



the **authority**
 HESAA's newsletter for schools, business partners & friends

HESAA – 50 Years of Helping New Jersey Students Pay for Higher Education

This year marks the 50th Anniversary for the New Jersey Higher Education Student Assistance Authority (HESAA). Established in 1959 as the Higher Education Assistance Authority, HESAA has assisted an estimated 5 million students with approximately \$18 billion in State and Federal financial aid helping students realize their dream of a college education. This past year, HESAA delivered financial aid to 260,000 students. “It’s remarkable when you consider the sheer number of students HESAA has assisted, how their lives have benefitted, and what successes they’ve achieved,” Michael Angulo, Executive Director of HESAA said. New Jersey’s grant and scholarship programs, including TAG and Part-time TAG for County College Students, place New Jersey among the top states in aid dollars per student.

While the financial markets are uncertain from day-to-day, one thing remains constant at HESAA -- our unwavering commitment to the students and families we serve. We are proud of our strong record of service. Given the critical importance of financial aid, and without burdening taxpayers, HESAA is in a unique position to help students, families, colleges, and the State. “Sustaining New Jersey’s highly educated workforce is the key to our economic recovery and future prosperity,” Director Angulo concluded. “We look forward to serving the community for the next 50 years and beyond.”

Budget News

HESAA is, once again, actively participating in the development of New Jersey’s Budget. Given the nationwide recession and declining State revenue, the process has been extremely challenging. However, there should be increased State and federal financial aid resources in the coming year.

Governor Corzine, a staunch supporter of student financial aid, has proposed an increase in funding for a number of State grant programs. The budget proposal contains a \$33.9 million increase for the full-time and part-time TAG programs. An increase was also proposed for the NJSTARS program. Please join us at the NJASFAA Spring conference for a more detailed discussion on the State budget.

Similarly, in his recent budget address, President Obama proposed increasing the Pell grant to \$5,500 for the 2010-11 year, with subsequent annual increases tied to the Consumer Price Index plus 1%. The President’s proposal

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Revised Total and Permanent Disability Discharge Application Released

The US Department of Education published Dear Colleague Letter FP-09-01 on February 9, 2009, announcing the approval of a revised Discharge Application: Total and Permanent Disability for use by borrowers in the Federal Family Education Loan (FFEL), William D. Ford Federal Direct Loan (Direct Loan), and Federal Perkins Loan (Perkins Loan) programs, and by recipients of grants under the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program.

The revised Discharge Application: Total and Permanent Disability incorporates the changes made to the terms of total and permanent disability discharges made by the Title IV final regulations for the FFEL, Direct Loan and Perkins Loan program that were published on November 1, 2007 (effective July 1, 2008), as well as the provisions of the TEACH Grant Program final regulations published on June 23, 2008 that allow for the discharge of a TEACH Grant recipients' service obligation based on total and permanent disability.

The revised form also reflects one of the changes made by the Higher Education Opportunity Act (Public Law 100-315) (HEOA) to the provisions of the Higher Education Act governing total and permanent disability discharges. This change established a new standard for determining that certain veterans are totally and permanently disabled for Title IV loan discharge purposes. Specifically, a veteran who has been determined by the Secretary of Veterans Affairs to be unemployable due to a service-connected condition or disability and who provides documentation of that determination will be considered totally and permanently disabled for loan discharge purposes, and will not be required to provide any additional documentation to establish his or her eligibility for discharge. Other HEOA provisions affecting total and permanent disability discharges require implementing regulations and thus will necessitate further changes to the discharge application at a later date. The revised Discharge Application: Total and Permanent Disability can be distributed immediately to borrowers. Beginning July 1, 2009, only the revised form may be provided to borrowers. However, the previous version of the form may continue to be accepted after this date. For copies of the application, please visit www.hesaa.org.

HESAA Announces Online Availability of Grants and Scholarships Forms

HESAA often receives requests from applicants to mail duplicate forms to them. To expedite State grant processing, some of the most frequently requested forms are now available on our web site. HESAA will continue adding to the inventory of online forms and will advise the aid community whenever new forms are posted to www.hesaa.org.

Missing Signature Form –

This form may be used in place of the Applicant Information Request (AIR) to complete the State grant application when parental signatures were not provided on the Free Application for Federal Student Aid, (FAFSA).

