scholarship." Meghan is completing a degree in public relations with a minor in business. Kathy adds, "We rest much easier at night knowing our children's college plans are in good hands with NJBEST."



Outreach/Financial Literacy

College Goal Sunday

Each year HESAA sponsors College Goal Sunday. In 2014, HESAA and our College Goal Sunday partner, the New Jersey Association of Student Financial Aid Administrators, decided to expand College Goal Sunday from a one-day event to a series of workshops that help students and families complete the FAFSA.

HESAA received a grant from USA Funds to help finance the 2014 program. USA Funds retained the Survey Research Center at Indiana University-Purdue University Indianapolis (IUPUI) to evaluate the effectiveness of the College Goal Sunday programs it had sponsored across the country. In May of 2014, HESAA received the Survey Research Center's evaluation of New Jersey's program. The Center reported:

“New Jersey College Goal Sunday did an excellent job of recruiting participants from the target populations. They stand out from other states in their success at recruiting minority, low-income and first-generation students.”

NEW JERSEY





**Sharon Austin, Senior
Co-Chair, College Goal Sunday
Marketing Manager for HESAA**

“It gives me great personal and professional satisfaction to be involved in planning FAFSA completion days all over the State. These events offer families the upfront advantage of filing the FAFSA correctly and completely with the assistance of dedicated financial aid professionals. In turn, this results in less follow-up for the family and a faster turnaround time on processing at the financial aid office.”



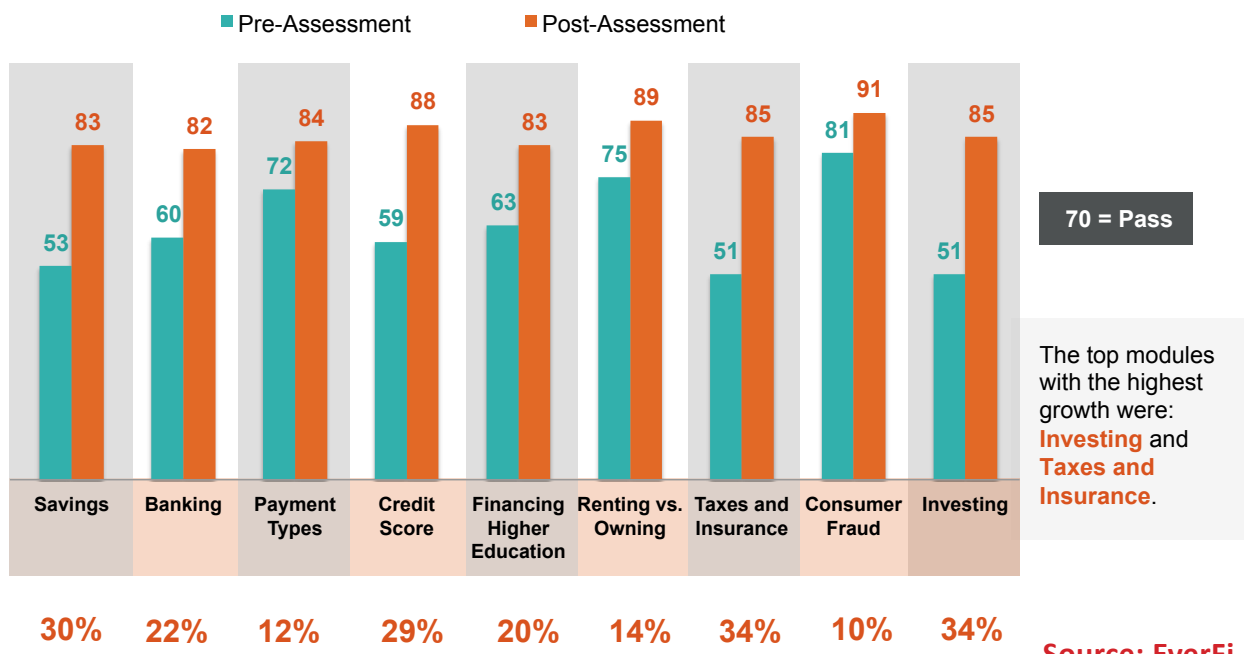
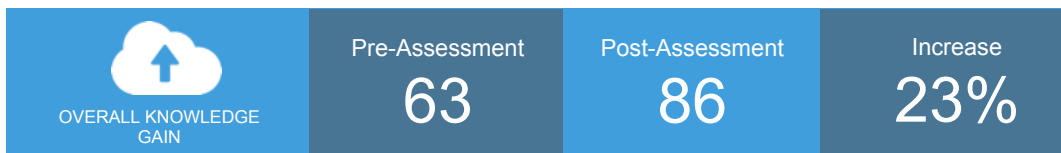
**Grace-Ann Giglio
Co-Chair, College Goal Sunday
Financial Aid Officer, VA Certifying Official
Ocean County Vocational Technical School**

