

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

January 23, 2019

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on January 23, 2019 at 10:00 am at the HESAA offices in Hamilton.

PRESENT: HESAA Board Members Mr. Stephan Lally; Dr. Jon Larson; Mr. Bader Qarmout (teleconference); Ms. Jean McDonald Rash; Mr. Michael Scardina; Mr. Robert Shaughnessy, Treasurer's Designee; Dr. Zakiya Smith Ellis, Secretary of Higher Education; Mr. David Socolow; Ms. Maria Torres; and Ms. Christy Van Horn.

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:00 am and David Socolow stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Ms. Van Horn led those present in the Pledge of Allegiance.

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

Ms. Van Horn welcomed Geoffrey Stark, Deputy Attorney General from the New Jersey Division of Law, and Lauren Nathan-LaRusso, Associate Counsel from the Governor's Authorities Unit.

Ms. Van Horn advised that no members of the public registered to speak.

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

CONSIDERATION OF THE MINUTES OF THE OCTOBER 24, 2018 MEETING

A motion to approve the minutes of the October 24, 2018 meeting was made by Ms. Maria Torres and seconded by Mr. Robert Shaughnessy. The minutes were approved unanimously with one abstention, Ms. Jean McDonald Rash, who did not participate in the October 24, 2018 meeting.

Stephan Lally entered Board meeting after the consideration of the minutes.

RESOLUTION 01:19 ADOPTING NEW REGULATIONS GOVERNING TUITION REIMBURSEMENT PROGRAM FOR PSYCHIATRISTS, N.J.A.C. 9A:10-3

Marnie Grodman presented Resolution 01:19 to the Board.

Public Law 2017, chapter 126 was signed into law on July 21, 2017 establishing the Tuition Reimbursement Program for Psychiatrists and requiring HESAA to adopt rules necessary for the administration of the Act.

HESAA drafted the proposed rules to govern the policy, administration and procedures of the Tuition Reimbursement Program for Psychiatrists with input from the Rutgers Biomedical and Health Sciences academic health center, which administers the Primary Care Physician Loan Redemption Program, and representatives from the Department of Health.

At its April 18, 2018 meeting the HESAA Board approved proposed new rules to administer this program. The proposed new rules were published in the June 4, 2018 New Jersey Register, posted on HESAA's website and sent to the Statehouse News Media. In addition, secondary notice was emailed to interested parties and a press release was distributed to the news media. While no comments were received during the legislative review period, the Authority received public comments from Jean Public; Lori Leotta, Vice President of National Client Partnerships for Beacon Health Option of New Jersey; and a joint comment from Patricia DeCotiis, Executive Director of New Jersey Psychiatric Association and Mishael Azam, COO and Senior Manager, Legislative Affairs of the Medical Society of New Jersey. All of the comments and HESAA's responses are summarized in the materials.

As fully explained in the materials, none of these responses warrant an amendment to the proposal, therefore it is recommended that the Board approve the Resolution adopting the regulations.

A motion to approve Resolution 01:19 was made by Mr. Bader Qarmout and seconded by Ms. Jean McDonald Rash.

The motion passed unanimously.

RESOLUTION 02:19 APPOINTMENT OF A DESIGNATED PURCHASER OF FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP) REHABILITATION & BANKRUPTCY LOANS

Arthur Quaranta presented Resolution 02:19 to the Board.

The Higher Education Student Assistance Authority (HESAA) is the guaranty agency designated by the U.S. Department of Education for the State of New Jersey and as such is responsible for the administration of the Federal Family Education Loan Program, commonly known as FFELP, for our state FFELP borrowers.

Borrowers with defaulted FFELP loans may receive loan rehabilitation through provisions of the Federal Higher Education Act of 1965, as amended. This federal program allows certain borrowers with defaulted loans to remove the default status on their loans and repair their credit history if nine consecutive, on-time, voluntary monthly payments are made within a ten-month period. When FFELP borrowers have completed their bankruptcy actions, they are similarly eligible to exit default status.

Once a loan exits default status, HESAA re-sells those loans to a qualified lender because current system limitations prevent the Authority from complying with certain federal reporting requirements and processing all of the repayment options available with federal programs.

On November 16, 2018 HESAA issued a Request for Proposals (RFP) to appoint a designated purchaser of FFELP rehabilitations and bankruptcy loans. Under current market conditions, potential purchasers of these loans are expected to make purchase offers at a discount, meaning that they would likely be below the outstanding amount of the loans. This is consistent with what has happened in the past with our current processor.

HESAA sent the RFP to 15 companies, posted it on the procurement section of HESAA's website, and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News.