Monthly Resources and Expenditure Statement for Dependent Students - Monthly Resources and Expenditure Statement for Independent Students –

HESAA requires applicants who reported low or no income on the FAFSA to complete the appropriate Monthly Resource and Expenditure Statement to complete the State grant application.

Once completed, applicants may mail or fax these forms to the Grants and Scholarships' processing and verification unit.

To access these documents, financial aid administrators and students may visit www.hesaa.org and type "FORMS" in the search area. Click "Applications and Forms" to select the form you wish to download.

HESAA Will Save Students Money by Paying the Default and Origination Fees for the 2009 – 2010 Academic Year

As announced last month, we will once again pay the 1% default fee required on Federal student loans. The payment applies to all borrowers who use HESAA as the guarantor regardless of which college they attend. In addition, HESAA is paying the .5% origination fee for New Jersey's students who are eligible for the Tuition Aid Grant (TAG) or an Educational Opportunity Fund (EOF) Grant and whose loans are administered through the Authority.

The decision by our Board reflects HESAA's strong commitment to reducing the cost of college. This is particularly welcome by students and families facing economic uncertainty due to the national recession.

New Jersey is one of the top states in generating college bound high school seniors, and is among the

top 2 states in providing need based aid to students. For the upcoming academic year, HESAA will pay approximately \$600,000 towards the origination fee and \$6 million towards the default fee for the 2009-10 academic year. With interest, these fees translate to approximately \$13 million in savings over the life of the loans. To date, HESAA has saved New Jersey students more than \$44 million in default fee costs. Notably, HESAA uses its operating revenue, not taxpayer funding, to provide this direct student benefit.

Financial aid is a top priority shared by Governor Corzine and the Legislature. By investing in New Jersey's students, we ensure that New Jersey maintains a highly educated workforce critical to the State's future economic success.

PLUS Loan Auction

On March 3, 2009, the Secretary of Education published in a Federal Register an invitation to lenders to apply to participate in the PLUS Loan Auction Pilot Program. The auction date had been set for April 15, 2009 and would allow for no more than two lenders to support each state. For loan periods beginning July 1, 2009 through June 20 2011 all new PLUS loans made in those states with approved lenders would be processed through those lenders only.

Parents who had borrowed for a dependent child for prior periods would not be required to borrow under the pilot program and could continue to use their existing or another lender. Likewise, graduate and professional students would not be required to borrow under the pilot program.

However, a bill (HR 1777) approved by the US House of Representatives may change that. The bill contains technical amendments and conforming changes to the Higher Education Act that, amongst other changes, effectively suspending the pilot program for one year. The bill will now be forwarded to the Senate for consideration.

College Goal Sunday 2009 Serves Unprecedented Number of Students

On February 9, 2009, New Jersey hosted its fourth annual College Goal Sunday. Financial Aid Professionals from across the State once again volunteered their time to assist students with the completion of their FAFSA.

Group presentations were provided in English and Spanish. Volunteers were on hand to help over 1,800 attendees, who came prepared with their 2008 tax returns and W-2s, to complete their FAFSAs. Some students were able to submit their applications online that same afternoon.

Developed in Indiana in 1989, College Goal Sunday has been established in 41 other states over the last two decades. The New Jersey program began in 2006 at three

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(Budget News - continued from page 1)

would also make the program a true entitlement not subject to annual appropriations.

Additionally, he has requested a substantial increase in funding for a redesigned Perkins Program and the Federal Work Study Program. We applaud these efforts and are following the budget process closely.

President Obama's budget also proposes the elimination of the Federal Family Education Loan (FFEL) program. HESAA remains committed to the FFEL program, as do the lenders, and we will continue to move forward with the high level of support for borrowers the Authority has always provided. A healthy competition between FFELP and Direct Lending has, over the years, provided many benefits for New Jersey students. Among these direct borrower benefits, HESAA pays the default fee, without regard to payment history, which has resulted in \$44 million in life of loan savings to date for borrowers. In addition, in

response to calls from students and families experiencing the negative impact of the recession, unemployment, and the downturn in the financial markets, HESAA will be paying the .5% origination fee for those students who receive TAG or EOF funds and whose loans are administered through HESAA. These benefits will continue through 2009-10.

Since students are at the center of all we do, Authority revenue is also used to pay for much needed community outreach. Annually, HESAA presents at events reaching over 170,000 students, families and counselors throughout the State to advance our common goal --- increasing college access and affordability for all students. This outreach is extremely helpful to the high number of college bound students from New Jersey and, in many cases, provides a first contact with parents and students from underserved communities regarding the importance of postsecondary education. This service, as well as HESAA's financial literacy

and default prevention programs, provide invaluable skills to the students we all strive to educate.