“College Goal Sunday helps ensure that New Jersey higher education students -- regardless of resources -- have access to expert assistance in completing the FAFSA. When parents and students tell me how much they appreciate this help, it’s gratifying to play a part in helping a student accomplish their higher education dreams.”

Financial Literacy

On the financial literacy front, HESAA worked in partnership with EverFi to create the New Jersey Financial Scholars Program. In academic year 2013-2014, the first year of the program, 18 secondary schools agreed to offer the program to their students and 624 students were certified as financial scholars.

Students who participated in the program had their financial knowledge evaluated prior to taking any of the course modules. After completion of the program, students were again evaluated. In every category students realized a significant overall knowledge gain as demonstrated below.



Dr. Tiffni Andorful gave the HESAA Board a presentation on the New Jersey Financial Scholars Program at the April Board meeting. "I am proud to serve as the EverFi Schools Manager for the New Jersey Financial Scholars Program sponsored by NJ HESAA. I had the privilege of not only conducting outreach on HESAA's behalf, but also training and supporting teachers in using our online financial literacy course. I look forward to another great year of this partnership. Together, EverFi and HESAA will continue to impact students' lives through financial education."



Compliance Department

The Compliance Department is responsible for ensuring HESAA's compliance with all Federal and State laws and regulations, as well as industry best practices that govern the financial aid sector. Through HESAA's Compliance Management System (CMS), the Compliance Department ensures that compliance responsibilities are established and communicated to employees; and that those responsibilities for meeting legal and regulatory requirements are incorporated into HESAA's business practices. Continuous self-evaluation and improvement of our Compliance Program ensures that the board and management have the required degree of oversight of Compliance issues, and ensures operational excellence throughout the Authority. Finally, rounding out our CMS is HESAA's response to consumer complaints and inquiries which are managed by the Ombudsman's office and our Compliance audit function which is handled by A&QA.

Audits & Quality Assurance Unit

To ensure compliance with Federal and State legal requirements, HESAA's Audits & Quality Assurance unit (A&QA) is tasked with conducting internal reviews of HESAA's own processes, as well as reviews of external parties with which HESAA conducts business.

In 2014, A&QA reviewed four colleges and universities resulting in \$974,646 being returned to the State General Fund, successfully completed an annual internal control evaluation as required by the New Jersey Office of Management and Budget (OMB), assisted in the completion of three FFELP lender reviews through participation in the Common Review Initiative, completed the review of a law firm engaged in the collection of defaulted FFELP and NJCLASS loans, completed an internal self-review of compliance with federal consumer financial laws using CFPB Examination Procedures, and assisted with the development and improvement of policies, procedures and the creation of HESAA University.

Office of the Chief Security Officer

HESAA's Chief Security Officer (CSO) is responsible for oversight of both the physical and cyber security of the Authority, including providing security information and support to staff, reviewing security issues, and consulting on various project teams with regard to security issues.

In 2014, the CSO worked with HESAA's training coordinator to implement mandatory annual SANS Securing the Human security training and on the evaluation, recommendation, and implementation of additional anti-phishing testing and training for staff.

