

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

April 23, 2014

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on April 23, 2014 at 11:30 am at the HESAA offices in Hamilton.

PRESENT: Mr. James Allen; Fr. Michael Braden; Ms. Audrey Bennerson, Secretary of Higher Education Designee; Ms. Gabrielle Charette, Esq.; Mr. Anthony Falcone; Dr. Harvey Kesselman; Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Christopher McDonough, Treasurer's Designee; Mr. David Reeth; Ms. Maria Torres and Ms. Christy Van Horn, Members.

ABSENT: Mr. George Garcia, Esq. and Ms. Sumana Prasai.

Also participating were Christopher Howard, Esq., Governor's Authorities Unit and Geoffrey Stark, DAG.

CALL TO ORDER

Anthony Falcone called the meeting to order at 11:30 am. Mr. Falcone stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

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

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

Mr. Falcone welcomed Christopher Howard, Esq., Governor's Authorities Unit and Geoffrey Stark, Esq., DAG.

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

Mr. Falcone asked Roseann Sorrentino to call the roll.

CONSIDERATION OF THE MINUTES OF THE FEBRUARY 6, 2014 MEETING

A motion to approve the minutes of the February 6, 2014 meeting was made by Mr. James Allen and seconded by Fr. Michael Braden. The minutes were approved unanimously with two abstentions, Dr. Harvey Kesselman and Ms. Jean McDonald Rash who did not participate in the February 6, 2014 meeting.

CONSIDERATION OF THE MINUTES OF THE APRIL 3, 2014 MEETING

A motion to approve the minutes of April 3, 2014 meeting was made by Dr. Harvey Kesselman and seconded by Mr. James Allen. The minutes were approved unanimously with two abstentions, Ms. Jean McDonald Rash and Mr. David Reeth who did not participate in the April 3, 2014 meeting.

RESOLUTION 08:14 ADOPTING A SCHEDULE OF MEETINGS FOR FISCAL YEAR 2015

Marnie Grodman, Esq., presented Resolution 08:14 to the Board.

At the last Board meeting of the fiscal year HESAA sets the meeting schedule for the next fiscal year in order to provide notice to the public. After polling the board members regarding their availability it is recommended that for fiscal year 2015 the board meetings be scheduled on Thursday July 24, 2014; Thursday October 23, 2014; Tuesday January 27, 2015 and Thursday April 23, 2015. All of the meetings will take place at 10:00 am.

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

A motion to approve Resolution 08:14 was made by Ms. Christy Van Horn and seconded by Ms. Jean McDonald Rash.

The motion was passed unanimously.

RESOLUTION 09:14 CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2013 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)

Jules Cornelius gave the following presentation on Resolution 09:14 to the Board:

According to Executive Order 37 Authorities are required to produce an annual report that outlines the Authority's operations and discusses the degree of success the Authority had in promoting the State's economic growth strategies and other policies.

In recent years, the annual report has been presented at the July Board meeting; however, the Executive Director challenged us to have the report earlier this year. She thought seven months into the new year was a little late and the information was a little stale at that point.

The Executive Director also challenged us to create a report that captured not only the sterile facts and statistics of the year but also the highlights, milestones and overall feel of the year. We believe what is in front of you today does just that.

A motion to approve Resolution 09:14 was made by Dr. Jon Larson and seconded by Ms. Christy Van Horn.

Christy Van Horn commended HESAA staff for doing a great job, including the graphics. Mr. Falcone and Mr. Allen seconded Ms. Van Horn's comments.

The motion was passed unanimously.

RESOLUTION 10:14 CONSIDERATION OF PROPOSED READOPTION WITH AMENDMENTS OF REGULATIONS GOVERNING THE GRANT AND SCHOLARSHIP PROGRAMS, N.J.A.C. 9A:9

Marnie Grodman, Esq., gave the following presentation on Resolution 10:14 to the Board:

As stated in the memo, the grants and scholarship regulations are scheduled to expire on August 7, 2014. As such staff reviewed the existing regulations to determine which rules should be readopted as is, which rules should be amended and which rules should be repealed.

All of the recommended amendments were included in the board materials, including an explanation for each proposal.

To highlight a few of the recommended amendments, in subchapter 2.1 the regulations are being amended to provide the requirements for an institution to remain eligible to participate in the State's grant and scholarship programs. The current regulations contain the requirements to become an eligible institution but they do not include the requirements to remain an eligible institution. The amendments provide that the institutions need to maintain their license from the Office of the Secretary of Higher Education and that they cannot currently be licensed as an out-of-state institution. Additionally, the amendments require institutions to provide detailed information on the graduation rates of TAG recipients and in the case of county colleges transfer rates. This amendment allows HESAA to determine the format in which the data will be provided, which enables HESAA to work with the institutions to determine the most efficient format.

In subchapter 2.2 amendments are being proposed to conform the regulations to the procedural changes HESAA enacted with regards to the court's decision in the AZ matter. Specifically, the amendments provide for a rebuttable presumption that a dependent student's legal residence is the same as his or her parents and provide the procedure for a student to rebut the presumption. As part of these amendments, staff has specifically included a New Jersey non-driver identification card as documentation that can be used to prove residency, as requested in the recent petition for rule-making.

Staff is also proposing amendments to align requirements for citizenship and dependency definitions with those of the federal government. As amended, subchapters 2.3 and 2.6 incorporate the Federal Student Aid Handbook definitions by reference, which ensures that HESAA's regulations remain current with evolving federal standards and eases the administrative burden on the financial aid officers when verifying applications.

The last amendment to highlight is the deletion of chapter 9, which sets forth the rules governing the Paul Douglas Teacher Scholarship Program. While the federal government repealed this program's enabling statute in 1998 HESAA continued to have students in a repayment status

when these regulations were last readopted. As there are no longer students in a repayment status there is no longer a need for these regulations.

A motion to approve Resolution 10:14 was made by Ms. Christy Van Horn and seconded by Mr. James Allen.

Christy Van Horn asked for a clarification on how the New Jersey non-driver identification card could be used for verification when the other documentation requested by the petitioners, specifically proof of voter registration, could not be used. Ms. Grodman explained that if the issue date on the New Jersey non-driver identification is twelve months prior to application for student aid HESAA can verify that the student was a resident for twelve months. Proof of voter registration would only verify that the student lived in New Jersey for 30 days, which does not meet the eligibility requirement.

Ms. Van Horn also asked for clarification of the legal language, “irrebuttably presume that a dependent student’s residence is the same as his or her parents’ residence.”

Marnie Grodman explained that in the current regulations it is definitive that a dependent student is a resident where the parent is resident and it is not subject to appeal. She explained that staff is adding a rebuttal presumption meaning that a dependent student is presumed to live where his or her parents live, however the student can rebut that presumption by showing HESAA documentation of New Jersey residency. The regulatory language is not all inclusive so that if someone has additional documentation that definitively shows they have lived in New Jersey for 12 months HESAA will accept it.

Ms. Van Horn asked why the new definition of full time students included a 12 credit hour minimum when no specific credit hours are included in the definition for part time students. Ms. Grodman and Ms. Charette explained that the required hours for part-time eligibility are subject to change and are included in the Appropriation Act and the TAG tables annually. Ms. Charette further explained that there are different levels of part-time student eligibility based on whether a student is enrolled half-time or three-quarters time.

The motion was passed unanimously.

RESOLUTION 11:14 CONSIDERATION OF PROPOSED AMENDMENTS TO REGULATIONS GOVERNING NJCLASS, N.J.A.C. 9A:10-6

Marnie Grodman, Esq., gave the following presentation on Resolution 11:14 to the Board:

It is necessary to amend the NJCLASS regulations at this time to incorporate changes made at the federal level. HESAA uses the federal cohort default rate, or CDR, to determine whether an institution is eligible to participate in NJCLASS. The federal government used to provide a two-year CDR but is now providing a three-year CDR. As such, it is necessary for HESAA to utilize the new three year rate.

Because the rate is based on three years, it is also necessary to increase the minimum required CDR, so the proposed regulatory amendments raise the rate from a 20% 2 year CDR for

undergraduate loans to a 25% 3 year CDR and from a 10% three year average CDR for graduate loans to a 15% three year CDR.

While making these amendments, staff reviewed the regulations and determined that additional amendments were necessary to provide clarity to program terms. All of the recommended amendments were included in the board materials, including an explanation for each change.

One of the changes that occur throughout the chapter is with regards to the program's name. One aspect of the regulations that has lead to confusion in the past is the fact that NJCLASS is used as an umbrella term to describe all of the NJCLASS loans offered as well as the standard NJCLASS loan. To alleviate this confusion staff is proposing amendments throughout the subchapter to use the term NJCLASS loan program when referring to the all of the loans contained in the program and the term Standard NJCLASS loan when referring to the main loan offered by HESAA.

A motion to approve Resolution 11:14 was made by Ms. Maria Torres and seconded by Dr. Harvey Kesselman.

The motion was passed unanimously.

RESOLUTION 12:14 APPROVING THE EXTENSION OF THE CONTRACT WITH CLIFTONLARSONALLEN INDEPENDENT AUDITOR FOR ONE YEAR

Anthony Falcone gave the following presentation on Resolution 12:14 to the Board:

Governor McGreevy's Executive Order (E.O.) 122 requires public authorities, agencies and commissions to create an Audit Committee. Among other duties, the Audit Committee is charged with recommending to the Board the appointment of an independent auditor to conduct an audit of the Authority's financial statements. Under E.O. 122, an Audit Evaluation Committee is responsible for issuing a Request for Proposal (RFP) for auditing services, evaluating responses to the RFP, and forwarding its recommendation to the Audit Committee. After reviewing the Audit Evaluation Committee recommendation, the Audit Committee forwards the recommendation to the full HESAA Board for approval.

Three years ago at its April 26, 2011 meeting the Board appointed Clifton Gunderson LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2012 fiscal year, subject to two one-year extensions at the option of HESAA. The Board appointed Clifton Gunderson because they had an overall superior technical approach to the job, which was well framed in their proposal. This firm's wealth of experience stood out to the Audit Evaluation Committee, as it is a national firm with strong practice in dealing with complex issues. The Audit Evaluation Committee was equally impressed by Clifton Gunderson's depth of staff with a number of years of relevantly focused experience. Subsequently Clifton Gunderson merged with LarsonAllen and formed CliftonLarsonAllen LLP.

HESAA has the option to renew the contract for the 2015 fiscal year. After polling the Audit Committee members it was agreed that it would be in HESAA's best interest to exercise the first of its options and extend the contract with CliftonLarsonAllen for one-year.

A motion to approve Resolution 12:14 providing a one year extension to the appointment of CliftonLarsonAllen, LLP as Independent Auditor, at a cost of \$81,875 for the year, was made by Ms. Christy Van Horn and seconded by Mr. Chris McDonough.

Mr. Allen and Dr. Larson each assured that they had no relation to the Allen and Larson in the firm's name.

The motion was passed unanimously.

CHAIR TO ANNOUNCE NOMINATING COMMITTEE APPOINTMENTS

Chair Falcone announced that Maria Torres has agreed to Chair and Jean McDonald Rash and Michael Braden have agreed to serve on the Nominating Committee. Mr. Falcone thanked them for agreeing to be on this committee. The Nominating Committee will meet prior to the July 2014 Board meeting to select the recommendations for Chair, Co-Chair and two additional members of the Executive Committee for the HESAA Board. The nominating committee will present their recommendations to the full board for approval at the July meeting. Any Board members interested in serving on the Executive Committee should contact Roseann Sorrentino by May 22, 2014. The Chair, Co-Chair and one executive committee member are selected from among the public members of the Board. The other executive committee member is selected from the institutional representatives on the Board.

REPORT OF PROGRAM REVIEW AND QUALITY CONTROL COMMITTEE

Gena Carapezza, Director of Audits and Quality Assurance gave the following report to the Board:

HESAA's Audits & Quality Assurance department met with the Program Review and Quality Control committee on April 17, 2014 to discuss the results of our performance for the last year as well as our proposed review schedule for the coming year.

I would like to take this opportunity to provide a short summary of the Audits & QA department's performance over the last year as discussed with the Committee; our full report was provided as item #9 of the Board materials. To highlight just few of our accomplishments, the department:

- Completed the 2013 Internal Controls Assessment required by the State, reporting no material weaknesses;
- Commenced reviews over 2 of HESAA's collection attorneys;
- Performed 1 full scale management review which focused on compliance with regulations and policies over State grant & scholarship award distributions. Additionally we recently commenced work on one other full scale review in March;
- Performed 5 limited management reviews and are currently working to finalize a 6th.

As reported last year, HESAA's Audits & QA department began performing limited reviews of institutions in 2012 in order to maximize staff and efficiency; this being in addition to the full scale reviews. HESAA is now in its second year of conducting the limited reviews and they have proven to be a huge success. Due to the introduction of these limited reviews HESAA was

able to review more institutions in 2013 than in any other prior year. Being in contact with more institutions on a regular basis has helped A&QA to not only enforce policies and procedures, but also to build positive professional relationships with institutions, facilitate open communications, and establish A&QA as a resource for assistance on technical matters.

The 2013 limited and full scale reviews resulted in the return of approximately \$180,000 during the past year. The related findings did not uncover anything out of the ordinary so it can be resolved that the institutions appear to be doing their best to keep in line with regulations.

The review schedule planned for the coming year was approved by the Program Review and Quality Control Committee on April 17, 2014.

Christy Van Horn commented that there are approximately 58 institutions that HESAA reviews and with approximately five reviews a year it would take eleven years to complete a full cycle. She questioned whether this is too long between audits and whether it would be better to audit every three to five years.

Ms. Carapezza agreed with the comment and advised that HESAA is making strides in that in previous years only two reviews were completed. She stated that they are looking for ways to continue to improve.

Gene Hutchins added that the institutions are being reviewed by other entities. He explained that as part of the State's process each institution receiving over \$300,000 of State funds is required to have a single audit done of their State funded grant programs each year by their independent CPA. HESAA works with the CPA firms by providing them with information on HESAA's programs plus and reviews their reports systematically. He explained that one of the keys Ms. Carapezza's office uses to determine if there are weaknesses that require HESAA's in depth attention sooner rather than later.

Jean Rash explained that at Rutgers their auditors review the university's financial statements every year and show the school what improvements can be made in their policies and procedures. She advised that it is a rigorous review and that the auditors look at the state grant programs. The school relies on their findings to focus on areas of improvements and takes them very seriously. Harvey Kesselman agreed that the process is the same on his campus and advised that all audits of institutions are very transparent. He stated that Richard Stockton's audit is posted on their website.

Ms. Carapezza explained that her unit does review all of the institution's audit reports and drafts a summary of the findings. She advised that she could provide a summary of those reviews to the Board in the future.

Ms. Van Horn approved of that approach and stated that this would provide awareness for the Board members of any questions and issues.

PRESENTATION

Chair Falcone stated that President Obama has declared April as Financial Literacy Month. At our April 2013 meeting the Board approved the procurement of an interactive on-line financial literacy program for high school students. In honor of financial Literacy Month, Dr. Tiffini Andorful along with Mr. Damon Jones, of EverFi, are here today to provide a demonstration of that program, the New Jersey financial Scholars Program.

Dr. Andorful demonstrated the EverFi New Jersey Financial Scholars program to the Board.

David Reeth and Harvey Kesselman voiced their approval of the program.

EXECUTIVE DIRECTOR'S REPORT

In February the Governor delivered his proposed Fiscal Year 2015 budget to a joint session of the Legislature. The Governor's proposed budget adopted the HESAA Board's recommendation to move away from the lag-to-tuition model for the funding of TAG awards to a base-plus-percentage model.

Specifically the Governor has proposed a \$14 million increase to the full-time TAG program for total program expenditures of \$355.167 million. This should allow for a two percent across-the-board increase to all awards in all eligibility indexes at all institutions.

The Governor's budget also proposes \$9.8 million for the Part-Time TAG for County College Students program, \$8.5 million for the NJ STARS and NJ STARS II programs and \$700,000 for the Governor's Urban Scholarship program.

Overall, State FY 2015 funding recommended for HESAA grant and scholarship programs will total \$376.4 million, continuing Gov. Christie's substantial commitment to access and affordability for New Jersey students.

The Legislature has commenced budget hearings. On April 8th the Secretary of Higher Education and I testified before the Senate Budget and Appropriations Committee on behalf of the Higher Education Services budget. We are scheduled to appear before the Assembly Budget Committee on Wednesday, April 30.

Speaking of grants and scholarships, as you know from the annual report you just approved, our premiere program, TAG, celebrated an important milestone last year: TAG turned 35. Since 1978 the TAG program has awarded approximately \$4.7 billion in grants to over 2 million New Jersey students. As a former TAG recipient throughout my undergraduate career, I can personally attest to the efficacy of this program. Without TAG I would never have been able to attend Drew University or graduate on time. Anecdotal data, however, is never as compelling as empirical. Hence, the Grant and Scholarship regulations you just approved for publication will require TAG-participating institutions to report two-, four- and six-year graduation rates and county college transfer rates for any first-time full-time freshman who received at least one TAG payment while at the institution. Preliminary data already shared with me by some institutions indicates that TAG students persist to graduation at rates comparable to, or better than, their non-TAG peers.