HESAA received three proposals, one from ECMC Group, the second from KHESLC (Kentucky Higher Education Student Loan Corporation), and the third from Nelnet. The selection process that we went through is as follows:

- Each of the proposals were reviewed and scored by an evaluation committee comprised of HESAA's Chief Financial Officer, the Controller, and the Servicing & Collections Program Officer.
- While each of the proposals had their separate strengths, the committee determined that KHESLC could best meet HESAA's needs.
- KHESLC submitted a comprehensive proposal that demonstrated their ability to work with borrowers to make the post-rehabilitation and bankruptcy transfer process as seamless as possible.
- In addition, KHESLC services the loans they purchase in-house, which is important to us as it is expected to offer less confusion and better services to borrowers.
- While ECMC also submitted a comprehensive proposal, with a comparable discount percentage at which to purchase the loans, they do not service the loans themselves and instead use a third-party servicer, Navient.
- The evaluation committee does not recommend selecting Nelnet because, although HESAA had a very good working relationship with Nelnet in the past, the discount at which Nelnet proposed to purchase the loans was much higher than the other two proposals.

It is recommended that the Board approve the attached Resolution Approving KHESLC as Designated Purchaser of the Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans for a period of two years with three optional one-year extensions.

A motion to approve Resolution 02:19 was made by Dr. Jon Larson and seconded by Mr. Stephan Lally.

The motion passed unanimously.

RESOLUTION 03:19 APPROVING THE EXTENSION OF THE CONTRACT WITH CLIFTONLARSONALLEN LLP INDEPENDENT AUDITOR FOR ONE YEAR

Christy Van Horn presented Resolution 03:19 to the Board.

At our January 28, 2016 meeting this Board appointed CliftonLarsonAllen LLP as HESAA's independent auditor pursuant to Governor McGreevy's Executive Order 122. The contract with CliftonLarsonAllen is for an initial three year term with two one-year extensions at the option of HESAA. The contract is now subject to its first optional one-year renewal.

My fellow members of the audit committee, Maria Torres and Robert Shaughnessy, and I all agreed that it would be in HESAA's best interest to exercise this first option because we have found that the Auditors demonstrate the required expertise on bond fund audits as well as a focus on privacy protections. They have proven to be credible, efficient, and effective in their evaluation of systems of internal controls, financial transaction testing, and fraud testing.

We recommend that the Board approve Resolution 03:19 providing a one-year extension to the appointment of CliftonLarsonAllen LLP as Independent Auditor at a cost of \$86,750 for the year.

A motion to approve Resolution 03:19 was made by Ms. Maria Torres and seconded by Mr. Robert Shaughnessy.

Dr. Smith Ellis asked how long CliftonLarsonAllen has been HESAA's Independent Auditor. Ms. Grodman responded this is our second five-year contract and that we are three years into the contract.

The motion passed unanimously.

RESOLUTION 04:19 APPOINTING A VENDOR TO PROVIDE A REPLACEMENT BACK-END PLATFORM FOR STUDENT LOANS

Jerry Traino presented Resolution 04:19 to the Board.

HESAA has been using its current loan servicing platform since the inception of the NJCLASS program in 1991. While student loan financing has changed much in the nearly 30 years since then, the Authority's underlying technology system used to service loans has not.

Looking to address this, and to minimize the risk associated with maintaining legacy systems which use older programming languages and file structures, HESAA issued a Request for Proposal on February 18, 2018 to replace the NJCLASS loan servicing system.

Through the RFP HESAA sought companies that could provide a new back-end loan servicing platform that would be able to support the major functional areas of account management, such as:

- Loan servicing, including billing and collections activities for current, delinquent and defaulted loans;
- Loan payment processing and portfolio accounting; and
- Conversion, onboarding, and reconciliation of loans as they are originated to our loan portfolio.

HESAA received four proposals in response to the RFP, from DecisivEdge, LLC; The Higher Education Servicing Corporation; Nelnet; and PHEAA.

An evaluation committee comprised of HESAA's Chief Financial Officer, Chief Information Officer, Chief Compliance Officer, Acting Director of Loans, and their staff members met and reviewed each of the proposals. Based on their initial review and scoring of the proposals the committee then met with DecisivEdge and Nelnet for in-person demonstrations of their systems and clarifications on their proposals.

Based on the proposals and in-person meetings the evaluation committee completed a final scoring and determined that DecisivEdge, LLC proposed the system that best meets HESAA's needs.