The CSO coordinated HESAA's response to the NJ Office of Information Technology's (OIT) 2014 Cyber-Preparedness, Disaster Recovery Readiness and Continuity of Operations Assessment and,

with HESAA's Chief Information Officer, participated in the New Jersey Statewide Office of Information Security (SOIS)-sponsored Security Breach Notification Table Top Exercise.

Office of the Ombudsman

HESAA's Ombudsman is responsible for conducting comprehensive investigations in responding to borrower requests for administrative review, closed school discharges, false certification discharges, unpaid refunds, ombudsman inquiries, FMS offset appeals, CFPB Complaint Portal and fraud and forgery claims.

In 2014, the Office of the Ombudsman reviewed and closed 51 Fraud & Forgery cases for NJCLASS and FFELP loans, completed 11 closed school reviews, reviewed 17 false certification claims and responded to 50 ombudsman review requests. In addition, the Office of the Ombudsman coordinated HESAA's responses to all Consumer Financial Protection Bureau inquiries throughout the year.

HESAA's Compliance Leadership



Michael McCulley, Esq., Chief Compliance Officer (CCO) & Ombudsman; Gena Carapezza, Director of Audits & Quality Assurance; Paula Luther, Chief Security Officer (CSO); Rita Larkin, Office of the Ombudsman Program Officer

Office Relations Committee

ORC Contributes to Worthy Causes and Staff Morale Raises Nearly \$13,000 in 2014

The Office Relations Committee (ORC) is something of an institution at HESAA. Comprised of a small group of employees, these volunteers are highly regarded for mobilizing the caring spirit among staff members.

One of the ORC's main activities is selling snacks and soda to employees. This might not seem like a lucrative endeavor, but added to the sale of bagels, muffins, and freshly-made pretzels, the ORC raised more than \$13,000 in 2014 alone, and donated nearly \$6,000 to worthy causes.

In 2014, the ORC organized several fundraisers, among them the trendy ALS Ice Bucket Challenge, which drew a large staff turnout. ORC events also generated donations for the American Heart Association, St. Jude Children's Research Hospital and breast cancer awareness. And when one of our employees lost her home in a fire, ORC took up a collection to help out.

Another cause close to our hearts is the Mercer Chapter of the Sunshine Foundation. Each year HESAA supports Operation Dreamlift, the foundation's trip to Disney for chronically ill and special needs children. In 2014 ORC's donation of \$1,750 paid the airfare for five of these children, who were flown from Mercer County Airport for a one-day adventure.

The ORC does more, however, than just fundraising. In 2014, the committee coordinated collections for the Homefront Back-to-School Campaign, Operation Stars and Stripes, Trenton Area Soup Kitchen Food Pantry and Toys for Tots.

Equally important to supporting charitable efforts, ORC contributes to staff morale through its sponsorship of the Annual Holiday Luncheon, hoagie day, an ice cream social and an international lunch.

We at HESAA are extremely proud of the ORC, and grateful for their volunteerism.



Children on board at Mercer County Airport ready for their day trip to Disney through Operation Dreamlift.

Initiatives

HESAA and Taxation Execute MOU



On June 26, 2014, Michael J. Bryan, Director of the NJ Division of Taxation and Gabrielle Charette signed a Memorandum of Understanding (MOU). The MOU will allow Taxation to match Social Security numbers and other demographic data reported by an applicant on the FAFSA with Taxation's database of New Jersey State personal income tax returns. If the match is successful, Taxation will report to HESAA the value of the data items and whether a resident or non-resident return was filed.

The partnership with Taxation will allow HESAA to transform and automate State verification. It will eliminate the burden on students selected for verification to submit their IRS transcript to HESAA, provided they or their parents filed a New Jersey return.

HESAA wishes to thank State Treasurer Andrew P. Sidamon-Eristoff for his support of this initiative and Director Bryan for his cooperation in this joint venture.