When administering need-based aid programs, such as TAG, it is important that HESAA's Verification Unit does a thorough job of making sure the right students receive the right aid. In the process, however, there have been times when our form letters caused confusion and anxiety. As a result, students and parents would call our Customer Care Line for clarification. Customer Care representatives, however, could not see the letter on our outdated computer system. To ascertain the issue, the representative had to ask the caller to read the letter to them. Obviously, this took a considerable amount of time. To streamline the process and reduce anxiety for students, parents and our representatives, we've made a number of improvements. First, our form letters have been rewritten and made more reader-friendly. I commend Toni Frye for taking the lead on this initiative. Second, Customer Care staff can now see the information requested by the Verification Unit thanks to the tech savvy of Phil Woo. Third, Melissa Holley is commended for creating training materials to assist Customer Care staff in accessing the expanded information on the mainframe. Finally, Magda Torres is congratulated for coordinating all these efforts between the Verification Unit, the Customer Care Center and Information Services.

Speaking of customer service, the security of our clients' personal information is the highest priority. Hence, after learning of the harm caused by the Heartbleed bug, our Information Services staff performed a comprehensive review to determine any breach of our data systems. We are happy to report that the bug has not affected HESAA's client data. A message to this effect was posted on our website.

In addition to the very important work of processing grants, scholarships and loans, an integral part of HESAA's mission is outreach and financial education. Each year, HESAA staff participates in over 450 events, including financial aid presentations, debt management workshops and "Why go to college?" lectures. When a HESAA Board member – particularly a student Board member – organizes an event, our participation is especially gratifying. On April 4th, Andre Maglione and Samantha Benson participated in the First Annual Meeting of The SG Voices, organized by David Reeth and held at Caldwell College. David called the meeting to unify and inspire leadership in student government officers from independent colleges and universities. Former Governor Dick Codey and Minority Leader Tom Kean, Jr. were among the speakers.

Finally, while it is important that we hear student voices, it is equally important that HESAA's voice be heard at the national level. Recent federal policies that limit the role of Guaranty Agencies have left some GAs in a precarious position. For example, the Oklahoma College Assistance Program recently announced the elimination of 51 positions. Fortunately, because of our diverse business portfolio, HESAA is less acutely impacted by these policies. Nonetheless, I am pleased to announce that Gene Hutchins has been elected to the Board of the National Council of Higher Education Resources. NCHER represents entities such as the guaranty agencies and nonprofit lenders and servicers to federal policy makers.

NEW BUSINESS

David Reeth shared with the Board that following the first annual meeting of the SG Voices held at Caldwell College, a student came up to him and said "I want to thank HESAA for such hard

work. I want to thank them personally because HESAA allowed me to attend college, when otherwise I would not have been able to.”

Gabrielle Charette presented a Resolution of Appreciation to Joel Mayer, Esq., Chief Compliance Officer, who announced his resignation.

Mr. Falcone reminded the Board that their Financial Disclosure Statements must be filed by May 15, 2014.

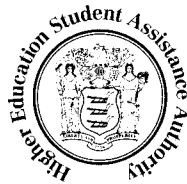
OLD BUSINESS

ADJOURNMENT

Chair Falcone announced that after adjourning this Board Meeting the Board was entering a closed session, pursuant to the Open Public Meetings Act, to discuss pending litigation. This was a closed session pursuant to N.J.S.A. 10:4-12b(7) discussing matters that fall under the attorney-client privilege and to discuss security matters. Details of the discussion cannot be disclosed to the public until the conclusion of the litigation.

He further announced that the next HESAA board meeting will be held on Thursday July 24, 2014 at 10:00 am. Motion to adjourn was made by Dr. Harvey Kesselman and seconded Mr. James Allen.

The meeting adjourned at 12:38 pm.



State of New Jersey

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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Gabrielle Charette, Esq. 
Executive Director

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

SUBJECT: Resolution 08:14 - Adopting a Schedule for Meetings for Fiscal Year 2015

DATE: April 23, 2014

Attached for your review is Resolution 08:14 recommending dates for the Fiscal Year (“FY”) 2015 HESAA Board meetings. The following dates were chosen after polling each member regarding his or her availability.

Thursday July 24, 2014
Thursday October 23, 2014
Tuesday January 27, 2015
Thursday April 23, 2015

All regular Board meetings will take place at 10:00 a.m. at HESAA offices, 4 Quakerbridge Plaza, Building 2, Mercerville, New Jersey. HESAA may call additional meetings, including telephone conference call meetings, at its discretion.

The HESAA Board adopts a regular meeting schedule so that HESAA may notify Board members and the public of future meeting dates. Specific notice of each meeting will be provided to the public in a timely fashion in accordance with the provisions of the Open Public Meetings Act.

Recommendation

It is recommended that the Board approve the attached Resolution 08:14 – Adopting a Schedule of Meetings for Fiscal Year 2015.

Attachment:

1. Resolution 08:14

RESOLUTION 08:14

**ADOPTING A SCHEDULE OF MEETINGS
FOR FISCAL YEAR 2015**

Moved By: Ms. Christy Van Horn
Seconded By: Ms. Jean McDonald Rash

WHEREAS: Adopting a regular meeting schedule provides general notice to Board members and to the public of meetings of the Higher Education Student Assistance Authority Board; and

WHEREAS: The dates for the regular meetings for Fiscal Year 2015 were chosen after polling the Board members regarding their availability; and

WHEREAS: The Higher Education Student Assistance Authority may call additional meetings, including telephone conference call meetings; and

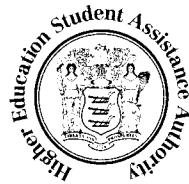
WHEREAS: Specific notice of each meeting will be provided to the public in accordance with the provisions of the Open Public Meetings Act.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the following schedule of meetings for Fiscal Year 2015:

Thursday July 24, 2014
Thursday October 23, 2014
Tuesday January 27, 2015
Thursday April 23, 2015

April 23, 2014



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director 

FROM: Jules Cornelius, Graphic Designer 

SUBJECT: Resolution 09:14 - Consideration and Approval of the Higher Education Student Assistance Authority 2013 Annual Report Pursuant to Executive Order 37 (Corzine).

DATE: April 23, 2014

Summary

Please find attached for your review, comment and approval Resolution 09:14 - Consideration and Approval of the Higher Education Student Assistance Authority 2013 Annual Report Pursuant to Executive Order 37 (Corzine).

Background

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

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

The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2013 Annual Report in compliance with Executive Order 37.

Recommendation

It is recommended that the Board approve Resolution 09:14, Consideration and Approval of the Higher Education Student Assistance Authority 2013 Annual Report pursuant to Executive Order 37 (Corzine) and authorize submittal of the 2013 Annual report to the Governor's Authorities Unit, and posting on HESAA's website, hesaa.org.

Attachments

1. Resolution 09:14
2. Higher Education Student Assistance Authority 2013 Annual Report.

RESOLUTION 09:14

CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2013 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)

Moved by: Dr. Jon Larson
Seconded by: Ms. Christy Van Horn

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

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

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

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

WHEREAS: The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2013 Annual Report in compliance with Executive Order 37.

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board approves the attached Higher Education Student Assistance Authority 2013 Annual Report; and be it further

RESOLVED: That the attached Higher Education Student Assistance Authority 2013 Annual Report shall be submitted to the Governor's Authorities Unit and posted on the HESAA website, hesaa.org.

April 23, 2014

TAG Turns



2013 Annual Report





Mission

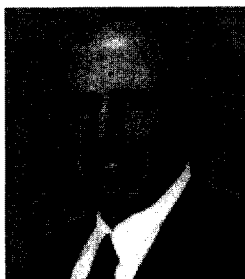
HESAA is the only state agency with the sole mission of providing students and families with the information and resources necessary to attain an education beyond high school. HESAA serves a dual role as both a federal guaranty agency and a State higher education authority. This dual role allows HESAA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



HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

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Message from the Board Chairman Anthony J. Falcone, CPA

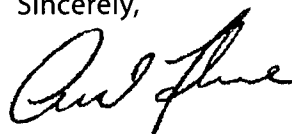
Since January of 2012 it has been my privilege to serve as a Board member - and now as Board Chairman - of the Higher Education Student Assistance Authority (HESAA). Each year, HESAA is the gateway for thousands of students who wish to pursue their education beyond the high school level. Our grant, scholarship and loan programs make higher education accessible and affordable for so many students and families across the Garden State.

While students and families are the Authority's first priority, HESAA also recognizes the importance of engaging both the college and university financial aid officers and the high school counselors. HESAA's Audit and Quality Assurance Unit provides best practice guidance and ensures that the institutions' financial aid offices are disbursing funds in accordance with all State statutes and regulations. HESAA's Client Services Unit provides annual training to school counselors so they are equipped to point students in the right direction before they embark on their college careers.

As a practicing Certified Public Accountant for the last 25 years, I am not only impressed with HESAA's mission but how HESAA fulfills its mission. As a steward of both state and federal monies, HESAA holds itself to the highest fiduciary standards. Various independent reviews by oversight entities, including the U.S. Department of Education and the Authority's external independent auditor firm, have all affirmed HESAA's strict compliance and competent management.

Higher education has never been more important to individual success and self reliance. The programs and work chronicled in this report demonstrate the substantial contribution HESAA makes to higher education in our State. Along with my colleagues on the HESAA Board, I am honored to present this report to the citizens of New Jersey.

Sincerely,



Anthony J. Falcone, CPA



Message from the Executive Director Gabrielle Charette, Esq.

As the cover of this report proudly announces, the Tuition Aid Grant Program (TAG) celebrated its 35th anniversary in 2013. Since 1978, TAG has helped over two million students attend college in New Jersey with the assistance of over four billion dollars in grants. As a former TAG recipient and the first person in my family to go to college, I can personally attest to the importance of TAG. But TAG has done more than simply help individual students. It has established the notion throughout this state that you need not be born to educated or affluent parents in order to obtain a higher education. That is a tremendous legacy.

While 2013 was a momentous year for TAG, other HESAA programs also flourished. NJCLASS interest rates were lowered for the second consecutive year. For example, our 10-year loan was reduced from 6.15% to 5.49%, while our 15-year loan was reduced from 7.05% to 6.65%. In addition, NJCLASS defaults plummeted in 2013. The volume of loan defaults for calendar year 2013 decreased by 40.2% from \$56.6 million to \$33.8 million.

Last year was also a significant year for families engaged in the important goal of saving for the costs of college. As of the end of October 2013, NJ BEST college savings under management exceeded the \$4 billion mark for the first time. To put this in perspective, ten years ago assets under management only totaled \$148 million. While the cash value of accounts has grown, equally important, the number of accounts has also grown. Ten years ago, there were 27,447 accounts open. Today, more than 158,000 accounts have been established for New Jersey beneficiaries. Our savings plans' success has garnered the attention of industry observers. For example, SavingforCollege.com ranked the New Jersey plans among the top three in the nation for one-year performance as of September 30, 2013.

Last but certainly not least, website applications such as MappingXpress, the Net Price Calculator interface and Check the Status of My NJ Grants have made it easier for students to determine and receive the aid they need.

With 2013 as a backdrop, the entire HESAA team and I are eager to continue moving the Authority forward.

Sincerely,



Gabrielle Charette, Esq.
Executive Director

**Board Members
As of December 31, 2013**

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.
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Secretary of Higher
Education
Secretary's Designee
Audrey Bennerson

Dr. Harvey Kesselman
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Julio Marengo
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Educational Opportunity Fund
Ex-Officio

Sumana Prasai*
Vice Chair
Student Advisory Committee
Ex-Officio

Jean McDonald Rash
Representative
Rutgers University

David Reeth
Chair
Student Advisory Committee
Ex-Officio

Maria Torres
Public Member

**Member as of July 24, 2013*



***Vice Chairwoman Christy Van Horn
presents a resolution to the HESAA Board***



**Student Advisory Committee
Academic Year 2012-2013**

Committee Chairs

Chair

Michele Petrucelli
Essex County College

Vice Chair

David Reeth
Caldwell College

Members

Nicole Boary
Essex County College

Joe Forte
Rider University

Francis Yangello
Salem County College

Ciara Moore
Berkeley College

Kyle Magliaro
The College of New Jersey

Ludine Daux
Rutgers University

Ozioma Onyegbule
Montclair State University

Kara McCloskey
Rutgers University

Devin Dimmig
The College of New Jersey

**New Jersey Advisory Committee on Student Aid
2012-2013**

Members

County College Sector

Karyn Arnold
Associate Director of Financial Aid
Brookdale Community College

EOF

Azizah Hamiduddin
Director, Graduate EOF
Rutgers University

Graduate Representative

Cheryl White
Director of Financial Aid
UMDNJ

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



“NJACSA gives me the opportunity to meet with peers, who represent each sector across the state. The meetings allow us to join with HESAA staff for productive and beneficial dialogue. As a result, we are able to improve the lives of students.”

Eo Hunt, Deputy Director of Financial Aid, Rutgers, the State University of New Jersey

Grants and Scholarships

Tuition Aid Grant

An important milestone in State financial aid occurred in 2013. The Tuition Aid Grant (TAG) program celebrated its 35th anniversary. On January 26, 1978, then Governor Brendan Byrne signed into law the TAG program as we know it today. Originally TAG awards had only been granted to students attending an independent institution of higher education. In 1978, the program was opened to students attending community colleges and state colleges and universities as well as non-public institutions. Since 1978, over two million New Jersey students have received a TAG award and over \$4 billion in TAG funds have been disbursed. The National Association of State Student Grant and Aid Programs (NASSGAP) has consistently ranked New Jersey's premier need-based aid program as one of the most generous in the nation.

Maximum TAG awards for AY 12-13

County College	\$2,534
----------------	---------

State College	\$6,200
---------------	---------

Public Research	\$10,318
-----------------	----------

Non-Public	\$10,318
------------	----------

Maximum Part-Time TAG for County Colleges

Half-Time	\$633
-----------	-------

Three-Quarter Time	\$950
--------------------	-------



Below is the Western Union Mailgram then Governor Brendan Byrne sent to guests to attend the signing ceremony for what is now the Tuition Aid Grant program.

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

western union Mailgram



4-073703E024 01/24/78 ICS 1PMPTZZ CSP NWKB
6092342900 MGM TDMT TRENTON NJ CTB NJ 100 01-24 1239P EST

▶ BROOKDALE COMMUNITY COLLEGE
BRETT LIEF
765 NEWMANS SPRING RD
LINCROFT NJ 07738

DUPLICATE OF TELEPHONED TELEGRAM

ON THURSDAY, JANUARY 26, 1978, I WILL SIGN ASSEMBLY HILLS 3410 AND 3412
CHANGING ELIGIBILITY REQUIREMENTS AND LIMITS APPLIED BY THE STUDENT
ASSISTANT BOARD FOR SCHOLARSHIPS UNDER THE "GARDEN STATE SCHOLARSHIP
ACT." PLEASE JOIN ME AT MY OFFICE IN TRENTON AT NOON FOR THE CEREMONY.

GOVERNOR BRENDAN BYRNE

21:24 EST

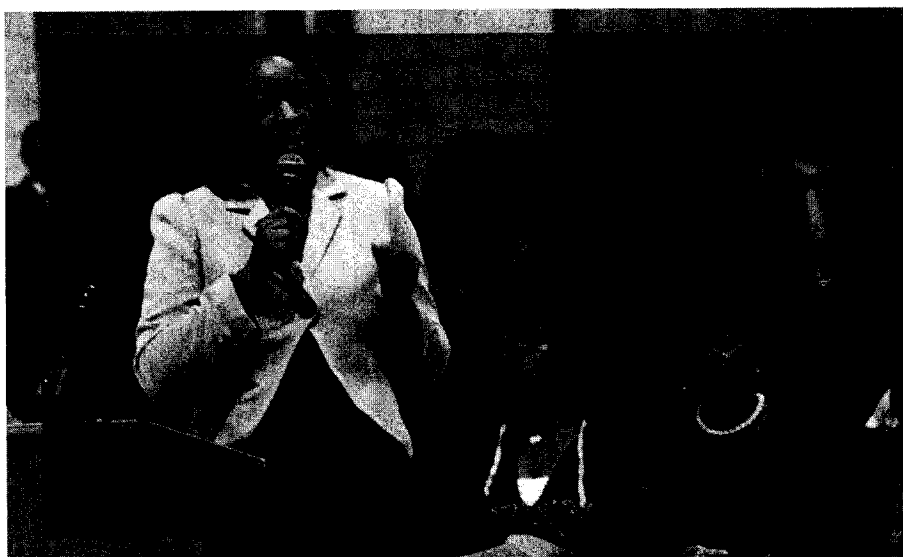
MGMCOMP MGM

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 persistency bonus in their last semester before degree completion. To be eligible for this award, students 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
- City of Trenton
- Vineland City

Customer Care Line Manager Heather Hillman encourages students to file a FAFSA and apply for scholarships such as the Governor's Urban Scholarship, during a recent presentation that included the City of Camden's Mayor, Dana Redd at Woodrow Wilson High School in Camden.