Of the other three proposals submitted, Higher Education Servicing Corporation and Nelnet were non-hosted products, with the former being priced substantially higher than all other proposals received and Nelnet simply being a refurbishing of the interface of our current antiquated system. The third non-selected offering, PHEAA, while an overall system upgrade more in line with HESAA's needs, had a limited life cycle and would have placed the Authority in a position of working with potentially outdated and unsupported programming within the next 10 years. Overall the committee found the system platform included in DecisivEdge's proposal to have state-of-the-art and robust features.

From the perspective of HESAA's Information Technology Services, the move to a server-based system will allow HESAA to eliminate a business system from its mainframe, making it possible to decommission the mainframe and modernize our infrastructure. DecisivEdge's proposal would allow the Authority to move to a system which supports converting to Oracle databases all our current Java programs which use the mainframe databases.

The DecisivEdge proposal also provides significant benefits to the business operations conducted by HESAA's Loan Servicing unit. Specifically, the committee noted that, by moving to the proposed platform, Loan Servicing will gain significant efficiencies in demographic data collection and storage. The proposed platform will enable the servicing unit to make process changes more quickly to better adapt to changing business needs. The platform utilizes work queues for staging of work for staff at both an individual and team level. These queues will also permit visibility to both the managers and supervisors, enhancing their workflow management capabilities.

Additionally, the proposed platform will better position Loan Servicing to address future improvements in the overall servicing of the NJCLASS program. The scalability of the proposed new system offers the potential for the Authority to consider offering additional student loan products and services to NJ family borrowers.

The DecisivEdge proposal will benefit HESAA's compliance and reporting functions by streamlining and standardizing its data collection and reporting process. Currently, to draw all program data necessary to remain compliant with multiple reporting requirements, the Authority is reliant on legacy systems that were created piecemeal over time to address program enhancements made since the inception of NJCLASS. This ad hoc process often requires additional resources to reconcile differing data sets from multiple business units across the Authority. A new platform will allow for a more uniform process, avoid redundant processes to generate required reports and ensure compliance, and create more efficient interoperability among units of the Authority.

To address HESAA's concerns that the current and new staff are comfortable with a new servicing platform systems DecisivEdge proposes several in-person staff training periods throughout the course of the project implementation to ensure staff familiarity with the new system as well as provide a broader cross training of staff so that timely reporting isn't contingent upon a few individuals uniquely conversant in archaic systems languages.

The evaluation committee further reviewed the overall cost of the proposals compared to the value of the end-product for the Authority. While both Nelnet and DecisivEdge were priced competitively, DecisivEdge's proposal provided an end-product that will be owned and hosted by HESAA.

DecisivEdge has priced out all applicable components required to set up and implement their proposed solution, with the timeframe of getting HESAA to an operational end-state production environment within 60 weeks. HESAA's five-year cost in payments directly to DecisivEdge is \$4,392,258 (\$4.4 M). There are additional costs to HESAA associated with this project, which include \$500,000 for one-time purchases of additional servers and storage devices and \$400,000 for infrastructure consultants paid out over multiple years.

You will remember the FY19 Capital Budget approved by the HESAA Board at the July 2018 meeting included \$1 million as the first installment toward this project. At that same meeting, the Board further approved the creation of a \$3.5 million Capital Reserve Fund, funded with parity and equity release revenues from prior bond indentures. HESAA has identified sufficient resources to fund this project over the next five years, through a combination of: uncommitted portions of the capital reserve fund; \$1 million in dedicated funding in FY19; and anticipated additional parity releases concurrent with the 2019 Bond Cycle.

It is important to note the Authority will realize substantial savings in out years as the mainframe is decommissioned and we no longer have to pay roughly \$500,000 per year in IBM maintenance and licenses (more than offsetting the recurring costs of \$152,000 for annual maintenance from DecisivEdge).

It is recommended that the Board approve the attached Resolution 4:19 approving the appointment of DecisivEdge, LLC as the Vendor to Provide a Replacement Back-end Platform for Student Loans, at cost paid to DecisivEdge of \$4.4 million paid over 5 years.

A motion to approve Resolution 04:19 was made by Ms. Jean McDonald Rash and seconded by Mr. Michael Scardina.

Bader Qarmout asked about what happens to the decommissioned equipment and whether it can be used to offset the costs of the new equipment. Ruth Odom, HESAA's Chief Information Officer, explained that HESAA owns all of the equipment that will eventually be decommissioned, most likely over the next three to four years. She further explained that to decommission HESAA's IBM mainframe, peripheral storage devices, and virtual tape unit, HESAA will follow the State of New Jersey's process for decommissioning equipment.