HESAA Opens Its Own University

In October 2014, HESAA launched an initiative to strengthen its partnership with New Jersey institutions of higher education.

HESAA University (www.hesaau.org) was developed to provide financial aid administrators with in-depth training in the Authority's programs and services. A year-round calendar of training sessions is geared to help financial aid personnel—who play an important role in higher education—enhance their knowledge of our programs and better inform their students.

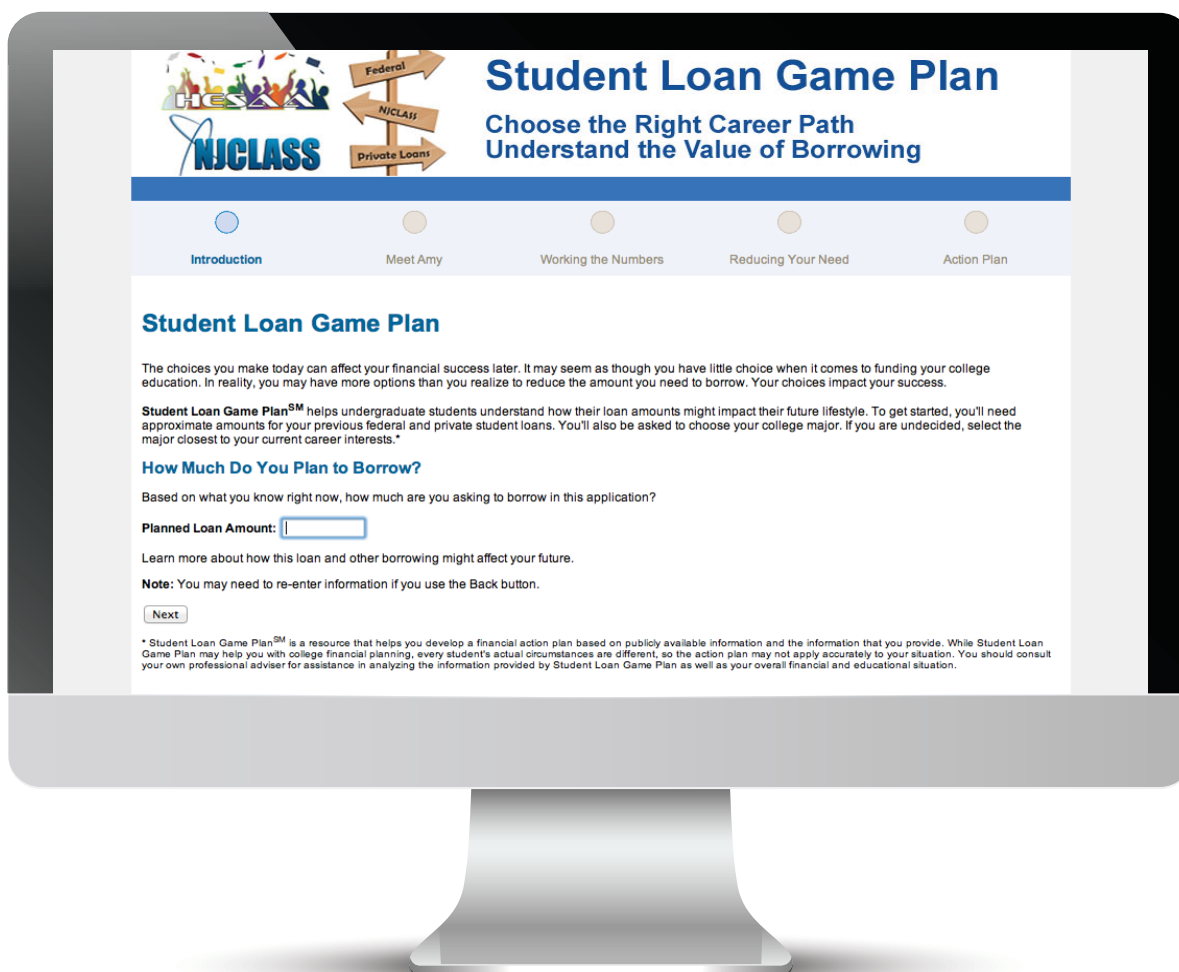


Pilar Sanchez, HESAA's Assistant Director of Grants & Scholarships, conducts a HESAA University training session for financial aid administrators at Brookdale Community College in Lincroft.