NJ STARS and NJ STARS II

In May of 2012, Governor Chris Christie signed P.L. 2012, c.8, which made a number of changes to the NJ STARS and NJ STARS II programs commencing with the 2012-2013 academic year. The most notable changes were to the NJ STARS II program. The NJ STARS II scholarship was limited to \$2,500 per annum, paid for entirely by the State of New Jersey with no institutional match required and the scholarship can be used at either a public or non-public institution of higher education. After the law was signed by the Governor, HESAA hosted a training session at its headquarters for the financial aid officers of New Jersey's non-public institutions to introduce them to the NJ STARS II program.



“New Jersey STARS I and II helped me succeed in my college career because the program helped me financially as well as academically. The program took a financial stress off of me as I proceeded towards my bachelor’s from Kean University in History with a minor in Criminal Justice. This program kept me grounded to maintain a high GPA which allowed for me to graduate with honors. This program is an excellent program and I recommend for all eligible students to take full advantage of this worthy program.”

– Kelsey Devlin

Student Loans

NJCLASS

The New Jersey College Loans to Assist State Students (NJCLASS) program entered its 22nd year in 2013. After a successful bond sale of \$200,000,000 in May 2013, HESAA was able to lower interest rates on its 10-year and 15-year loan products. The 10-year loan interest rate was lowered from 6.15% to 5.49%, while the 15-year loan interest rate was lowered from 7.05% to 6.65%. The 20-year loan interest rate remains at 8.05%. The NJCLASS Loan Program continues to assist many students who need additional funds to attend school, and HESAA disbursed loan funds to over 600 institutions to help students meet educational costs.

In 2012, HESAA implemented program modifications to the NJCLASS program, specifically increasing the minimum income, revising the credit score eligibility, and reducing the volume of fully deferred loans. HESAA services the \$2 billion portfolio of outstanding NJCLASS Loans, sending monthly billing statements, reminder notices, and responding to phone and email inquiries. Outreach programs include routine contacts with borrowers whose loans are scheduled to begin repayment or whose loans are in the early stages of delinquency, alerting borrowers of the need to make payments to resolve any payment issues before the delinquency escalates to default. In combination, these program changes have resulted in a 40.2% decrease in the volume of loan defaults for calendar year 2013, as compared to the previous year. By guiding applicants to make smart choices with the repayment option they select, borrowers are forming good payment habits that translate into regular payments after graduation.

FFELP Loans

Although new loan guarantees for the Federal Family Education Loan Program were eliminated effective July 2010, HESAA continues to perform its guaranty agency-related duties and responsibilities on outstanding loan guarantees in its portfolio. During FY 2013, HESAA worked in unison with participating lenders who service the \$2.3 billion portfolio of HESAA guaranty loans, and responded to the lenders' request for default aversion assistance by generating over 204,000 letters to delinquent borrowers. The letters remind borrowers of the need to bring their loans current, and advise them to contact their lender for additional deferment or forbearance assistance. HESAA paid default claims of approximately \$65M during the fiscal year, representing an 11.7% decrease from claims paid during FY 2012.

The Authority's continued successes are apparent in the calculation of the agency's cohort default rate which analyzes the volume of borrowers defaulting on their student loans within the first three years of repayment. HESAA's cohort default rate for Federal Fiscal Year 2011 is projected at 7.5%, a reduction from the three-year rate of 9% for FFY 2010.

HESAA staff continually contact the 45,000 borrowers whose federal loans have defaulted and assist them in resolving their outstanding student loan obligation by making regular monthly payments, earning the benefits of loan rehabilitation, or obtaining a loan consolidation.

College Savings

As the cost of education continued to climb in 2013, HESAA and our investment manager Franklin Templeton Distributions continued to encourage families to save for education costs through the State's 529 college savings plan, NJBEST. In 2013, total NJ BEST assets exceeded \$3.5 billion.

HESAA offers NJBEST savers a one-time scholarship if they save a certain amount over a certain period of years and attend college in the State of New Jersey.



Tara Egenton's parents began saving in the NJ Best 529 program when she was in preschool. She is now a student at Monmouth University in their 5 year English and Elementary Education Masters program. Tara won two Student Council Outstanding Leadership and Community Service awards in high school. She searched for a college where she could further enhance her leadership skills. As Monmouth prides itself on their slogan, "Where Leaders Look Forward," both Tara and her parents knew this was the right investment for her education.

Outreach

Publications

On January 14, 2013, Governor Chris Christie signed P.L. 2013, c.1, which requires HESAA to prepare a student loan guide for distribution to New Jersey students in 11th and 12th grades.

The Student Loan Guide is available on HESAA's website at www.hesaa.org.

In addition to The Student Loan Guide, HESAA authors and provides several publications including:

- Going to College in New Jersey
- Life 101
- The Financial Aid Dictionary
- The State and Federal Financial Aid for Undergraduate and Graduate Students
- Reach Higher





Jean Ciner is a school counselor at Jackson High School who participated in the School Counselor Training Institute and worked at HESAA advising students during the summer of 2013.

School Counselor Training Institute

Every fall, HESAA hosts its annual School Counselor Training Institute. In 2013 the Institute took place at the following locations.

- Bergen Community College
- Rider University
- Wyndham Philadelphia-Mount Laurel Hotel
- Georgian Court University
- Seton Hall University
- Richard Stockton College of New Jersey

Over 800 high school counselors were trained on the latest developments in both State and federal student aid.

Technology Initiatives

Net Price Calculator

HESAA developed an electronic interface between its TAG Estimator and institutional net price calculators. This interface allows students to receive more precise TAG estimates when using institutional net price calculators.

Check the Status of My NJ Grants

This new feature, launched in 2013 on HESAA's secure student portal, helps students and families expedite grant applications. With this feature, students can confirm the status of applications for the Tuition Aid Grant (TAG) and Educational Opportunity Fund (EOF) programs. Also displayed are estimated TAG and EOF award amounts. Students can check the date HESAA mailed notices about missing information required to make a final award determination. Students selected for State verification can view a sample copy of the initial verification selection letter mailed to them.

MappingXpress

This electronic document collection tool allows students to upload documents in PDF format to HESAA through a secure network. MappingXpress eliminates the need for fax or postal mail. MappingXpress was implemented in NJCLASS in 2013 and will be deployed in Grants and Scholarships in 2014.

Raju Konduru is HESAA's Senior System Architect. At HESAA, the saying goes, "if you can imagine it, Raju can build it."



Audits and Quality Assurance

To ensure HESAA's programs are in compliance with federal and State statutes, regulations, policies and procedures, 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 2013 A&QA successfully completed its annual internal control evaluation required by the New Jersey Office of Management and Budget (OMB), served on several project teams to assist in the development/improvement of internal controls, assisted in the completion of four FFELP lender reviews through participation in the Common Review Initiative, completed reviews of two law firms engaged in the collection of defaulted FFELP and NJCLASS loans, and reviewed six colleges and universities resulting in \$678,018 being returned to the State General Fund.



Gena Carapezza, Director of Audits and Quality Assurance and Taina Morales, Program Specialist review data submitted to HESAA as part of an institutional audit.

Promoting the State's Economic Growth Strategies

HESAA's student financial aid programs, debt management education, default aversion outreach, and financial literacy training all contribute to the State's economic growth strategies. Despite the significant costs of higher education, its importance has never been greater. Studies show a growing disparity in employment and salary levels between those with post secondary education and those without. Moreover, studies also show that these trends will continue as more and more jobs in the future require higher education.

The Pew Research Center issued a report based on its analysis of the Current Population Survey as of March 2013, as well as its own survey of 2,002 adults interviewed by phone from October 7, 2013 - October 27, 2013. The Pew report indicated that young adults equipped with a high school diploma earned salaries that were only 62% of the typical salaries of their college-educated peers. For instance, college graduates ages 25 to 32 who were working full-time now typically earn about \$17,500 more annually than employed young adults with just a high school diploma (\$45,500 vs. \$28,000). That percentage is down from 81% in 1965, the earliest year for which comparable data are available. In 1965, the inflation adjusted gap was just \$7,449.

All indicators point to the increasing necessity of higher education both for workers and employers.

In December of 2013, a task force of the New Jersey Presidents' Council issued a report on aligning higher education with the needs of the future workforce, and the educational attainment of workers to meet those needs. The task force was led by Dr. Nariman Farvardin, the President of Stevens Institute of Technology, who is pictured above.

The task force report cited studies by the Georgetown University Center on Education and the U.S. Bureau of Labor Statistics. The Georgetown study projected the growth in the number of jobs in the U.S. that will require postsecondary education by the year 2018. Specifically, the nation will need 22 million new college degrees by 2018 to meet workforce demands. The study also projected a shortfall of at least 3 million workers with the postsecondary credentials necessary to fill these jobs.



“Technological innovation and critical thinking underpin our State’s and our Nation’s ability to solve our era’s most pressing challenges in healthcare, energy, security, and many other complex challenges that face current and future generations. A well-educated workforce and a vibrant and diverse higher education system are the very foundations that facilitate these capabilities. HESAA plays a vital role in broadening opportunities to New Jersey citizens to pursue higher education, contributing to improving the future for individuals, for New Jersey, and for our global society,” Dr. Nariman Farvardin, President of Stevens Institute of Technology.

Promoting the State's Economic Growth Strategies (continued)

In addition to providing nationwide data, the Georgetown study broke its analysis down on a state-by-state basis. Georgetown predicts that by 2018 an additional 148,000 jobs in New Jersey will require postsecondary education. Furthermore, New Jersey ranks second in the nation in terms of the proportion of its 2018 jobs that will require a bachelor's degree.

Given these trends and projections for New Jersey, it is clear that providing students with the financial resources to attain a higher education promotes the State's economic well being.



Executive Staff

Executive Director

Gabrielle Charette, Esq.

Chief Financial Officer

Eugene Hutchins

Chief of Staff

Greg Myer

Chief Compliance Officer

Joel Mayer, Esq.

Acting Chief Information Officer

Ruth Odom

Director of Legal and Government Affairs

Marnie Grodman, Esq.

Senior Staff

Director of Student Loans

Teresa Gervasio

Director of Grants and Scholarships

Larry Sharp

Acting Director, Client Services

Andrè Maglione

Director, Audits and Quality Assurance

Gena Carapezza, CPA

Director of Human Resources

Patricia Maske

Controller

Robert Clark, CPA

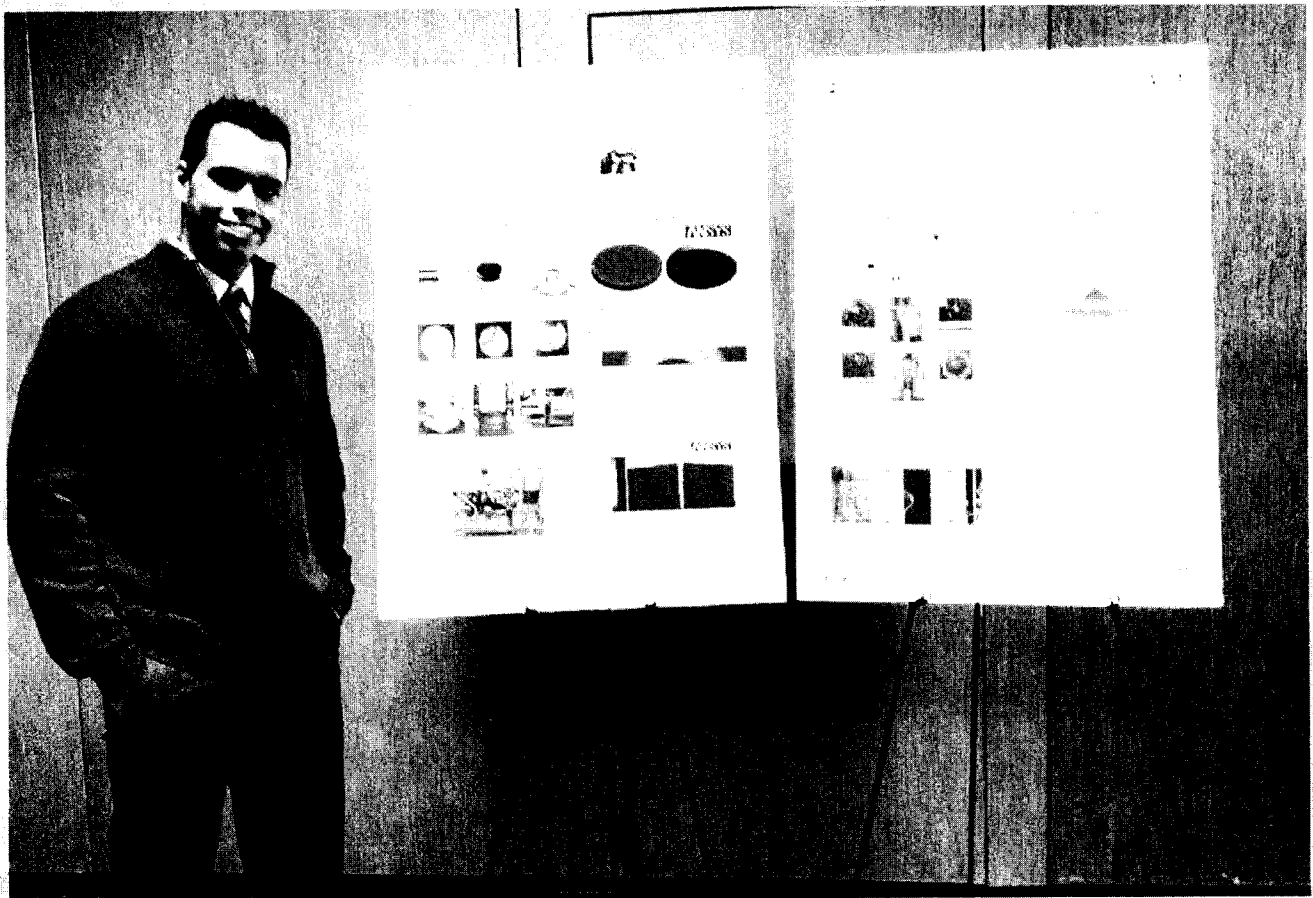
In Memoriam

Amy Novosel employed by HESAA for over
10 years, passed away on October 1, 2013.

“I am a mechanical engineering senior at Rowan University. As I come close to fulfilling my lifetime dream of getting an engineering degree, I would like to take a few minutes to thank HESAA for its support throughout these four years in college.

These have been years of great struggle but also great success. With a 3.99 cumulative GPA, I am on track to graduating with the highest grade point average of the 2014 engineering class and one of the highest in the history of the College of Engineering. This and many other of my accomplishments would not have been possible without your support.