The community has also raised questions regarding the Federal Plus Loan auction. In the latest news, the House of Representatives passed a bill that will delay the implementation of the PLUS program auction for one year given the ongoing uncertainties in the financial markets. This legislation also includes a mechanism for the federal government to fund rehabilitation loans if qualifying students cannot find a commercial lender to fund their loan. The Senate is considering the same bill this week.

Clearly changes are rapidly taking place. There is ample opportunity for both the FFEL and the Direct Lending programs to continue to serve our students and their families. We are monitoring the situation closely and will provide updates to you, our colleagues, as appropriate.

(College Goal Sunday - continued from page 3)

locations. This year, participants had nine sites to choose from: Camden, Jersey City, Long Branch, Newark, New Brunswick, Paterson, Toms River, Trenton, and Union. Co-sponsored by the NJ Association of Student Financial Aid Administrators (NJASFAA) and the Higher Education Student Assistance Authority (HESAA), NJ College Goal Sunday is funded by the Lumina Foundation and the YMCA.

College Goal Sunday concluded the Garden State's weeklong Financial Aid Awareness Week which Governor Jon Corzine proclaimed to encourage those "pursuing postsecondary education opportunities to attend college in one of the State's many excellent schools." For those aid professionals unable to participate this year, please join us next year for a very rewarding day.

Student Loan Activities

Common Manual News

On January 15, 2009, the Common Manual Governing Board approved seven proposals to modify the Common Manual. The changes made in the proposals will be incorporated into the Common Manual with the publication of the next update in 2009. These proposals modify the following sections of the manual:

Eligible Lender - Eligible Financial Institutions
Section 3.1 - Eligible Lenders

New School-as-Lender Audit Requirement
Section 3.2 - Schools Acting as Lenders and Eligible Lender Trustee Relationships

Credit Reporting Requirements
Section 3.5.C - Credit Bureau Reporting
Section 13.8 - Discharge

Lenders of Last Resort
Section 3.7.A - Eligible Lenders
Section 3.7.C - How the LLR Program Works
Appendix G

Drug Conviction Notices
Section 4.4.B - Consumer Information
Section 5.8 - Effect of Drug Conviction on Eligibility

Multiple School Enrollment
Section 5.15 - Multiple School Enrollment
Section 6.7 - Determining the Amount of Estimated Financial Assistance (EFA)

Teacher Education Assistance for College and Higher Education (TEACH) Grants
Section 6.6 - Determining the Expected Family Contribution (EFC)
Section 6.7 - Determining the Amount of Estimated Financial Assistance (EFA)
Section 6.11.A - Stafford Annual Loan Limits
Section 6.11.B - Stafford Aggregate Loan Limits
Section 9.5.A - Return Amounts for the Title IV Grant and Loan Programs
Section 9.5.B - Processing Returned Funds
Section 13.8.G - Total and Permanent Disability
Section 16.2 - Calculation of School Cohort Default Rates

More Common Manual News

On February 19, 2009, the Common Manual Governing Board approved ten proposals to modify the Common Manual. The changes made in the proposals will be incorporated into the Common Manual with the publication of the next update in 2009. These proposals modify the following sections of the manual:

Social Security Number on Individual Checks and Master Check Transmittals

Section 7.7.C - Disbursement by Individual Check
Section 7.7.D - Disbursement by Electronic Funds Transfer (EFT) or Master Check

Child Care Forgiveness

Section 2.3.C - Common Forms
Figure 11-2 - Forbearance Eligibility Chart
Section 11.24.C - National Service, Loan Forgiveness, or Department of Defense Repayment
Chapter 13 - Claim Filing, Discharge, and Forgiveness
Section 13.9 - Forgiveness
Section 13.9.A - Loan Forgiveness Demonstration Program for Child Care Providers
Section 13.9.B - Teacher Loan Forgiveness Program
Appendix D.9 - Other Department Contact Information
Appendix G - Glossary

Revised Notice of Assignment, Sale, or Transfer
Section 3.4.B - Loan Assignment, Sale, or Transfer

Permitted and Prohibited Activities
Section 3.4.C - Permitted and Prohibited Activities