Student Loan Game Plan

In May 2014 HESAA launched its Student Loan Game Plan on its website. As the issue of student loan debt looms large nationally, HESAA wants to make sure we are doing everything possible to encourage responsible borrowing and discourage over borrowing. The Student Loan Game Plan helps students understand concepts such as compounding interest, capitalization, the difference between federal loans and private loans and the estimated monthly payment borrowers should expect to see once they enter into repayment. It also helps students prepare both in-school and post-graduation budgets and estimate the income levels they can anticipate after degree completion based on their major.

The results for the first seven months of this new initiative have been very favorable and the program appears to be influencing students' borrowing decisions in a positive manner. For example, approximately 39% of students who completed the Student Loan Game Plan decreased the amount they planned to borrow.



Training

School Counselor Training Institute

Every fall, HESAA hosts its annual School Counselor Training Institute where over 800 high school counselors are trained on the latest developments in State and federal student aid. In 2014, the Institute took place at the following locations:

- Bergen Community College
- Burlington County College
- College of Saint Elizabeth
- Georgian Court University
- Gloucester County College
- Rider University
- Salem Community College
- Seton Hall University
- Stockton University



HESAA conducts hundreds of presentations each year to raise awareness of State and federal financial aid programs. Here, Acting Director of Client Services, André Maglione, gives a presentation at West Windsor-Plainsboro South High School.

Business Writing Seminar

While HESAA invests a considerable amount of its resources in training financial aid officers, high school counselors, and students and parents on the latest developments in State financial aid, we recognize it is also important to invest in training our own staff.

In 2014, HESAA retained The College of New Jersey's School of Business to conduct a business writing seminar for HESAA employees. Good writing skills help us effectively communicate with our various constituencies. Employees who attended the seminar found it extremely helpful.



TCNJ Professor Susanna Monseau explains good writing strategies.

Promoting the State's Economic and Growth Strategies

HESAA Helps New Jersey Students Become the Educated Workforce that Lures Business to the State

New Jersey is home to an array of colleges and universities with varying missions, programs of study and campus settings. These institutions allow New Jersey to play a key role in preparing students with skills that are essential for them to participate in the 21st century workforce. As New Jersey's Higher Education Student Assistance Authority, HESAA plays a key role in helping students and families plan for and finance the costs of higher education.

As study after study has consistently shown, educated workers command higher salaries and are positioned for career advancement that leads to a better quality of life. A Pew Research Center report issued in 2014 says that college graduates have a higher degree of job satisfaction, and about 9 out of 10 say college is worth the cost. Less encouraging, however, is Pew's finding that adults with only a high school diploma are stuck at the low end of a widening income gap, and worse off than those in previous generations.

Fortunately, a significant percentage of New Jersey residents have earned a degree. Census Bureau data shows that 41.6% have an associate degree or higher, compared to 35.2% nationwide. Further, graduate and professional degree attainment in New Jersey outpaces the national rate, 13.4% to 10.6%, which may explain why the State's 4.5 million workers earn the second highest median household income in the nation.

Entities like Choose New Jersey, whose mission is to attract companies to locate within our borders, have taken notice of our citizenry's higher education credentials. Choose New Jersey touts the State as "highly educated, perfectly located."

Whether it is assisting thousands of families in savings for college through NJBEST, or assisting thousands of students in obtaining grants, scholarships, and/or loans, HESAA will continue to play an important role in New Jersey Higher Education and therefore the State's economic growth strategies.