A big THANK YOU! I hope these words of gratitude will reach people at HESAA and continue to fuel your genuine passion for education. You made this possible!” – Ewer Joaquin Castillo





HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Aid Awards and Funds Distributed by HESAA in FY 2013 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	10,772	10,772	1	2,001	17	1	1	
Amount	\$37,727,787	\$8,379,551	\$465	\$5,074,308	\$38,000	\$129,000	\$916,480	\$52,265,591
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	1,519		626	843	71	170	2,129	
Amount	\$86,536,540		\$548,351	\$2,052,044	\$67,500	\$170,250	\$30,121,615	\$119,496,300
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	1,253		830	364	72	45	96	
Amount	\$98,779,950		\$740,280	\$851,587	\$71,500	\$149,500	\$22,277,485	\$122,870,302
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	1,166		33	48	11	75		
Amount	\$93,169,867		\$284,324	\$97,248	\$42,500	\$76,500	\$25,085,085	\$118,755,524
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	1		2	3		0		
Amount	\$17,019,364		\$930	\$5,000	\$1,000	0	\$1,178,926	\$18,205,220
							Grand Total	\$431,592,937

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

Credits

Gabrielle Charette, Esq. - Executive Editor

Jules Cornelious - Technical and Creative Editor

Carol Muka - Statistical Analyst

Karen Chamberlin - Photographer

Linda Nasta - Assistant Editor



Financial Statements

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

	June 30,	
	2013	2012 (restated)
Assets		
Cash and Cash Equivalents		
NJBEST	62,346	505,150
NJCLASS/FFELP	536,536,776	511,926,138
Other	17,798,823	22,143,506
Investments		
NJBEST	3,695,778,285	3,133,775,452
NJCLASS/FFELP	3,695,586	11,728,916
Other	38,425,628	44,824,985
Receivables		
Federal Government	6,919,008	11,232,681
Loans	2,089,735,376	2,105,375,024
Other	66,529,076	66,243,970
Fixed Assets, Net	<u>270,288</u>	<u>579,538</u>
Total Assets	<u>6,455,751,192</u>	<u>5,908,335,360</u>
Deferred Outflow - Interest Rate Swaps	11,508,885	16,574,020
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued expenses	55,235,385	79,844,092
Due to federal government	6,668,983	6,927,384
Revenue bonds payable	<u>2,486,155,000</u>	<u>2,493,510,000</u>
Total Liabilities	2,548,059,368	2,580,281,476
Financial Instrument Liability - Interest Rate Swaps	11,508,885	16,574,020
Fund Balances		
Reserved for Loan Servicing	156,491,163	162,844,909
Restricted	<u>3,751,200,661</u>	<u>3,165,208,975</u>
Total Fund Balances	<u>3,907,691,824</u>	<u>3,328,053,884</u>
Total Liabilities and Fund Balances	<u>6,455,751,192</u>	<u>5,908,335,360</u>

Financial Statements

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

	Year ended June 30,	
	2013	2012 (restated)
Revenues		
State grant & scholarship appropriations	350,208,437	311,925,768
Federal and other grants	51,859,722	63,253,395
Fees	29,818,290	28,529,465
Investment earnings		
NJBEST	69,544,030	66,980,909
NJCLASS	149,265,445	147,018,697
Other	240,285	310,792
NJBEST Subscriptions	1,007,224,673	849,715,850
Net realized and unrealized gain (loss) on NJBEST Investments	340,985,764	(112,714,584)
Other	31,902,689	8,748,550
Total Revenues	2,031,049,335	1,363,768,842
Expenditures		
Direct Grant Aid to Students	352,832,543	326,412,566
NJBEST Redemptions	832,688,928	674,562,356
Program expenses	126,061,586	154,442,916
Administrative expenses	13,582,009	27,535,291
Debt service interest	108,023,711	107,246,665
Total Expenditures	1,433,188,777	1,290,199,794
Excess of Revenues over Expenditures	597,860,558	73,569,048
Less:		
Year-end Lapsed Funds	(7,724,426)	(3,976,799)
Cumulative Effect of Accounting Change	(10,498,192)	
Net Assets - Beginning of Year	3,328,053,884	3,258,461,635
Net Assets - End of Year	3,907,691,824	3,328,053,884



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



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

PO BOX 545

TRENTON, NJ 08625-0545

1-800-792-8670

www.hesaa.org


CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Gabrielle Charette, Esq. 
Executive Director

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

SUBJECT: Resolution 10:14 – Consideration of Proposed Readoption with Amendments of Regulations Governing the Grant and Scholarship Programs, N.J.A.C. 9A:9

DATE: April 23, 2014

Background

Pursuant to N.J.S.A. 18A:71A-1 et seq., the Higher Education Student Assistance Authority (HESAA) is statutorily responsible for the administration of State scholarship and tuition aid programs and for the promulgation of all rules to that effect. Pursuant to N.J.S.A. 52:14B-5.1b. the rules governing the grant and scholarship programs are scheduled to expire August 7, 2014. In accordance with N.J.S.A. 52:14B-5.1c(2). the submission of this notice of proposal to the Office of Administrative Law extended that date 180 day to February 3, 2015. The Authority has reviewed the rules and determined that they continue to be necessary, reasonable and proper for the purpose for which they were originally promulgated. The rules proposed to be readopted will continue to provide the Authority with the ability to administer the grant and scholarship programs in an efficient and economic matter. To ensure the continued efficient administration and operation of these programs, the Authority is proposing the readoption of these rules with amendments and the repeal of certain rules no longer applicable to program operations to provide additional clarity in the eligibility requirements for participation and application, enrollment criteria and continued payment of awards for students attending participating New Jersey institutions, all of which are summarized below.

Subchapter 1 sets forth the responsibilities of the Higher Education Student Assistance Authority and details the structure and mission of the Student Advisory Committee as created by the Authority.

Subchapter 2 details the general provisions for the overall administration and eligibility for the Tuition Aid Grant and Garden State Scholarship Programs and participation by eligible New Jersey institutions under these programs.

An amendment is proposed to N.J.A.C. 9A:9-2.1 (a) to clarify that a student needs to have received a high school diploma or a recognized equivalent in order to be eligible for financial aid to attend institutions of higher education. This parallels the federal requirements for financial aid, which no longer accept the Ability to Benefit test as a substitute to a high school diploma.

Executive Reorganization Plan No. 005-2011 eliminated the Commission on Higher Education and transferred its powers to the Office of the Secretary of Higher Education. As such N.J.A.C. 9A:9-2.1 (b) 2. is amended to replace reference to the Commission on Higher Education with the Office of the Secretary of Higher Education or its successor office. This replacement is also made in N.J.A.C. 9A:9-2.1 (c), N.J.A.C. 9A:9-2.1 (d) 2., N.J.A.C. 9A:9-3.5 (a), N.J.A.C. 9A:9-5.4, N.J.A.C. 9A:9-7.2, N.J.A.C. 9A:9-8.3 and N.J.A.C. 9A:9-10.2.

N.J.A.C. 9A:9-2.1(b) 2 is further amended to clarify that to remain an eligible institution an institution needs to maintain licensure by the Office of Secretary of Higher Education while N.J.A.C. 9A:9-2.1(b) 3 is amended to clarify that the current license cannot be for an out-of-state institution. These amendments clarify what an institution requires to remain an eligible institution in addition to achieving initial eligibility.

A new paragraph, N.J.A.C. 9A:9-2.1(b) 5. is added to require institutions to annually provide the Authority with graduation rates for State Tuition Aid Grant recipients, as well as transfer rates for State Tuition Aid Grant recipients attending county colleges, in order to measure the effectiveness of the programs.

N.J.A.C. 9A:9-2.1(c) is amended to clarify that proprietary institutions need to meet the same licensure, accreditation and facilities requirements as all other institutions to meet the definition of an eligible institution.

In order to provide more accurate projections when budgeting for financial aid, N.J.A.C. 9A:9-2.1 (d), (d)1. and (d)2. are amended to require institutions to provide the Authority with an application when expanding its participation by adding a branch campus or changing its programmatic mission and a new paragraph, N.J.A.C. 9A:9-2.1 (d)3. is added to require institutions to provide the Authority with an estimate of the number of potential Tuition Aid Grant recipients during the first four years of program participation.

N.J.A.C. 9A:9-2.2(a)1. is amended pursuant to the court's holding in *A.Z. v. Higher Education Student Assistance Authority*, 427 N.J. Super. 389, 399 (App. Div. 2012) that the Authority cannot irrebuttably presume that a dependent student's residence is the same as his or her parents' residence. In accordance with the decision, the amendment provides for a rebuttable presumption that a dependent student's legal residence is the same as his/her parent.

N.J.A.C. 9A:9-2.2(b) is amended to refine the process for students to demonstrate proof of residency. The amendment clarifies that the Authority will request the documentation that is needed and adds additional types of documentation that may be used to demonstrate residency.

N.J.A.C. 9A:9-2.2(c) is amended pursuant to N.J.S.A. 18A:71B-85(c)1. and N.J.S.A. 18A:71B-86.4e.(1) to extend eligibility for dependent children of parents transferred to military installations in New Jersey to NJSTARS and NJSTARS II.

The list of acceptable affirmative evidence to prove a student is an eligible non-citizen is delineated annually by the United States Department of Education in the Federal Student Aid Handbook. To ensure the regulation remains current with evolving standards, N.J.A.C. 9A:9-2.3(a) is amended to incorporate the Handbook by reference and N.J.A.C. 9A:9-2.3(b) and (c) are repealed as they are no longer necessary.

The Authority uses the federal criteria for defining who is a dependent student except with regards to emancipated minors. As such, N.J.A.C. 9A:9-2.6(a) is amended to incorporate by reference the federal definition of an independent student as defined in Federal Student Aid Handbook.

N.J.A.C. 9A:9-2.6(b) is deleted as the reference to the Federal Student Aid Handbook replaces the need for this subsection.

A new N.J.A.C. 9A:9-2.6(b) is added to specify that emancipated minors, or students who were emancipated minors upon reaching the age of majority, are not considered independent students in New Jersey. This ensures that parents do not emancipate their children in order to receive higher amounts of State assistance. Students who have extenuating circumstances may still receive aid pursuant to the recodified N.J.A.C. 9A:9-2.6(c).

N.J.A.C. 9A:9-2.6(b)7. is recodified as N.J.A.C. 9A:9-2.6(c) and subparagraphs (b)7.i. through iii. are recodified as paragraphs (c) 1. through 3 due to the deletion of the previous subsection (b).

N.J.A.C. 9A:9-2.6(c) and (d) are recodified as subsections (d) and (e) due to the recodification of the new subsection (c).

In order to enhance verification procedures for federal financial aid the federal government now requires the use of tax return transcripts as opposed to copies of tax returns. As such, N.J.A.C. 9A:9-2.7 is amended to enhance the verification procedures for State financial aid to mirror the federal requirement. The subchapter is also amended to clarify that financial aid cannot be granted if documentation is not provided to verify income and resolve discrepancies in a student's file.

N.J.A.C. 9A:9-2.11(a)2. is amended to clarify that the maximum semesters of eligibility for students attending a four-year college are cumulative and include the payments made while the student attended a two-year college.

N.J.A.C. 9A:9-2.11(b) is amended to reflect the State's practice of making payments in two installments over the regular academic year, regardless of the number of school terms.

N.J.A.C. 9A:9-2.15 is amended to clarify that appeals need to be made within 60 days of initial notification of eligibility because additional notices do not add to the time for appeals. Additionally, the subsection is amended to permit students to provide their customer ID number instead of their Social Security number on their appeal if they so choose.

N.J.A.C. 9A:9-2.16(c) is amended to allow for limited program reviews in addition to full-scale reviews and removes that restriction that all reviews be conducted on-site.

Due to a change in the Authority's organizational chart, N.J.A.C. 9A:9-2.16(e) is amended to replace the Chief Operating Officer with the Chief Compliance Officer as the arbiter of appeals.

Subchapter 3 incorporates the rules for the determination of the student's eligibility under the Tuition Aid Grant (TAG) Program and the value of the TAG award as it relates to the student's tuition charges and ability to pay for educational costs on a full-time or part-time basis at an eligible New Jersey institution. These rules supplement the general provisions for this program set forth in N.J.A.C. 9A:9-2.

N.J.A.C. 9A:9-3.1 is amended to advise students that in addition to the financial aid form, the Authority relies on the additional information provided for each student in determining eligibility for a Tuition Aid Grant.

A new subchapter, N.J.A.C. 9A:9-3.4 is added to include a definition for full-time students. This term is used in the subchapter and was not previously defined. The proposed definition is identical to that used in the Grants and Scholarships Policies and Procedures Manual.

Subchapter 4 specifies the requirements that students must meet to qualify under the Garden State Scholarship Program, which includes students in the program categories of Edward J. Bloustein Distinguished Scholars, Urban Scholars and Garden State Scholars. This program recognizes those students who demonstrate high academic achievement based upon their secondary school class rank or a combination of class rank and Scholastic Assessment Test (SAT) scores or secondary school grade point average (GPA). This program provides scholarship awards of up to \$1,000 annually without regard to financial need. Funding for this program is currently limited to renewal students.

N.J.A.C. 9A:9-4.4 (a) and (b) are amended to delete reference to UMDNJ and add Rowan University to the public research institutions sector. This amendment is made pursuant to the New Jersey Medical and Health Sciences Education Restructuring Act, N.J.S.A. 18A:64M-1 et seq.

Subchapter 5 incorporates the rules for providing free tuition for any child or surviving spouse of a member, officer or worker of an emergency service, law enforcement or civil defense agency killed in the performance of duty under the Survivor Tuition Benefits Program. An eligible child or surviving spouse who wishes to attend any public institution of higher education in New

Jersey may enroll as an undergraduate student and have his or her tuition paid by the State while in good standing at that college or university. Such child or spouse may also attend any independent institution in New Jersey; however, the annual value of the grant cannot exceed the highest tuition charged at a New Jersey public institution. Recipients must enroll on at least a one-half time basis in an undergraduate degree program and be in good academic standing.

New rule N.J.A.C. 9A:9-5.3 is added to provide the application procedures for this program. This new rule enumerates the existing procedures to apply for a Survivor Tuition Benefits scholarship which were not previously included in the regulations.

N.J.A.C. 9A:9-5.9 is amended to clarify that the institution must certify the student's eligibility to receive payment and that the certification must be made within the term for which the scholarship is requested. This amendment will ensure that a student's award is not delayed.

Subchapter 6 specifies the rules governing the Miss New Jersey Educational Scholarship Program, which provides for an annual award equal to the cost of tuition to an individual who has been designated by the Authority, in consultation with the Miss New Jersey Pageant Organization, as demonstrating exceptional leadership in the area of civic, cultural or charitable endeavors in the spirit of the Miss New Jersey Pageant. To receive and maintain the scholarship, the individual must be enrolled in a full-time course of study leading to an initial bachelor's degree or a postgraduate degree at any public institution of higher education in New Jersey. This program is currently not funded.

Subchapter 7 incorporates the rules for providing scholarships under the New Jersey World Trade Center Scholarship Program for the annual costs of undergraduate study at an eligible institution of higher education to the dependent children or surviving spouses of New Jersey residents who were killed in the terrorist attack on the United States on September 11, 2001, who died as a result of injuries received in the attack, who dies as a result of illness caused by exposure to the attack sites, or who are missing and officially presumed dead as a direct result of the attack. The scholarship pays up to the annual cost of attendance at the highest cost public institution of higher education in New Jersey as determined by that institution.

N.J.A.C. 9A:9-7.5 is amended to delete reference to the Department of Law and Public Safety as well as to reference the eligibility requirements described in N.J.A.C. 9A:9-7.4. This amendment is necessary because, in practice the Authority used to receive verification from the Office of Recovery and Victim Assistance (ORVA), not the Department of Law and Public Safety via lists of victims and their dependent children and spouses. ORVA has since been disbanded and the Authority has retained the lists necessary for verifying eligibility.

Subchapter 8 provides the rules governing the policy, administration and procedures of the Law Enforcement Officer Memorial Scholarships (LEOMS) Program. Under this program, scholarships are provided for the annual costs of undergraduate study at an eligible New Jersey institution of higher education to the children of New Jersey "law enforcement officers," as defined pursuant to N.J.S.A. 18A:71B-24.2, who were killed in the line of duty. The scholarship will pay up to the student's cost of attendance at the institution that is not otherwise covered by

any other scholarship, tuition aid grant, benefit or other assistance awarded to the recipient under the Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 et seq.

N.J.A.C. 9A:9-8.6 is amended to clarify that applications need to be submitted to the Authority within established deadlines as specified on the application. This ensures timely scholarship awards.

N.J.A.C. 9A:9-8.9 is amended to clarify that the institutions must certify a student's eligibility within the term for which the scholarship is requested. This amendment will ensure that a student's award is not delayed.

Subchapter 9 sets forth the rules governing the Paul Douglas Teacher Scholarship Program, which was a Federally-funded program established by Congress, with no matching State fund requirement, to encourage highly qualified students to pursue teaching careers. However, the Federal government has not funded new awards under this program since the 1994-95 academic year and, in 1998, repealed the enabling program statute, 20 U.S.C. §1111. These rules are repealed as there are no longer participants remaining in a repayment status.

Subchapter 10 sets forth the policies and procedures for the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS). This program recognizes the academic achievements of New Jersey high school students who graduate in the top 15.0% of their graduating class by providing a scholarship for the cost of tuition for eligible students who enroll in a full-time course of study at the New Jersey county college serving their county of residence.

N.J.A.C. 9A:9-10.4(a)3. is amended pursuant to N.J.S.A. 18A:71B-85b.(1) to add language explaining how NJSTARS eligibility is determined for a student whose school does not provide a class rank. The subsection is further amended to specify that the graduation date referred to in the subsection is high school graduation.

N.J.A.C. 9A:9-10.7 is amended to clarify that the NJSTARS award is for an amount up to the full cost of tuition and approved fees for students who graduated high school prior to 2010 and for up to the full cost of tuition for all other participants. Pursuant to N.J.S.A. 18A:71B-85a. the scholarship amount is subject to the prior application of other grants and scholarships.

N.J.A.C. 9A:10-10 is amended to clarify that appeals need to be made within 30 days of initial notification of eligibility because additional notices do not add to the time for appeals. Additionally, the subsection is amended to permit students to provide their customer ID number instead of their Social Security number on their appeal if they so choose.

Subchapter 11 sets forth the policies and procedures for the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II). This program recognize the academic achievements of New Jersey county college graduates who wish to continue their education by providing scholarships for full-time attendance at eligible New Jersey colleges and universities. A student is eligible for a scholarship under the NJ STARS II Program if he or she has graduated from a New Jersey county college with an associate degree and enrolls full-time in a

baccalaureate degree program at a New Jersey four-year public institution of higher education in the student's academic year of study immediately following attainment of an associate degree.