Student Consumer Information
Section 4.4.B - Consumer Information

Extenuating Circumstances in Adverse Credit Determinations
Section 7.1.B - Creditworthiness

PLUS In-School and Post-Enrollment Deferment
Section 11.6 - In-School Deferment and Summer Bridge
Section 11.6.A - Eligibility Criteria In-School

In-School Deferment from NSLDS Data
Section 11.6.B - Deferment Documentation In-School

Loan Forgiveness for Service in Areas of National Need
Section 13.9.B - Loan Forgiveness for Service in Areas of National Need

Loan Repayment for Civil Legal Assistance Attorneys
Section 13.9.C - Loan Repayment for Civil Legal Assistance Attorneys

Copies of the bulletin language for these proposals are available from the Common Manual's webpage at www.commonmanual.org. The bulletin language is available under the Approved Policies and the Integrated Common Manual can be found under the Common Manual heading.

On March 19, 2009, the Common Manual Governing Board approved thirteen proposals to modify the Common Manual. The changes made in the proposals will be incorporated into the Common Manual with the publication of the next update in 2009. These proposals modify the following sections of the manual:

Entrance Counseling

Section 4.4.C - Entrance Counseling

Exit Counseling

Section 4.4.D - Exit Counseling

Grade Level Changes and Increases in the Stafford Annual Loan Limit

Section 6.10 - Determining the Student's Grade Level

Section 6.11.A - Stafford Annual Loan Limits

Appendix G

Increased Loan Limits and Overawards

Section 6.11.E - Exceeding Loan Limits

Reduced Interest Rate for Military Service members

Section 7.4 - Establishing Stafford Loan Interest Rates

Section 7.4.B - Reduced Stafford Interest Rates

Section 7.5 - Establishing PLUS Loan and SLS Loan Interest Rates

Section 7.5.B - Reduced PLUS Interest Rates

Section 10.9.B - Reduced Interest Rates

Section 15.3.D - Calculating the Interest Rate

Timing of Lender Disclosures before Repayment

Section 10.7.A - Time Frame for Disclosure

Economic Hardship Deferment

Section 11.4 - Economic Hardship Deferment

Section 11.4.A - Eligibility Criteria - Economic Hardship

Section 11.4.B - Deferment Documentation - Economic Hardship

Post-Active Duty Student Deferment

Section 11.8 - Military Active Duty Student Deferment

Section 11.9 - Military Service Deferment

Section 11.10 - National Oceanic and Atmospheric Administration Corps Deferment

Section 11.11 - Parental Leave Deferment

Section 11.12 - Peace Corps Deferment

Figure 11-1 - Deferment Eligibility Chart

Military Service Deferment

Section 11.9.C - Length of Deferment - Military Service

Mandatory Forbearance for Post-Active Duty Student Deferment

Section 11.24 - Mandatory Forbearance

Figure 11-2 - Forbearance Eligibility Chart

Additional Documentation Requirements for Subrogated Loans

Section 13.1.D - Claim File Documentation

Section 13.1.G - Additional Documentation as Requested by the Guarantor

Repayment Options on Rehabilitated Loans

Section 13.7 - Rehabilitation of Defaulted FFELP Loans

Consolidation Eligibility

Section 15.2 - Borrower Eligibility and Underlying Loan Holder Requirements

Copies of the bulletin language for these proposals are available from the Common Manual's webpage at www.commonmanual.org. The bulletin language is available under the Approved Policies and the Integrated Common Manual can be found under the Common Manual heading.

Staff Activities

Employee of the 2nd Quarter 2009



HESAA's employee of the 2nd Quarter for 2009 is Heidi Kovalick. Heidi has been with HESAA for 7 years and continues to be the driving force on the NJCLASS team to improve and streamline the process. She also serves on the REAL Choice development, web site re-design, marketing and the loan servicing on the web teams. Heidi is also works diligently on securing NJCLASS bonds each year to improve the loan product offerings. Congratulations Heidi!

Events & Holidays

Calendar of Events

April 17	NJACSA HESAA Quakerbridge Plaza, Mercerville, NJ
April 21	NJASFAA Spring Conference Imperia Somerset, NJ
April 22	HESAA Board Meeting HESAA Quakerbridge Plaza, Mercerville, NJ
May 1 - 4	NJ Bankers Convention Naples, FL
May 17 - 20	EASFAA 2009 Conference Washington, DC

HESAA Holidays

May 25	Memorial Day
July 3rd	In Observance of Independence Day