Ralph LaRossa
President and Chief Operating
Officer, PSE&G;
Chairman, Choose New Jersey;
and Member, Board of Trustees,
Montclair State University

"A highly educated workforce is the backbone to New Jersey's economic growth, which is a key element of Choose New Jersey's message to the global business community as we seek to attract and grow business in the Garden State. We will continue to work with HESAA to ensure New Jersey scholars continue to choose New Jersey's institutions of higher education, and remain part of New Jersey's talent pool when they enter the workforce."

HESAA Staff

Executive Staff

Executive Director
Gabrielle Charette, Esq.

Chief Financial Officer
Eugene Hutchins

Chief of Staff
Greg Myer

Chief Compliance Officer and Ombudsman
Michael McCulley, Esq.

Chief Information Officer
Ruth Odom

Director of Legal and Government Affairs
Marnie Grodman, Esq.

Senior Staff

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Teresa Gervasio

Director of Grants and Scholarships
Larry Sharp

Acting Director, Client Services
André Maglione

Director, Audits and Quality Assurance
Gena Carapezza, CPA

Director of Human Resources
Patricia Maske

Controller
Robert Clark, CPA

In Memoriam
Patricia Sosnak, employed by HESAA for over
seven years, passed away on 5/10/14.

The Pursuit of Excellence for Many Students Sometimes Includes More Than One of HESAA's Programs



Many New Jersey students take advantage of a number of HESAA's grants and scholarships during their academic careers. Brandi Nessen of Millville is an example. Brandi has been a recipient of the Governor's Urban Scholarship, the Tuition Aid Grant, and NJ STARS. She earned an associate's degree in justice studies at Cumberland County College and is pursuing a baccalaureate degree in criminal justice at Stockton University. Brandi plans a career with the FBI, where she hopes to become an analyst or detective.

"I was raised to believe that excellence is the best deterrent to racism and sexism. And that is how I operate my life."

—Oprah Winfrey, Media Proprietor and Philanthropist

Student Aid Awards and Funds Distributed by HESAA in FY 2014 by Program and by Sector

County College Sector								
Program	TAG	Part-Time TAG for County Colleges	Distinguished/Urban Scholars**	NJ STARS	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	23,588	9,907	0	1,976	62	136	223	35,892
Amount	\$39,416,422	\$8,295,744	0	\$5,098,212	\$56,000	\$144,875	\$1,158,759	\$54,170,012
Senior Public Sector*								
Program	TAG	Part-Time TAG for County Colleges	Distinguished/Urban Scholars**	NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	16,965		13	414	109	165	2,340	20,006
Amount	\$78,444,946		\$6,510	\$882,662	\$106,500	\$173,500	\$26,638,049	\$106,252,167
Research Sector*								
Program	TAG	Part-Time TAG for County Colleges	Distinguished/Urban Scholars**	NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	17,894		8	427	189	185	2,408	21,111
Amount	\$116,933,148		\$4,650	\$916,930	\$185,100	\$203,375	\$27,328,302	\$145,571,505
Non-Profit Independent Sector								
Program	TAG	Part-Time TAG for County Colleges	Distinguished/Urban Scholars**	NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	12,146		28	93	82	75	1,509	13,933
Amount	\$97,663,771		\$24,180	\$204,910	\$79,000	\$82,000	\$23,107,276	\$121,161,137
Proprietary Sector								
Program	TAG	Part-Time TAG for County Colleges	Distinguished/Urban Scholars**	NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	2,647		0	6	1	2	126	2,782
Amount	\$18,064,196		0	\$11,250	\$1,000	\$1,750	\$1,128,817	\$19,207,013
							Grand Total	\$446,361,834

* Effective FY2014, Rowan University moved from Senior Public Sector to Research Sector.