N.J.A.C. 9A:9-11.10 is amended to clarify that appeals need to be made within 60 days of initial notification of eligibility because additional notices do not add to the time for appeals. Additionally, the subsection is amended to permit students to provide their customer ID number instead of their Social Security number on their appeal if they so choose.

Recommendation

It is recommended that the Board approve Resolution 10:14 Consideration of Proposed Readoption with Amendments of Regulations Governing the Grant and Scholarship Programs, N.J.A.C. 9A:9, so that the proposed readoption can be published in the New Jersey Register.

Attachments

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

SUBCHAPTER 2. GENERAL PROVISIONS FOR TUITION AID GRANT AND GARDEN STATE SCHOLARSHIP PROGRAMS

§ 9A:9-2.1 Undergraduate enrollment and eligible institutions

(a) Students must **have received a high school diploma or recognized equivalent of a high school diploma as defined by 34 C.F.R. 600.2 and** be enrolled or plan to be enrolled as full-time undergraduate students matriculated in a curriculum leading to a degree or certificate in an eligible institution as defined in (b) through (d) below in order to be eligible for student assistance. Students possessing an undergraduate degree (either a Baccalaureate or Associate degree) are not eligible for student assistance at that degree level. Certification of full-time status is the responsibility of the enrolling institution based on the current institutional definition of full-time status and subject to review and approval by the Higher Education Student Assistance Authority (Authority).

(b) An eligible institution means an institution of higher education that:

1. (No change).

2. [Has been] **Is** licensed by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office;**

3. [Has not been] **Is not** licensed as an "out-of-State" institution pursuant to N.J.A.C. 9A:1-5; [and]

4. Is accredited or preaccredited by a nationally recognized accrediting association[.]; **and**

5. Upon commencing participation in the State financial aid programs, annually provides the Authority with detailed information on the graduation rates of State Tuition Aid Grant recipients and, in the case of county colleges provides information on the transfer rates of State Tuition Aid Grant recipients, in the format provided by the Authority.

(c) Eligible institutions shall also include proprietary institutions in New Jersey **that meet the requirements of paragraph (b) 1, 4 and 5 above**, but only for degree granting programs, as licensed by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office** pursuant to N.J.A.C. 9A:1-4.

(d) An **eligible** institution seeking to participate in the Tuition Aid Grant Program **or expand its participation by adding a branch campus or changing its programmatic mission** shall:

1. Submit a written request to the Authority no later than August 31 of the calendar year prior to the fall semester of the succeeding calendar year during which the institution wishes to begin **or expand** participation; [and]

2. Provide documentation that **the institution, branch campus or expanded programmatic mission has been approved by the Office of the Secretary of Higher Education or its successor office and that the institution** [it] is authorized to participate in Title IV Federal student aid programs under the Higher Education Act of 1965, as amended, and its implementing regulations [.] ; **and**

3. Provide an estimate of the number of potential Tuition Aid Grant recipients during the first four years of program participation.

§ 9A:9-2.2 Residency

(a) Students must be legal residents of New Jersey for a period of not less than 12 consecutive months immediately prior to the academic period for which aid is being requested. The residence of a student is defined in terms of domicile. Domicile is defined as the place where a person has his or her true, fixed, permanent home and principal establishment, and to which, whenever he or she is absent, he or she has the intention of returning.

1. A dependent student, as defined in N.J.A.C. 9A:9-2.6, shall be [considered] **presumed to be** a legal resident of the state in which **he or she and** his or her parent(s) is domiciled. A dependent student whose parent(s) has not established a domicile in New Jersey shall be [considered] **presumed** to be in the State for the temporary purpose of obtaining an education and shall be ineligible for State student financial aid. **A student may rebut both of these presumptions by submitting evidence to the Authority establishing that he or she is a legal resident of New Jersey notwithstanding the residency of his or her parent(s).** [However, any] **Any** dependent student who continues to reside in this State and who has previously received at least one semester of payment of a State grant or scholarship shall continue to be eligible for State student financial aid during the course of each academic year at an eligible institution of higher education in New Jersey, despite his or her parent(s)' subsequent change of domicile to another state.

2. (No change).

(b) When a student's domicile is in question[, he or she must demonstrate proof of residence by submitting to] the [Higher Education Student Assistance] Authority **will request that the student submit the documentation necessary to demonstrate residence which includes but is not limited to** [one or more of] the following [documents]:

1. Student's and/or parent(s)' New Jersey driver license **or New Jersey non-driver identification card**;

2. Student's and/or parent(s)' New Jersey State Income Tax-Resident Return(s);
[or]

3. **Proof of graduation from a New Jersey high school; and/or**

4. Evidence of home ownership or a long-term lease in New Jersey; [Such documentation as may be deemed necessary by the Authority upon specific case review.]

(c) The provisions for establishing legal residence in New Jersey as stipulated in (a) and (b) above are excepted for a dependent child of a parent who has been transferred to a military installation located in this State and such dependent child shall be considered a resident of New Jersey for the purposes of qualifying for State student financial aid under the State Tuition Aid Grant Program, [pursuant to P.L. 2005, c.60] **the New Jersey Student Tuition Assistance Reward Scholarship Program and the New Jersey Student Tuition Assistance Reward Scholarship II Program.**

(d) – (e) (No change).

§ 9A:9-2.3 Noncitizens and resident aliens

(a) In order to receive a grant or scholarship, a noncitizen of the United States of America or resident alien must present affirmative evidence that he or she is not in the United States for the temporary purpose of obtaining an education. **Acceptable affirmative evidence is delineated annually by the United States Department of Education in the Federal Student Aid Handbook published at <http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook>. The acceptable affirmative evidence standards set forth in Volume 1, Chapter 2, Citizenship, of the 2013-2014 Federal Student Aid Handbook are incorporated herein by reference, as amended and supplemented in the current and future editions of the Handbook. For a noncitizen of the United States of America, or resident alien, legal New Jersey residence for purposes of N.J.A.C. 9A:9-2.2 commences when a student is granted permanent resident status in the United States.** [Such evidence must include documentation from the United States Citizenship and Immigration Services (USCIS), or its successor agency, that the student may remain permanently in this country and such evidence must be placed in the student's file. The student must:

1. Be the holder of a Permanent Resident Card (Form I-551), issued beginning in 1997, a Resident Alien Card (Form I-551), issued prior to 1997, or an Alien Registration Receipt Card (Form I-151) issued prior to June 1978; or

2. Be the holder of an Arrival Departure Record (Form I-94) or an Arrival Departure Record (Form I-94A) with one of the following:

i. The endorsement "Processed for I-551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until (date stamp). Employment Authorized."

(1) With the endorsement in (a)2i above, the form is annotated by an "A" number and is acceptable on or before the expiration date; or

ii. For classes of eligible noncitizens, other than permanent residents, the following endorsements are also acceptable:

(1) Parolees: Paroled pursuant to Sec. 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. § 1182(d)(5));

(2) Refugees: Admitted as a refugee pursuant to Sec. 207 of the Immigration and Nationality Act (8 U.S.C. § 1157);

(3) Asylees: Asylum status granted pursuant to Sec. 208 of the Immigration and Nationality Act (8 U.S.C. § 1158);

(4) Cuban-Haitian Entrant: Status pending, valid even after the expiration date has passed; or

(5) Conditional Entrant: Admission into this status through March 31, 1980.

(b) Students with nonimmigrant visas, including the F-1, F-2 or M-1 Student Visa; B-1 or B-2 Visitor Visa; J-1 or J-2 Exchange Visitors Visa; H series or L series Visa which allow temporary employment in the United States; or a G series Visa, which pertains to international organizations, or holding only a "Notice of Approval to Apply for Permanent Residence" (Form I-171 or I-464) are not eligible for student assistance.

(c) Students holding an Employment Authorization Card (Form I-688A), Employment Authorization Documents (Form I-688B or I-766) or Temporary Resident Card (Form I-688) are not eligible.]

§ 9A:9-2.6 Dependent/independent student defined

(a) The term independent, when used with respect to a student, [means any individual who: **is defined annually by the United States Department of Education in the Federal Student Aid Handbook published at <http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook> The definition is set forth in Chapter 2 of the Application and Verification Guide, contained in the 2013-2014 Federal Student Aid Handbook and is incorporated herein by reference, as amended and supplemented in the current and future editions of the Handbook.**

- [1. Is 24 years of age or older by December 31 of the award year; or
2. Meets at least one of the requirements in (b) below.]

(b) [A student meets the requirements for independent status if such individual:

1. Is an orphan or ward of the court or was a ward of the court until age 18;
2. Is a veteran of the Armed Forces of the United States;
3. Is a graduate or professional student;
4. Is a married individual;
5. Has legal dependents other than a spouse who live with the student and receive more than half of their support from the student;

6. Is currently serving on active duty in the United States Armed Forces for other than State purposes or training; or] **For purposes of State student financial aid programs, an independent student does not include students who are emancipated minors or were emancipated minors upon reaching the age of majority in his or her state.**

[7.]**(c) The term independent also includes** [Is] a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances as provided under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1087vv, and its implementing regulations and rules. For purposes of receiving State financial assistance as an independent student due to unusual circumstances, the following conditions apply:

[i.] **1.** Determinations of independence must satisfy all applicable Federal standards set forth under Title IV of the Higher Education Act of 1965, as amended, and its implementing regulations and rules;

[ii.] **2.** Individual determinations of independent student status for State student aid programs shall be made in a manner consistent with the institutional policies regarding the awarding of all need-based financial aid, including Federal and State aid; and

[iii.] **3.** The institution shall share with the Higher Education Student Assistance Authority any material findings or audit exceptions related to the determination of dependency status at any time they are revealed in the course of an audit or program review.

[(c)] **(d)** A dependent student shall be any student who does not meet any of the eligibility criteria listed in (a) or [(b)] **(c)** above for independent student status.

[(d)] **(e)** The Higher Education Student Assistance Authority shall have final decision-making authority to determine dependency status for any student whose dependency status is in question.

§ 9A:9-2.7 Verification of family financial data

Students upon request must provide [an authorization to] the Higher Education Student Assistance Authority [which permits the release of] **with documentation including but not limited to Internal Revenue Service tax return transcripts and/or State income tax returns for themselves, and in the case of dependent students for their parents, for verification purposes. In the limited circumstances when students or parents are unable to obtain transcripts from the Internal Revenue Service, the Authority may accept a signed copy of the Federal income tax return.** Financial data provided on the financial aid form may be verified by the Authority and/or institution through the comparison of information reported on income tax **transcripts and** returns and other **requested** documentation. Discrepancies will require the re-evaluation of the student's eligibility. Students as well as institutions will be notified if an adjustment in the value of aid is required. **If documentation is not received to verify income or resolve discrepancies aid will not be granted.**

§ 9A:9-2.11 Payments

(a) The maximum number of semester award payments which students may receive are as follows:

1. (No change).

2. All Other State Student Assistance Programs, except NJ STARS and NJ

STARS II:

	Enrollment Status	Maximum Semesters for Award Payments
TWO-YEAR COLLEGES:	Regular 2-Year Program	5
	Remedial/Developmental or Bilingual (ESL)	6
FOUR-YEAR COLLEGES:	Regular 4-Year Program	8<1>
	Regular 5-Year Program	10<1>

<1> The semesters of payment are cumulative and include all payments made for a 2-year program.

(b) Payments will be made by the Department of Treasury for eligible students in [equal] **two** installments over the regular academic year[, the number of installments corresponding to the number of school terms.] Deadline dates shall be established annually by the Higher Education Student Assistance Authority to comply with the State's fiscal year and to allow for academic term expenditure control. The Authority shall provide payment directly to institutions on behalf of student recipients. Listings of eligible students to be credited shall also be provided to each institution.

§ 9A:9-2.15 Appeals

If, for any reason a student, his or her family or an institution feels that the application of these rules results in an unfair determination of eligibility, an appeal shall be filed with the Higher Education Student Assistance Authority within 60 days of **initial** notification of eligibility or ineligibility. **All** [Appeals should be in the form of a letter] **appeals shall be in writing and** addressed to the Director of Grants and Scholarships in the Authority, PO Box 540, Trenton, New Jersey 08625-0540, and shall contain the student's full name, social security number **or customer ID number**, college of attendance, and a description of the basis for the appeal. Appeals will be considered on the basis of this appeals process approved by the Authority.

§ 9A:9-2.16 Accounting and auditing standards

(a) – (b) (No change).

(c) Based on prior coordination with financial aid, registration and business personnel, institutions will be notified in writing at least 30 days in advance when a **full-scale program** review has been officially scheduled at their school **or 15 days for a limited program review.** [and] **At such time the institution will also be notified of** what [institutional] files and student

records will be required for analysis. Institutions shall provide access to institutional and student records as required by the program review team to conduct their [on-site] review.

(d) (No change).

(e) Institutions that wish to appeal the findings of the program review shall submit a written appeal to the Authority's Chief [Operating] **Compliance** Officer within 30 days of receipt of the final program review report. The written appeal must explain in detail why the institution is appealing the program review findings and include any supporting documentation. The Authority's Chief [Operating] **Compliance** Officer will provide the institution with a written response within 60 days of receipt of the appeal.

SUBCHAPTER 3. TUITION AID GRANT PROGRAMS

§ 9A:9-3.1 Determination of eligibility for and value of student assistance

The information on the financial aid form **as well as additional information provided for each student** shall be evaluated by employing the methodology used to calculate the New Jersey Eligibility Index (NJEI). The evaluation results in an estimate of the family or student's ability to contribute to the cost of education. This estimate is then used to determine the student's eligibility for and award value under the Tuition Aid Grant Programs.

§ 9A:9-3.4 [(Reserved)] **Full-time students**

A full-time student is one who carries a minimum of 12 credit hours at an institution operating on a semester or quarter calendar or who carries a minimum of 8 credit hours at an institution operating on a trimester calendar.

§ 9A:9-3.5 Part-time students

(a) Eligibility for Tuition Aid Grants shall be extended on an annual basis to part-time students based upon the approval of the Higher Education Student Assistance Authority and the level of appropriated funds. Eligibility for part-time Tuition Aid Grant/Educational Opportunity Fund (TAG/EOF) students must also be approved by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office.**

(b) – (f) (No change).

SUBCHAPTER 4. GARDEN STATE SCHOLARSHIPS

§ 9A:9-4.4 Award amounts

(a) Garden State Scholars shall receive annual awards of up to \$ 500.00 without regard to financial need based upon their academic performance as determined pursuant to N.J.A.C. 9A:9-4.2(h). If sufficient funds are available, the award may be increased up to an additional \$ 500.00 based upon the student's New Jersey Eligibility Index (NJEI) pursuant to N.J.A.C. 9A:9-3.1 and 3.2 according to the following table:

Additional Amount of Grant

NJEI	Additional Amount of Grant			
	County Colleges	State Colleges	Independent Institutions	Rutgers Univ. NJIT & [UMDNJ]Rowan
Under 1500	\$ 500	\$ 500	\$ 500	\$ 500
1500 - 2499	250	500	500	500
2500 - 3499	250	250	500	500
3500 - 4499	250	250	250	250
4500 - 5499	250	250	250	250
5500 - 6499	0	250	250	250
6500 - 7499	0	250	250	250
7500 - 8499	0	0	250	250
8500 - 9499	0	0	250	250
9500 - 10499	0	0	250	0
Over 10499	0	0	0	0

(b) Edward J. Bloustein Distinguished Scholars and Urban Scholars shall receive annual awards of up to \$ 1,000 without regard to financial need based upon their academic performance as determined pursuant to N.J.A.C. 9A:9-4.2(c), (d) and (e). If sufficient funds are available, the award may be increased up to an additional \$ 1,000 based upon the student's New Jersey Eligibility Index (NJEI) pursuant to N.J.A.C. 9A:9-3.1 and 3.2 according to the following table:

Additional Amount of Grant

NJEI	Additional Amount of Grant			
	County Colleges	State Colleges	Independent Institutions	Rutgers Univ. NJIT & [UMDNJ]Rowan
Under 1500	\$ 1000	\$ 1000	\$ 1000	\$ 1000
1500 - 2499	500	1000	1000	1000
2500 - 3499	250	500	1000	1000
3500 - 4499	250	500	500	500
4500 - 5499	250	250	500	500
5500 - 6499	0	250	500	250
6500 - 7499	0	250	250	250
7500 - 8499	0	0	250	250
8500 - 9499	0	0	250	250
9500 - 10499	0	0	250	0
Over 10499	0	0	0	0

(c) – (d) (No change).

SUBCHAPTER 5. SURVIVOR TUITION BENEFITS PROGRAM

§ 9A:9-5.3 [(Reserved)] Application procedures

In order to apply for a Survivor Tuition Benefit Scholarship, the student must complete a scholarship program application within established deadlines as specified on the application and submit it to the Higher Education Student Assistance Authority. The application shall include identifying information about the student, his or her college of attendance, the name of the deceased parent or spouse and information about the organization with which the deceased was affiliated. The student must also submit documentation of his or her relationship to the deceased as well as verification of the parent or spouse's death in the line of duty. The Authority will determine the student's eligibility for the scholarship based upon the information and documentation submitted and notify the student of his or her eligibility.

§ 9A:9-5.4 Eligible institutions

Tuition benefits are available to eligible students enrolled in an institution of higher education in New Jersey that is approved or licensed by the [Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office** and accredited or preaccredited by a nationally recognized accrediting association.

§ 9A:9-5.9 Verification of enrollment and academic performance

[Before payment may be made to an eligible student, the institution must have satisfactory evidence] **In order for an eligible student to receive payment, the institution must certify** that the student is eligible for tuition benefits, and has registered for an academic term in an undergraduate degree program, and that the student is meeting the minimum standards for academic performance and academic progress at the institution in accordance with N.J.A.C. 9A:9-2.10. **Institutions must certify eligibility within the term for which the scholarship is requested.** Eligible students shall be enrolled on at least a one-half time basis during any term in order to receive payment.

SUBCHAPTER 7. NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP PROGRAM

§ 9A:9-7.2 Eligible institutions

Scholarships are available to eligible students enrolled in an institution of higher education licensed by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education, its successor office** or its equivalent in another state and accredited or preaccredited by a nationally recognized accrediting association. An institution of higher education shall also include certain proprietary institutions, but only for degree granting programs approved by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office**, or other proprietary institutions as determined by the Authority.

§ 9A:9-7.5 Application procedures

In order to apply for the New Jersey World Trade Center Scholarship, the student must annually complete a scholarship program application and submit it to the Higher Education

Student Assistance Authority. The Authority will determine **whether** the student['s eligibility] **is eligible** for the scholarship [and obtain verification from the New Jersey Department of Law and Public Safety concerning the relationship of the dependent child or surviving spouse to the terrorist attack of September 11, 2001] **pursuant to N.J.A.C. 9A:9-7.4.**

SUBCHAPTER 8. LAW ENFORCEMENT OFFICER MEMORIAL SCHOLARSHIPS PROGRAM

§ 9A:9-8.3 Eligible institutions

Scholarships are available to eligible students enrolled in an institution of higher education in New Jersey that is licensed by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office** and accredited or preaccredited by a nationally recognized accrediting association. An institution of higher education shall also include certain proprietary institutions in New Jersey, but only for degree granting programs approved by the [New Jersey Commission on Higher Education] **Office of the Secretary of Higher Education or its successor office.**

§ 9A:9-8.6 Application procedures

In order to apply for a Law Enforcement Officer Memorial Scholarship, the student must complete a scholarship program application and submit it to the Higher Education Student Assistance Authority **within established deadlines as specified on the application.** The application shall include identifying information about the student, his or her college of attendance, the name of the deceased parent and information about the law enforcement organization with which the deceased was affiliated. The student must also submit documentation of his or her relationship to the deceased as well as verification of the law enforcement officer's death in the line of duty. The Authority will determine the student's eligibility for the scholarship based upon the information and documentation submitted and provide notification to the student.

§ 9A:9-8.9 Verification of enrollment and academic performance

Before payment may be made to an eligible student, the institution must certify that the student has registered full time for an academic term in an undergraduate degree program and that the student is meeting the minimum standards for academic performance and academic progress at the institution in accordance with N.J.A.C. 9A:9-2.10. **Institutions must certify eligibility within the term for which the scholarship is requested.**

§ 9A:9-8.10 Renewal

The scholarships are renewable for up to four years. In order to continue to receive a Law Enforcement Officer Memorial Scholarship, students must continue to be enrolled full time in an undergraduate degree program and remain in good academic standing at their institution.

SUBCHAPTER 9. [PAUL DOUGLAS TEACHER SCHOLARSHIP PROGRAM]

[§ 9A:9-9.1 Teaching obligations of the scholarship recipient

(a) The scholar shall teach on a full-time basis in any state for a period of not less than two years for each year for which he or she received a Paul Douglas Teacher Scholarship, or for a prorated period of time directly linked to the ratio between the scholarship amount and a full program annual award, in a public or private nonprofit preschool, elementary, or secondary school, including a private nonprofit school that serves students with disabilities or limited English proficient students.

(b) In a teacher shortage area designated by the U.S. Secretary of Education, as provided by 34 CFR Part 682, the requirement set forth in (a) above is reduced by one-half if the scholar teaches on a full-time basis as provided by the Code of Federal Regulations, formerly 34 CFR Part 653, and the former enabling statute, United States Code known as Title 20, Chapter 28, Subchapter V, Part D, 20 U.S.C. § 1111, which were both repealed in 1998 by the Federal government.

(c) The scholar shall provide the Higher Education Student Assistance Authority with evidence of compliance with the above requirements pursuant to N.J.A.C. 9A:9-9.2(c).

§ 9A:9-9.2 Reduction of scholarship balance

(a) Reduction of the scholarship balance is predicated upon completion of the postsecondary education for which the Paul Douglas Teacher Scholarship was awarded and providing teaching service as specified in N.J.A.C. 9A:9-9.1. Depending upon the location, nature and duration of the teaching assignment, the total principal sum of the Interim Promissory Note including any accrued, capitalized interest will be reduced for service rendered within 10 years after completing the postsecondary education for which the scholarship was awarded.

(b) Total reduction of scholarship balance shall not exceed the maximum of \$20,000 plus accrued, capitalized interest.

(c) The scholar's total scholarship balance shall be reduced each year based on the submission on an annual basis of a notarized copy of:

1. The signed contract between the district board of education or its equivalent and the borrower indicating a teaching agreement is in force, submitted by a date specified by the Higher Education Student Assistance Authority; and

2. A letter or other appropriate certification from the chief school administrator submitted by a date specified by the Authority indicating a year of service has been completed.

§ 9A:9-9.3 Repayment schedule for failure to meet teaching obligations or withdrawal from postsecondary program leading to teacher certification

(a) If the scholar fails to meet the teaching obligations described in N.J.A.C. 9A:9-9.1, or if the scholar ceases to pursue a course of study leading to certification as a teacher at the preschool, elementary or secondary level, the scholar shall:

1. Repay the amount of the scholarships received, prorated according to the fraction of the teaching obligation not completed, as determined by the Higher Education Student Assistance Authority; and

2. Pay a simple per annum interest charge on the outstanding principal as set forth in (c) below; and

3. Pay all reasonable collection costs as determined by the Authority.

(b) The interest charge accrues from the date of the initial scholarship payment if the scholar has ceased to pursue the postsecondary education program for which the scholarship was awarded, or the day after that portion of the scholarship period for which the teaching obligation has been fulfilled.

(c) The interest charge shall be adjusted annually, from the time interest begins to accrue to the time the repayment period begins as described in (d) below, and shall be set by the U.S. Secretary of Education. The interest rate applicable during the repayment period is the interest rate prescribed by the Secretary which is in effect as of the beginning date of the repayment period.

(d) The scholar shall enter repayment status on the first day of the first calendar month after:

1. The scholar has ceased to pursue the postsecondary education program leading to teacher certification, but not before six months has elapsed after the cessation of the scholar's full-time enrollment in such a program; or

2. The date the scholar informs the Authority he or she does not plan to fulfill the teaching obligation; or

3. The latest date on which the scholar must have begun teaching in order to have completed the teaching obligation within 10 years after completing the postsecondary education for which the scholarship was awarded, as determined by the Authority.

(e) A scholar who has entered repayment status pursuant to (d)3 above may apply for a deferment of further payments upon obtaining a full-time teaching position eligible for redemption.

(f) The scholar shall make payments to the Authority which cover principal, interest, and collection costs according to a schedule established by the Authority which calls for complete repayment within 10 years after the scholar enters repayment status and which amount annually is not less than \$ 1,200 or the unpaid balance, whichever is less, unless the scholar's inability to pay this amount because of his or her financial condition has been established to the satisfaction of the Authority.

(g) The Authority shall extend the ten-year scholarship repayment period by a period equal to the length of time a scholar meets any of the conditions set forth in N.J.A.C. 9A:9-9.4.

(h) The Authority shall not require scholarship repayments amounting to more than \$ 1,200 annually unless higher payments are needed to complete the entire repayment within the 10-year period.

(i) The scholar will notify the Authority by certified mail within a 15-day period of withdrawal from the program. The Authority will then issue a statement of total loan indebtedness.

(j) The particular terms and conditions of loan indebtedness will then follow in a separate document known as the repayment schedule that will be provided to the scholar prior to the repayment period by the Authority. The repayment schedule will consolidate all loan amounts borrowed through the program and will include all accrued interest capitalized to the principal balance at the time of repayment. The scholar will be required to repay the entire capitalized principal balance, plus accruing interest at the assigned rate determined by the Authority, in equal monthly installments over a repayment period that generally lasts no more than 10 years.

§ 9A:9-9.4 Postponement of repayment schedule

(a) A scholar is not considered in violation of the repayment schedule and need not make scholarship repayments nor will interest accrue during the time he or she is:

1. Engaging in a full-time course of study at an institution of higher education as verified by the submission of official certification of full-time enrollment by the institution; or

2. Serving, not in excess of three years, on active duty as a member of the armed services of the United States as verified by the submission of appropriate documentation; or

3. Temporarily totally disabled, for a period not to exceed three years, as established by a sworn affidavit of a qualified physician; or

4. Unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse, child or parent who is disabled as evidenced by a qualified physician's sworn affidavit; or

5. Seeking and unable to find full-time employment for a single period not to exceed 12 months; or

6. Unable to satisfy the terms of the repayment schedule established by the Higher Education Student Assistance Authority, and is also seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months as evidenced by notarized copies of letters of application for teaching positions and any other documents as required by the Authority; or

7. Satisfying any additional provisions of repayment exceptions that may be prescribed by the U.S. Secretary of Education.

§ 9A:9-9.5 Cancellation of repayment schedule

(a) The Higher Education Student Assistance Authority shall cancel a scholar's repayment obligations if it determines:

1. On the basis of a sworn affidavit of a qualified physician that the scholar is unable to teach on a full-time basis because he or she is permanently totally disabled; or
2. On the basis of a death certificate or other evidence of death that is conclusive under State law that the scholar has died.

§ 9A:9-9.6 Determination of postponement or cancellation of repayment schedule

Documentation submitted in support of a request by a scholar for postponement or cancellation of the loan obligation attesting to any of the above conditions shall be reviewed individually by the Higher Education Student Assistance Authority and final determination will be made by the director of the applicable program within the Authority. The final decision will be forwarded to the scholar within 60 days of the written request for postponement or cancellation of the loan obligation.

§ 9A:9-9.7 Default

(a) The loan will be considered in default and become immediately due and payable if the scholar fails to:

1. Notify the Higher Education Student Assistance Authority of withdrawal from the program within the 15-day time period; or
2. Execute and deliver an installment note prior to entering repayment status pursuant to N.J.A.C. 9A:9-9.3; or
3. Make any installment payment that is past due for a period of 120 days.

(b) The Authority will then take the necessary steps to ensure the return of monies as permitted by Federal law and regulations. Default on this loan may be reported to credit bureau organizations.

(c) The scholar will also be required to pay all charges and other costs, including attorney's fees, for the collection of the defaulted amounts. If this loan is referred for collection to an agency that is subject to the Fair Debt Collection Practices Act (15 U.S.C. 1692 as of September 20, 1977 including all subsequent amendments and supplements), the scholar will pay all reasonable collection costs.

§ 9A:9-9.8 (Reserved)

§ 9A:9-9.9 (Reserved)

§ 9A:9-9.10 (Reserved)

§ 9A:9-9.11 (Reserved)

§ 9A:9-9.12 (Reserved)

§ 9A:9-9.13 (Reserved)

§ 9A:9-9.14 (Reserved)

§ 9A:9-9.15] (Reserved)

SUBCHAPTER 10. NEW JERSEY STUDENT TUITION ASSISTANCE REWARD SCHOLARSHIP (NJ STARS) PROGRAM

§ 9A:9-10.2 Definitions

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

...

"Rigorous high school course of study" means a course of study that is in accordance with the standards established by the [Commission on Higher Education] **Office of the Secretary of Higher Education or its successor agency** in consultation with the Commissioner of Education.

§ 9A:9-10.3 General provisions

General provisions for the Tuition Aid Grant and Garden State Scholarship Programs that pertain to residency set forth in N.J.A.C. 9A:9-2.2, noncitizens and resident aliens set forth in N.J.A.C. 9A:9-2.3, award adjustments, refunds, and collections set forth in N.J.A.C. 9A:9-2.12, check endorsements set forth in N.J.A.C. 9A:9-2.14, and accounting and auditing standards set forth in N.J.A.C. 9A:9-2.16 shall be in effect for the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program.

§ 9A:9-10.4 Eligibility requirements

(a) A student shall be eligible for a scholarship under the NJ STARS Program for up to five semesters, including summers. This period of eligibility also includes any semester for which a student qualifies for the scholarship but does not receive payment pursuant to N.J.A.C. 9A:9-10.7. In order to qualify for this scholarship, a student must meet the following eligibility requirements:

1. – 2. (No change).

3. For the first year of enrollment, a student must have graduated in the top 15.0 percent of the student's high school graduating class, **provided that in the case of students graduating from high schools that do not calculate their class rank, the student's ranking should be determined by the high school in consultation with the Authority. Ranking policies are determined by the individual high schools and not by the Authority.** [and at] **At**

the time of **high school** graduation **a student** must have met, and continue to meet, all residency and citizenship requirements set forth in N.J.A.C. 9A:9-2.2 and 2.3;

4. – 7. (No change).

(b) – (d) (No change).

§ 9A:9-10.7 Amount of the scholarship

A scholarship under the NJ STARS Program shall cover **up to** the full cost of tuition and approved fees for students who graduated high school prior to 2010. For students who graduated high school in 2010 or later, a scholarship under the NJ STARS Program shall cover **up to** the full cost of tuition. All NJ STARS scholarships are subject to the prior application of other State and Federal grants and scholarships against those costs, for up to 18 credit hours in any semester for an eligible student enrolled in a full-time course of study at the New Jersey county college serving the student's county of residence. The full amount of State and Federal need-based grants and merit scholarships received by the student shall be applied to tuition or tuition and fee charges, as applicable, to reduce the amount of the NJ STARS award.

§ 9A:9-10.10 Appeals

If, for any reason a student, his or her family, or an institution feels that the application of this subchapter results in an unfair determination of eligibility, an appeal shall be filed with the Higher Education Student Assistance Authority within 30 days of **initial** notification of eligibility or ineligibility. **All** [Appeals should be in the form of a letter] **appeals shall be in writing and** addressed to the Director of Grants and Scholarships in the Authority, PO Box 540, Trenton, New Jersey 08625-0540, and shall contain the student's full name, Social Security number **or customer ID number**, college of attendance, and a description of the basis for the appeal. The Director of Grants and Scholarship will respond with the Authority's final determination of the appeal.

SUBCHAPTER 11. NEW JERSEY STUDENT TUITION ASSISTANCE REWARD SCHOLARSHIP II (NJ STARS II) PROGRAM

§ 9A:9-11.10 Appeals

If, for any reason a student, his or her family, or an institution feels that the application of this subchapter results in an unfair determination of eligibility, an appeal shall be filed with the Higher Education Student Assistance Authority within 30 days of **initial** notification of eligibility or ineligibility. **All** [Appeals should be in the form of a letter] **appeals shall be in writing and** addressed to the Director of Grants and Scholarships in the Authority, PO Box 540, Trenton, New Jersey 08625-0540, and shall contain the student's full name, Social Security number **or customer ID number**, college of attendance, and a description of the basis for the appeal. The Director of Grants and Scholarship will respond with the Authority's final determination of the appeal.

RESOLUTION 10:14

**CONSIDERATION OF PROPOSED READOPTION WITH AMENDMENTS OF
REGULATIONS GOVERNING THE GRANT AND SCHOLARSHIP PROGRAMS,
N.J.A.C. 9A:9**

Moved by: Ms. Christy Van Horn

Seconded by: Mr. James Allen

WHEREAS: The Higher Education Student Assistance Authority (“HESAA”) is statutorily responsible for the administration of the State’s grant and scholarship programs; and

WHEREAS: Pursuant to N.J.S.A. 52:14B-5.1, N.J.A.C. 9A:9 sunsets on August 7, 2014; and

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

WHEREAS: The proposed readoption contains amendments to clarify the regulations, reference Federal definitions and address practices not currently in regulations.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves and authorizes publishing the attached Proposed Readoption With Amendments of Regulations Governing the Grant and Scholarship Programs, N.J.A.C. 9A:9 in the New Jersey Register.

April 23, 2014



State of New Jersey

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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

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

SUBJECT: Resolution 11:14 - Proposed Amendments to the New Jersey College Loans to Assist State Students (NJCLASS) Program Policies and Procedures, N.J.A.C. 9A:10-6.

DATE: April 23, 2014

Background

HESAA is responsible for the administration of the NJCLASS Program pursuant to N.J.S.A. 18A:71C-21 et seq.