**Effective FY2011, Distinguished and Urban Scholars funding was limited to renewal students.

Credits

Gabrielle Charette, Esq. - Executive Editor

Jules Cornelious - Technical and Creative Editor

Robert Clark - Financial Editor

Carol Muka - Statistical Analyst

Karen Chamberlin - Photographer

Linda Nasta - Assistant Editor

Barbara Hargadon - Editorial Assistant

Financial Statements

State of New Jersey Higher Education Student Assistance Authority Combined Statements of Net Assets

	As of June 30,	
	2014	2013
Assets		
Cash and Cash Equivalents		
NJBEST	\$ 1,410,186	\$ 62,346
NJCLASS/FFELP	541,228,144	536,536,776
Other	9,594,299	17,798,823
Investments		
NJBEST	4,497,624,765	3,695,778,285
NJCLASS/FFELP	5,545,661	3,695,586
Other	43,272,484	38,425,628
Receivables		
Federal government	7,876,690	6,919,008
Loans	2,105,286,391	2,089,735,376
Other	47,170,152	66,529,076
Fixed Assets, Net	<u>944,263</u>	<u>270,288</u>
Total Assets	<u>\$ 7,259,953,035</u>	<u>\$ 6,455,751,192</u>
Deferred Outflow - Interest Rate Swaps	6,666,303	11,508,885
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued expenses	\$ 53,192,508	\$ 55,235,385
Due to federal government	5,411,935	6,668,983
Revenue bonds payable	<u>2,469,075,000</u>	<u>2,486,155,000</u>
Total Liabilities	2,527,679,443	2,548,059,368
Financial Instrument Liability - Interest Rate Swaps	6,666,303	11,508,885
Fund Balances		
Reserved for loan servicing	172,458,047	156,491,163
Restricted	<u>4,559,815,545</u>	<u>3,751,200,661</u>
Total Fund Balances	<u>4,732,273,592</u>	<u>3,907,691,824</u>
Total Liabilities and Fund Balances	<u>\$ 7,259,953,035</u>	<u>\$ 6,455,751,192</u>

Financial Statements

State of New Jersey Higher Education Student Assistance Authority Combined Statements of Revenues, Expenditures and Changes in Net Assets

	For the Years ended June 30,	
	2014	2013
Revenues		
State grant & scholarship appropriations	\$ 374,624,400	\$ 350,208,437
Federal and other grants	28,014,002	51,859,722
Fees	30,890,453	29,818,290
Investment earnings		
NJBEST	70,382,662	69,544,030
NJCLASS	150,593,971	149,265,445
Other	366,875	240,285
NJBEST subscriptions	1,145,137,776	1,007,224,673
Net realized and unrealized gain (loss) on NJBEST investments	606,943,119	340,985,764
Other	725,475	31,902,689
Total Revenues	2,407,678,733	2,031,049,335
Expenditures		
Direct grant aid to students	367,988,344	352,832,543
NJBEST redemptions	991,257,400	832,688,928
Program expenses	94,701,149	126,061,586
Administrative expenses	16,242,870	13,582,009
Debt service interest	105,587,917	108,023,711
Total Expenditures	1,575,777,680	1,433,188,777
Excess of Revenues over Expenditures	831,901,053	597,860,558
Less:		
Year-end Lapsed Funds	(7,319,285)	(7,724,426)
Cumulative Effect of Accounting Change	-	(10,498,192)
Net Assets - Beginning of Year	3,907,691,824	3,328,053,884
Net Assets - End of Year	\$ 4,732,273,592	\$ 3,907,691,824

Certification of Compliance with Executive Order #37 (Corzine)

We jointly certify that in compliance with Paragraph 2 of Executive Order #37, HESAA has, to the best of our knowledge, followed all of the Authority's standards, procedures, and internal controls. We further jointly certify that HESAA fully participated in the prescribed Internal Control Assessment as directed by the Office of Management and Budget and no internal control weaknesses were revealed.

We hereby certify that the foregoing statements are true to the best of our knowledge. We understand that if any of the foregoing statements are willfully false, we are subject to punishment.

By: 

Gabrielle Charette, Esq.
Executive Director

By: 

Eugene Hutchins
Chief Financial Officer