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

NJCLASS loans are funded by the sale of bonds. The interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale and other costs determined by the bond sale. It is necessary to amend the regulations to ensure consistency with the bond indentures, incorporate federal changes to the cohort default rate used to determine an institution's eligibility to participate in NJCLASS and to provide clarity to program terms.

The proposed amendments are summarized below:

N.J.A.C. 9A:10-6.3 is amended to revise the definition of "cohort default rate" to comport with the new federal definition provided by 34 C.F.R. 668.200-202 and Subpart

N. Pursuant to the federal regulatory change, as of 2014 two-year cohort default rates will no longer be provided. As such, the Authority will need to rely on a three-year cohort default rate. The amended definition in 6.3 mirrors the federal definition.

Additionally, Executive Reorganization Plan No. 005-2011 eliminated the Commission on Higher Education and transferred its powers to the Office of the Secretary of Higher Education. As such the definition of “Commission” or “CHE” is amended to reflect this change.

References to “Consolidation loan” have been changed throughout the subchapter to “NJCLASS Consolidation Loan”. As such, the definition has been amended and moved to remain in alphabetical order.

The definition of “Eligible Institution” has been amended due to the change in the definition of cohort default rate. As the cohort default rate has been increased from two to three years, it is necessary to increase the percentage rate from 20% to 25%. Additionally, reference to the NJCLASS Variable Rate Program is deleted as the definition for this program has been consolidated with that for the NJCLASS Graduate/Professional Students program.

A new definition is added for “Fixed rate” as this term is used throughout the subchapter.

In order to alleviate confusion in determining the difference between the overall NJCLASS loan program, and the individual loan types, the definition of “NJCLASS” has been amended to define the “NJCLASS Loan Program,” which encompasses all NJCLASS loans except for NJCLASS Consolidation loans. A separate definition for “Standard NJCLASS Loan” has been added to define the primary loan product offered by the Authority. “NJCLASS Loan Program” is used to replace “NJCLASS loans” in the definitions for “Delinquency” and “Rehabilitation”, in the heading for N.J.A.C. 9A:10-6.4, and in N.J.A.C. 9A:10-6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.17, 6.18 and 6.19, and “Standard NJCLASS Loan” replaces “NJCLASS loan” and “fixed rate NJCLASS loan” in the definitions for “NJCLASS Graduate/Professional Students Program” and “NJCLASS Postgraduate Program and in 9A:10-6.4, and 6.5.

Additionally, the definition for the “NJCLASS Graduate/Professional Students Program” is amended to incorporate the predecessor variable rate version of that loan program. As such the two programs are coordinated into this definition, the definition for the “NJCLASS Variable Rate Program” is deleted.

The definition for “Rehabilitation” has been amended to clarify that it applies to both NJCLASS Loan Program loans and NJCLASS Consolidation loans.

A definition has been added for “Temporarily totally disabled” as this term is used later in the subchapter.

In order to protect the integrity of the trust estate used to fund NJCLASS, loans are only forgiven if a total and permanent disability affects the ability to pay. Accordingly, the definition for “Totally and permanently disabled” has been amended to clarify that in the case of people who receive an NJCLASS loan on the basis of an income that is not affected by their ability to work or attend school, they will not be deemed totally and permanently disabled for the purposes of having their NJCLASS loans forgiven.

A definition has been added for “Variable rate” as that term is used in this subchapter and was not previously defined.

N.J.A.C. 9A:10-6.4(a)3. is amended to clarify that this paragraph applies to both the NJCLASS Loan Program and Consolidation loans. This clarification is also made in N.J.A.C. 9A:10-6.13(d)4., 6.15 and 6.18.

As the amended definition for NJCLASS Graduate/Professional Students loans incorporates the Variable Rate NJCLASS loan, N.J.A.C. 9A:10-6.4(c) is amended to delete the superfluous reference to the Variable Rate NJCLASS loan.

Due to the change in the definition of cohort default rate, N.J.A.C. 9A:10-6.4(c)2. is amended to change the eligible institution requirement for a Graduate/Professional Student loan to a three-year cohort default rate of 15 percent or less.

N.J.A.C. 9A:10-6.5(e) is amended to clarify that a borrower who does not meet the income and credit requirements for an NJCLASS loan program loan and would like to be reconsidered with a new cosigner will need to reapply.

The loan amounts proscribed in N.J.A.C. 9A:10-6.6 are the same regardless of the source of the funding. As such, N.J.A.C. 9A:10-6.6 is amended to incorporate the information into one section and delete reference to two separate subsections.

N.J.A.C. 9A:10-6.8(a) is amended to clarify that application and administrative fees are assessed as determined by the bonds or notes whose proceeds are funding the loan or by the NJCLASS Application and Promissory Note if the loan is funded through other means.

N.J.A.C. 9A:10-6.8(b) is amended for clarity to rename the administrative fee for servicing as a servicing fee.

N.J.A.C. 9A:10-6.11(a) is amended to specify that the Pre-Disbursement Disclosure statement includes information on the expected monthly payment amounts.

N.J.A.C. 9A:10-11(b) is amended to simplify the subsection. The revised subsection describes the primary repayment options and advises that the specific variations may be restricted by the bond indentures. This amendment allows flexibility for the program to provide the most advantageous options for borrowers based on the annual market

conditions. Additionally, N.J.A.C. 9A:10-11(b)3. is amended to allow the bond indentures to define how often interest is capitalized for the deferred repayment option.

N.J.A.C. 9A:10-11(c)1. and 2. are amended to clarify that the paragraphs refer to the NJCLASS Postgraduate loan.

N.J.A.C. 9A:10-11(e) is amended to lower the minimum acceptable monthly payment for borrowers in an interest only repayment status from \$50 per borrower to \$10 per loan, as accrued interest on smaller loans may not reach \$50.

A new subsection, N.J.A.C. 9A:10-11(h) is added to reference the federal Servicemembers Civil Relief Act (SCRA). Among other relief, the SCRA provides lower interest rates for active duty Servicemembers. This new paragraph incorporates the requirements of the SCRA by reference.

N.J.A.C. 9A:10-6.12(a)4. is amended to expand the scope and provide examples of acceptable documentation borrowers can provide to receive an active-duty military deferment.

N.J.A.C. 9A:10-6.12(a)6. is deleted as the definition for temporarily totally disabled has been moved to the Definitions section of the subchapter, N.J.A.C. 9A:10-6.3.

N.J.A.C. 9A:10-6.12(b) is amended to specify that in-school deferments are not available within 24 months of the loan maturity date. This amendment is necessary to provide borrowers with time to pay off their loans prior to the maturity date, as opposed to paying the entire loan amount in one payment.

N.J.A.C. 9A:10-6.13(a) is amended to clarify that NJCLASS Consolidation loans are not limited to being offered on a fixed rate basis.

N.J.A.C. 9A:10-6.13(c) is amended to clarify that existing NJCLASS consolidation loans are not eligible to be included in a new consolidation loan.

N.J.A.C. 9A:10-6.13(i) is amended to advise borrowers of the servicing fee that they may be required to pay for an NJCLASS Consolidation loan.

N.J.A.C. 9A:10-6.13(m) is amended to advise that the forbearance maximum time limit restrictions set forth in N.J.A.C. 9A:10-6.12(d) also pertain to NJCLASS Consolidation loans.

N.J.A.C. 9A:10-6.17(c) is amended to clarify that a borrower is not considered totally and permanently disabled if he or she continues to receive the source of income that was used to meet the minimum income requirements at the time the loan was approved. This amendment protects the integrity of the trust estate used to fund NJCLASS loans, by only discharging loans if a total and permanent disability affects the ability to repay the loan.

Recommendation

It is recommended that the Board approve Resolution 11:14, Proposed Amendments to the New Jersey College Loans to Assist State Students (NJCLASS) Program Policies and Procedures, N.J.A.C. 9A:10-6, so that the proposed amendments can be published in the New Jersey Register.

Attachments

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

§ 9A:10-6.3 Definitions

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

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

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

["Consolidation loan" means a new NJCLASS loan that discharges previous NJCLASS loans. NJCLASS loan consolidation enables a borrower with several loans to obtain one loan with one repayment schedule, and one interest rate.]

...
"Delinquency" means a payment on an NJCLASS **Loan Program** loan **or Consolidation Loan** made late. Delinquency begins the first day after the due date of the first missed payment that is not later made. The due date of the first payment is established by the Authority.

"Eligible institution" means a public or private nonprofit institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by the New Jersey Commission on Higher Education or its equivalent in another state or country and accredited by a nationally recognized accrediting association and having an annual cohort default rate of [20] **25** percent or less. Eligible institution shall also include proprietary institutions eligible for Title IV, Higher Education Act of 1965 assistance and having an annual cohort default rate of [20] **25** percent or less. An eligible institution for purposes of the [NJCLASS Variable Rate Program or the] NJCLASS Graduate/Professional Students Program shall have a lower cohort default rate threshold, as set forth in N.J.A.C. 9A:10-6.4(c)2. Eligible institution for purposes of the NJCLASS Postgraduate Program means an American Bar Association approved law school, a graduate medical school accredited by the Liaison Committee on Medical Education, the American Osteopathic Association, or the U.S. Department of Education's National Committee on Foreign Medical Education and Accreditation (NCFMEA), or a graduate dental school accredited by either the American Dental Association or the Commission on Dental Accreditation of Canada.

"Fixed rate" means a predetermined interest rate percentage that is set at the origination of the loan. NJCLASS Loan Program Loans rates are determined by

the bond indentures and may include a step-up to the percentage charged after a predetermined number of months.

...
"NJCLASS Consolidation loan" means a new NJCLASS loan that discharges previous NJCLASS loan program loans. NJCLASS loan consolidation enables a borrower with several loans to obtain one loan with one repayment schedule and one interest rate.

"NJCLASS **Loan Program**" means the New Jersey College Loans to Assist State Students Loan Program **and encompasses all loans offered under the NJCLASS name except for the NJCLASS Consolidation Loan.**

"NJCLASS Graduate/Professional Students Program" means an NJCLASS program targeted for graduate and professional students, **[whose loans are disbursed on or after June 1, 2006,]** with eligibility requirements specially tailored for such students, as set forth in N.J.A.C. 9A:10-6.4(c). The provisions governing **Standard** NJCLASS loans in this subchapter shall apply to NJCLASS Graduate/Professional Students loans unless this subchapter otherwise provides.

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

["NJCLASS Variable Rate Program" means an NJCLASS program targeted for graduate and professional students, whose loans were disbursed prior to June 1, 2006, with eligibility requirements specially tailored for such students, as set forth in N.J.A.C. 9A:10-6.4(c). The provisions governing NJCLASS loans in this subchapter shall apply to NJCLASS Variable Rate loans unless this subchapter otherwise provides.]

...
"Rehabilitation" (of a defaulted NJCLASS loan) means a process by which a borrower may bring an NJCLASS **Loan Program or NJCLASS Consolidation** loan out of default by adhering to specified repayment requirements.

"Standard NJCLASS Loan" means the primary loan offered by the Authority which is offered to both graduate and undergraduate students.

...
"Temporarily totally disabled" means that an individual is unable to work and earn money or attend school during a period needed to recover from injury or illness.

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

“Variable rate” means an interest rate that is reset at predetermined intervals. The adjustments are determined by a specific index as specified in the bond indentures.

(b) (No change).

§ 9A:10-6.4 Eligibility for **the NJCLASS Loan Program**[, NJCLASS Variable Rate Loan, NJCLASS Graduate/Professional Students Loan, NJCLASS Postgraduate Loan, and MedNJ]

(a) To be eligible for [an] **Standard** NJCLASS loan, each applicant must:

1. - 2. (No change).

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

4. (No change).

(b) In addition to all of the requirements in (a) above, a student applicant or a student on whose behalf the parent is applying for [an] **Standard** NJCLASS loan shall:

1. - 5. (No change).

6. If applying for [an] **a Standard** NJCLASS loan financed in whole or in part by qualified student loan bonds, as described in section 144(b) of the Federal Internal Revenue Code of 1986, as amended, 26 U.S.C. § 144(b), have met the eligibility criteria described in that section or have not violated any other criteria which would result in the bonds no longer to be qualified under section 144(b) of the Federal Internal Revenue Code of 1986, as amended, 26 U.S.C. § 144(b); and

7. If applying for [an] **Standard** NJCLASS loan not financed in whole or in part by qualified student loan bonds, as described in section 144(b) of the Federal Internal Revenue Code of 1986, as amended, 26 U.S.C. § 144(b), have met the eligibility criteria described in this subchapter.

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

1. (No change).

2. Be enrolled in an eligible institution for purposes of this program, which shall mean an eligible institution of higher education under Title IV, Higher Education Act of 1965 and accredited by a nationally recognized accrediting association that is

licensed by the New Jersey Commission on Higher Education or its equivalent in another state or country with a [three year average] cohort default rate of [10] **15** percent or less;

3. – 5. (No change).

(d) – (e) (No change).

§ 9A:10-6.5 NJCLASS creditworthiness

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

(b) (No change).

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

(d) A borrower or cosigner with one or more of the items listed below in his or her credit history may be denied [an] **a Standard** NJCLASS loan for not being creditworthy. These items include delinquent accounts, paid and unpaid collection accounts, paid and unpaid charged off accounts, foreclosure, repossession, bankruptcy or a paid or unpaid judgment.

(e) Borrowers who do not meet the income and credit requirements may [be reconsidered] **reapply** with an eligible cosigner who does meet the requirements of this section.

§ 9A:10-6.6 Loan amounts

[(a) If the NJCLASS loan is financed in whole or in part by qualified student loan bonds, as described in section 144(b) of the Federal Internal Revenue Code of 1986, as amended, 26 U.S.C. § 144(b), the] **The amount borrowed for an NJCLASS Loan Program loan** shall not exceed a student's estimated cost of attendance at the eligible institution minus all other financial assistance for which the student is eligible [(excluding any financial assistance which would not cause the bonds to fail to qualify under section 144(b) of the Federal Internal Revenue Code)] for the academic period for which the loan is intended. This means that an eligible institution shall determine a student borrower's loan amount eligibility for Federal Direct Stafford loans prior to determining a student borrower's loan amount eligibility for an NJCLASS **Loan Program** loan. This eligibility determination excludes eligibility for Federal Direct PLUS loans.

[(b) If the NJCLASS loan is not financed in whole or in part by qualified student loan bonds, the amount borrowed may not exceed a student's estimated cost of attendance at the eligible institution minus all other financial assistance for which the student is eligible for the academic period for which the loan is intended. This means that an eligible institution shall determine a student borrower's loan amount eligibility for Federal Direct Stafford loans prior to determining a student borrower's loan amount eligibility for an NJCLASS loan. This eligibility determination excludes eligibility for Federal Direct PLUS loans.]

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

(a) To borrow under the NJCLASS **Loan** Program, the process shall be as follows:

1. (No change).

2. The Authority shall notify the eligible institution the student attends or plans to attend that the student qualifies for a loan pending certification and request the school to certify the student's eligibility for an NJCLASS **Loan Program** loan.

(b) – (c) (No change).

(d) The method of disbursement is determined by an eligible institution. Loan proceeds may be disbursed by individual check, master check, or by electronic means such as Electronic Funds Transfer (EFT). Funds disbursed by individual check to a student borrower shall be made jointly payable to the student and the eligible institution, sent directly to the school and may be multiply disbursed. Funds disbursed by individual check to a parent borrower shall be made payable to the parent borrower and may be multiply disbursed. If the Authority issues an individual NJCLASS **Loan Program** [loan] check, and the student is enrolled in a study-abroad program approved for credit and if the student requests, the loan check may be made payable to the student only.

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

§ 9A:10-6.8 Fees

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

1. -2. (No change).

(b) A recipient of an NJCLASS **Loan Program** loan may be required to pay [an administrative] **a servicing** fee [for servicing of the NJCLASS loan] if provided by the promissory note.

§ 9A:10-6.9 Interest

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

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

(b) Interest on an NJCLASS **Loan Program** loan shall begin to accrue at the time of the first loan disbursement.

§ 9A:10-6.10 Late charge

The Authority may collect a late charge from the borrower if the borrower fails to pay all or part of the required payment of an NJCLASS **Loan Program** loan within 10 days of the date the payment is due. The late charge may not exceed six percent of each late payment.

§ 9A:10-6.11 Repayment of loan

(a) The Authority shall provide the borrower and cosigner, if any, with a Pre-Disbursement Disclosure Statement detailing **expected monthly payment amounts and due dates of required payments** at least three days prior to the first loan disbursement.

(b) There are three **primary** repayment options for NJCLASS **Loan Program** loans. **The details and [E]ligibility criteria** for each specific option **and their variations** may be restricted by the bond indentures. Borrowers shall indicate preferred repayment options while applying for an NJCLASS **Loan Program** loan. Applications cannot be processed until a repayment option is selected. The Authority shall make best efforts, based on available funding, to offer borrowers the repayment option selected. If the selected option is unavailable the loan offer will include the most similar available repayment option. [In exchange for the option of deferring both principal and interest or principal only, borrowers in the repayment schedule set forth in (b)2 and 3 below may be required to pay an increase over the regular interest rate in effect at the time of borrowing. In exchange for a shortened term for repayment, borrowers in the repayment schedule set forth in (b)1 below may receive a decrease from the regular interest rate in effect at the time of borrowing.] The [regular] interest rate is established by the Authority pursuant to N.J.A.C. 9A:10-6.9(a). [The interest rate differentials do not apply to NJCLASS variable interest rate loans.] The three **primary** repayment options for an NJCLASS loan are as follows:

1. – 2. (No change).

3. Borrowers are not required to pay principal or interest until graduation, withdrawal or notification of less than half-time enrollment of the student on whose behalf the loan was obtained. Once one of these circumstances occurs, the loan reverts to a repayment schedule as set forth in (b)1 above. However, interest accrued from the date of loan disbursement is deferred and capitalized (added to principal) on [a quarterly basis for loans originated before June 9, 1997, and on] an annual basis, **or more frequently as determined by the bond indentures** [for loans originated on or after June 9, 1997]. The first monthly payment of principal and interest shall be required within 60 days after the reversion date.

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

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

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

(d) (No change).

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

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

(g) (No change).

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

§ 9A:10-6.12 Deferments and forbearance

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

1. -3. (No change).

4. Active duty status in the Armed Forces;

i. The borrower shall provide [a statement from his or her commanding officer] **documentation** attesting to full-time active duty status.

Acceptable documentation includes but is not limited to a copy of military orders or

leave and earning statements. Borrowers shall notify the Authority upon release from active duty.

5. (No change).

6. Temporary total disability;

i. (No change).

[ii. Temporarily totally disabled means that an individual is unable

to work and earn money or attend school during a period needed to recover from injury or illness.]

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

(c) (No change).

(d) The Authority may also, at its discretion, grant borrowers periods of forbearance in the repayment of the NJCLASS **Loan Program** loan(s). Forbearance will only be granted if both the borrower and co-borrower qualify for the forbearance pursuant to 34 CFR 682.211(a)(3). Forbearance may be granted for situations including, but not limited to, economic hardship (as these terms are defined for the FFEL Program, 34 CFR part 682). The maximum allowable time period for economic hardship forbearance shall not exceed six months for loans with a 10-year repayment term, 18 months for loans with a 15-year repayment term, 24 months for loans with a 20-year repayment term, 30 months for loans with a 25-year repayment term and 36 months for loans with a 30-year repayment term. In granting a forbearance, the Authority permits a temporary cessation of principal payments and temporarily permits payments of interest only, or a temporary cessation of both principal and interest payments. Interest continues to accrue during all forbearance periods.

§ 9A:10-6.13 Consolidation Loan Program

(a) Subject to the availability of funds, the Authority offers an NJCLASS Consolidation Loan Program for the purpose of permitting existing NJCLASS borrowers and/or co-borrowers to consolidate their existing NJCLASS **Loan Program** loans into a single [fixed rate] NJCLASS Consolidation loan. The purpose of the NJCLASS Consolidation Loan Program is to provide borrowers with high NJCLASS debt an extended repayment term, which provides for lower monthly payments.

(b) (No change).

(c) Only NJCLASS **Loan Program** loans in monthly repayment of principal and interest are eligible for consolidation into an NJCLASS Consolidation loan. **Existing NJCLASS Consolidation loans are not eligible to be consolidated.** The student for whom the underlying NJCLASS **loan program** loan was obtained shall no longer be enrolled in school. He or she shall have graduated or withdrawn.

(d) To be eligible for an NJCLASS Consolidation loan, the NJCLASS borrower and/or co-borrower shall:

1. – 3. (No change)

4. In the case of any Federal Family Education Loan amount, Federal Direct Loan amount, or any NJCLASS **loan program or Consolidation** loan amount that previously was canceled due to the borrower's total and permanent disability, obtain a certification from a physician that the borrower's condition has improved and that the borrower is able to engage in substantial gainful employment and sign a statement acknowledging that the NJCLASS Consolidation loan that the borrower receives cannot be canceled in the future on the basis of any impairment present when the new loan is made, unless that impairment substantially deteriorates; and

5. (No change).

(e) –(f) (No change).

(g) NJCLASS Consolidation loan borrowers and/or co-borrowers may be permitted to add additional eligible NJCLASS **Loan Program** loans to an existing NJCLASS Consolidation loan provided sufficient funding is available and the origination period has not expired.

(h) The process to borrow under the NJCLASS Consolidation Loan Program shall be as follows:

1. - 2. (No change).

3. The NJCLASS Consolidation loan amount will be calculated based upon the sum of the outstanding principal and interest balance of each underlying NJCLASS **Loan Program** loan being consolidated and the NJCLASS Consolidation loan application/administrative fee, as specified in (i) below, will be charged to the borrower.

4. (No change).

5. Consolidation loan proceeds will be applied to satisfy the outstanding NJCLASS **Loan Program** loans included in the consolidation. No proceeds will be issued to the borrower. Any adjustment amount will be applied to the outstanding principal balance of the new NJCLASS Consolidation loan.

(i) NJCLASS Consolidation loan borrowers and/or co-borrowers will be required to pay a one percent application/administrative fee. This fee will be added to the sum of the outstanding principal and interest balance of each underlying NJCLASS **Program** loan being consolidated at the time of approval. **In addition borrowers and/or co-borrowers may be required to pay a servicing fee for the NJCLASS Consolidation loan if provided for by the promissory note.**

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

NJCLASS **Loan Program** loan. Interest on an NJCLASS Consolidation loan will begin to accrue at the time of the loan disbursement.

(k) – (l) (No change).

(m) The Authority may also, at its discretion, grant borrowers periods of forbearance in the repayment of the NJCLASS Consolidation loan(s). Forbearance will only be granted if both the borrower and co-borrower qualify for the forbearance pursuant to 34 CFR 682.211(a)(3). Forbearance may be granted for situations including, but not limited to, economic hardship (as these terms are defined for the FFEL Program, 34 CFR Part 682). During periods of forbearance, the NJCLASS Consolidation loan will revert to quarterly or monthly payments of interest only. **The maximum allowable time period for economic hardship forbearance set forth in N.J.A.C. 9A:10-6.12(d) pertains to NJCLASS Consolidation Loans.**

(n) NJCLASS **Loan Program** [loan] provisions, which pertain to delinquency, set forth in N.J.A.C. 9A:10-6.14; credit bureau reporting, set forth in N.J.A.C. 9A:10-6.15; default and consequences of default, set forth in N.J.A.C. 9A:10-6.16; discharge, set forth in N.J.A.C. 9A:10-6.17; and rehabilitation, set forth in N.J.A.C. 9A:10-6.18, shall be in effect for this Program.

§ 9A:10-6.14 Delinquency

(a) In keeping with the Authority's goals of default prevention in the NJCLASS **Loan Program**, the Authority may perform a series of default prevention activities beginning when an NJCLASS **Loan Program** loan is 10 days delinquent.

(b) –(c) (No change).

§ 9A:10-6.15 Credit bureau reporting

The Authority shall report the status of all NJCLASS **Loan Program** loans and **Consolidation loans**, for borrowers and cosigners, in the NJCLASS portfolio to a national credit bureau each month.

§ 9A:10-6.17 Discharge

(a) Rules governing the discharge of loans based on filing for relief in bankruptcy, and discharge of loans due to death or total and permanent disability are set forth in this section. If an NJCLASS **Loan Program** loan was obtained by two borrowers as co-makers or by a borrower and one or more cosigners, and only one of the borrowers dies, becomes totally and permanently disabled, has collection of his or her loan obligation stayed by a bankruptcy filing, or has that obligation discharged in bankruptcy, the other borrower or cosigner remains obligated to repay the loan, beginning with NJCLASS **Loan Program** loans using promissory notes dated 1994 or later.

(b) (No change).

(c) If the Authority determines that an individual borrower is totally and permanently disabled, the obligation of the borrower to make any further payments on the loan is discharged. A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time he or she applied for the loan, unless the borrower's condition has substantially deteriorated later, so as to render the borrower totally and permanently disabled. **A borrower is not considered totally and permanently disabled if he or she continues to receive the source of income that was used to meet the minimum income requirements at the time the loan was approved.** After being notified by the borrower, or the borrower's representative, that the borrower claims to be totally and permanently disabled, the Authority shall request that the

borrower, or the borrower's representative, submit the discharge application provided by the Authority. The application must contain a certification by a physician, who is a doctor of medicine or osteopathy and legally authorized to practice in a state, that the borrower is totally and permanently disabled as defined in N.J.A.C. 9A:10-6.3.

(d) (No change).

§ 9A:10-6.18 Rehabilitation

(a) Effective no earlier than June 1, 1999, the Authority may offer a rehabilitation program for NJCLASS **Loan Program** loans **and NJCLASS Consolidation Loans**. If the Authority offers a rehabilitation program for [NJCLASS] **these** loans, the Authority shall notify [NJCLASS] borrowers of the availability of this program. In the event the Authority offers a rehabilitation program for NJCLASS **Loan Program** loans **or NJCLASS Consolidation Loans**, [an NJCLASS] **a** borrower who has defaulted on an NJCLASS **Loan Program** loan **or NJCLASS Consolidation Loan** is permitted to rehabilitate the loan with an enforceable promissory note and remove that loan from default status, provided the borrower satisfies the requirements of (c) below. A defaulted [NJCLASS] loan may be rehabilitated only once.

(b) An NJCLASS **Loan Program** loan **or NJCLASS Consolidation Loan** is considered to be rehabilitated only after the borrower has made one voluntary full payment each month and the payment is received by the Authority within 15 days of the scheduled due date for 12 consecutive months, with no deferments or forbearances permitted during the 12 month period.

(c) An NJCLASS borrower may request the rehabilitation of the borrower's defaulted NJCLASS **Loan Program** loan **or NJCLASS Consolidation Loan** held by the Authority. The borrower shall make one voluntary full payment each month for 12 consecutive months to be eligible to have the defaulted loans rehabilitated. For purposes of this section, "full payment" means the minimum acceptable monthly payment as defined in N.J.A.C. 9A:10-6.11(d). "Voluntary payments" are those made directly by the borrower regardless of whether there is a judgment against the borrower, and do not include payments obtained by income tax offset, garnishment, or income or asset execution.

(d) The maximum repayment period for a rehabilitated NJCLASS **Loan Program** loan **or NJCLASS Consolidation Loan** shall be the same as that of the [NJCLASS] loan prior to default. A borrower who wishes to rehabilitate a loan on which a judgment has been entered must sign a new promissory note. The maximum repayment period of the new promissory note shall be the same as that of the NJCLASS **Loan Program** loan **or NJCLASS Consolidation Loan** prior to default. Once an NJCLASS **Loan Program** loan **or NJCLASS Consolidation Loan** subject to a judgment has been rehabilitated, the Authority shall have the judgment marked satisfied.

(e) (No change).

(f) The Authority may elect to hold the rehabilitated loan directly, or transfer the loan to another lender, including, but not limited to, the trustee of the trust estate held for the benefit of NJCLASS **Loan** Program **and NJCLASS Consolidation** bondholders.

§ 9A:10-6.19 Authority enforcement requirements for schools participating in the NJCLASS **Loan** Program

(a) To assess the administrative and financial capability of a school participating in the NJCLASS **Loan** Program, the Authority may expand the scope of either a FFEL

Program review or a State scholarship and Tuition Aid Grant management review to cover the NJCLASS **Loan** Program.

(b) – (c) (No change).

(d) The program review follow up procedures set forth in N.J.A.C. 9A:10-1.18(g) shall apply to NJCLASS **Loan** Program reviews, with the exception of notifications to the United States Department of Education and Federal limitation, suspension, or termination actions.

RESOLUTION 11:14

PROPOSED AMENDMENTS TO THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM, N.J.A.C. 9A:10-6

Moved by: Ms. Maria Torres
Seconded by: Dr. Harvey Kesselman

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

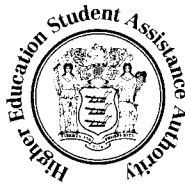
WHEREAS: NJCLASS loans are funded by the sale of bonds and the interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale and other costs determined by the bond sale; and

WHEREAS: It is necessary to amend the regulations ensure consistency with the bond indentures, incorporate federal changes to the cohort default rate used to determine an institution's eligibility to participate in NJCLASS and to provide clarity to program terms.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves and authorizes publishing the Proposed Amendments to the New Jersey College Loans to Assist State Students (NJCLASS) Program Policies and Procedures, N.J.A.C. 9A:10-6 in the New Jersey Register.

April 23, 2014



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

PO BOX 545

TRENTON, NJ 08625-0545

1-800-792-8670

www.hesaa.org

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: Anthony Falcone *AF/SL*
Audit Committee

SUBJECT: Resolution 12:14 – Approving the Extension of the Contract with CliftonLarsonAllen LLP, Independent Auditor

DATE: April 23, 2014

Background

Governor McGreevy's Executive Order (E.O.) 122 requires public authorities, agencies and commissions to create an Audit Committee. Among other duties, the Audit Committee is charged with recommending to the Board the appointment of an independent auditor to conduct an audit of the Authority's financial statements. Under E.O. 122, an Audit Evaluation Committee is responsible for issuing a Request for Proposal (RFP) for auditing services, evaluating responses to the RFP, and forwarding its recommendation to the Audit Committee. After reviewing the Audit Evaluation Committee recommendation, the Audit Committee forwards the recommendation to the full HESAA Board for approval.

At its April 26, 2011 meeting the Board appointed Clifton Gunderson LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2012 fiscal year, subject to two one-year extensions at the option of HESAA. The Board appointed Clifton Gunderson because they had an overall superior technical approach to the job, which was well framed in their proposal. This firm's wealth of experience stood out to the Audit Evaluation Committee, as it is a national firm with strong practice in dealing with complex issues. The Audit Evaluation Committee was equally impressed by Clifton Gunderson's depth of staff with a number of years of relevantly focused experience. Subsequently Clifton Gunderson merged with LarsonAllen and formed CliftonLarsonAllen LLP.

The contract is subject to renewal for the 2015 fiscal year. After polling the Audit Committee members it was agreed that it would be in HESAA's best interest to exercise the first of its options and extend the contract with CliftonLarsonAllen for one-year.

Recommendation

It is recommended that the Board approve the attached Resolution 12:14 – providing a one year extension to the appointment of CliftonLarsonAllen LLP as Independent Auditor, at a cost of \$81,875 for the year.

Attachment

RESOLUTION 12:14

**APPROVING THE EXTENSION OF THE CONTRACT WITH
CLIFTONLARSONALLEN LLP, INDEPENDENT AUDITOR**

Moved By: Ms. Christy Van Horn
Seconded By: Mr. Chris McDonough

WHEREAS: Executive Order (E.O.) 122 requires the Higher Education Student Assistance Authority (HESAA) to appoint an Independent Auditor; and

WHEREAS: At its April 26, 2011 meeting the Board appointed Clifton Gunderson LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2012 fiscal year, subject to two one-year extensions at the option of HESAA; and

WHEREAS: Clifton Gunderson merged with LarsonAllen and formed CliftonLarsonAllen LLP; and

WHEREAS: The contract with CliftonLarsonAllen LLP is subject to renewal for the 2015 fiscal year; and

WHEREAS: After polling the Audit Committee members it was agreed that it would be in HESAA's best interest to exercise the first of its options and extend the contract with CliftonLarsonAllen for one-year.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby approves a one-year extension to the appointment of CliftonLarsonAllen as independent auditor at a cost of \$81,875.

April 23, 2014



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Governor

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Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

RESOLUTION

*Expression of Appreciation to
Mr. Joel Mayer*

- WHEREAS: Mr. Joel Mayer began his tenure as the Higher Education Student Assistance Authority's first Chief Compliance Officer in December 2007; and
- WHEREAS: As Chief Compliance Officer Mr. Mayer has implemented a stringent compliance plan for the Authority ensuring adherence to Federal regulations, Congressional directives, relevant State authority and industry best practices; and
- WHEREAS: Mr. Mayer has been directly responsible for the Higher Education Student Assistance Authority's Consumer Financial Protection Bureau and Federal Information Systems Management Act compliance initiatives; and
- WHEREAS: As a HESAA employee Mr. Mayer has enhanced the Authority's initiatives to provide students and families with the resources they need to attain a higher education; and
- WHEREAS: Mr. Mayer has accepted a position to initiate and head the University of North Carolina's Charlotte campus' office of compliance; and
- WHEREAS: The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Mr. Mayer's fine service and contributions as a HESAA employee; now therefore be it
- RESOLVED: That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Mr. Mayer's service and dedication; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. Mayer for success in all of his future endeavors; and be it further
- RESOLVED: That a copy of this resolution be noted in the official records of the Authority and the original be presented to Mr. Mayer.

Presented April 23, 2014