Mr. Qarmout asked for clarification as to why the Resolution was to approve a \$4.4 million expenditure as opposed to the full \$5.3 million the project will cost. Marnie Grodman explained that the Resolution is to approve the appointment of the vendor and the \$4.4 million is what will be paid to the vendor. She further explained that HESAA's additional costs are either included in the annual budget that the Board has already approved for FY19 or will be included in budgets for future years. To ensure that the Board had a complete understanding of the scope of this initiative, staff chose to present information encompassing all of the costs associated with this project.

Maria Torres asked what the current annual cost is to run the old system and whether there will be any cost savings in the long run with the new system. Ruth Odom responded that the entire IT budget, including the cost to run the old system, is over \$4 million dollars per year and that it costs over \$500,000 for annual IBM mainframe maintenance alone. Ms. Odom noted that we expect to realize savings in future years as the annual maintenance costs associated with the DecisivEdge solution would be lower than those for the mainframe.

The motion passed unanimously.

STATE PLAN FOR HIGHER EDUCATION

Dr. Zakiya Smith Ellis, Office of the Secretary of Higher Education, presented the attached slides about the forthcoming State Plan for Higher Education. She explained the outreach that was conducted to prepare the plan, and provided an overview of postsecondary credential attainment levels and equity gaps, student success outcomes, and affordability trends. Dr. Smith Ellis advised that the intention is to finalize the State Plan for Higher Education over the next couple of months so it can be presented prior to the Governor's Budget Address in March.

Jean McDonald Rash asked whether the plan would consider training programs, or if the plan is limited to two- and four-year degrees. Dr. Smith Ellis explained that while her office does not regulate non-degree programs, she believes they are important and that when speaking about postsecondary education, we need to include not only degrees, but also workforce certificates and other credentials that are highly valued in the labor market, which is why she works closely with the Commissioner of Labor.

Michael Scardina stated that he believes the community college success rate is low because the students have to work and provide for his families. He lauded HESAA's leadership from Executive Director Socolow and the Members of the HESAA Board for advancing initiatives to

offer free tuition to many county college students and stated that this is very important going forward.

Mr. Scardina also advised that at the February 1st Student Advisory Committee meeting he and Mr. Lally planned to discuss the TAG program. He expressed concerns regarding the unbalanced distribution of aid, specifically towards students at for-profit institutions, and questioned whether funding for students to attend for-profit institutions undercuts funding for community colleges and public universities.

Stephan Lally expressed his concerns regarding the success of students of color. He stated that the issues go beyond affordability. As an example he stated that first generation students do not even understand the names of all the offices. Students do not step into the Bursar's office until November 15th because they do not know what a "bursar" is, but if it was called the Student Accounts office students would show up earlier.

Dr. Smith Ellis responded that the goal is not just to think about affordability but about the whole student and how to put students' needs first and making sure students are ready for college. She added that the focus should not just be on getting students ready for college, but also on getting colleges ready for students. She stated that moving forward while working on a State Plan for Higher Education it is important to take into account how we serve our students. Dr. Smith Ellis thanked Mr. Scardina and Mr. Lally for being so active and stated she is looking forward to their report from the upcoming Student Advisory Committee meeting.

Maria Torres also thanked Mr. Scardina and Mr. Lally for their insight into how it is necessary to meet all of a student's needs, not just their financial needs.

CHIEF COMPLIANCE OFFICER'S REPORT

Gregory Foster, Esq. presented the following compliance report to the Board:

The Compliance Department is responsible for ensuring HESAA's compliance with all Federal and State laws and regulations, as well as industry best practices that govern the financial aid and higher education loans sector. The Compliance Department ensures that compliance responsibilities are established and communicated to employees; and that those responsibilities for meeting legal and regulatory requirements are incorporated into HESAA's business practices, decisions, and culture. The Chief Compliance Officer is responsible for the daily monitoring of all aspects of the program and supervision of HESAA staff to ensure its continued success. The Higher Education Student Assistance Authority achieved a great deal in 2018. Within this report are a host of facts and figures which make a compelling case that HESAA is aggressively fulfilling its mission of providing students and families with the informational and financial resources necessary to attain a higher education.

To follow up on old business, as part of the Authority's migration towards compliance with the Federal Information Security Management Act (FISMA), the Compliance Department continued a comprehensive review of HESAA's Policies and Procedures and training materials, as well as its monitoring processes, incident response, and remediation preparedness. HESAA's security team has been developing and implementing policies and procedures to assure the integrity of data through enterprise-wide supervision of data security efforts designed to protect privacy and

personal information from exposure, including potentially hostile outside threats. As part of this endeavor, an enterprise-wide risk assessment is currently underway to identify, mitigate, and monitor risk levels pertaining to both the physical and cyber security of the Authority while safeguarding the private information of students. The results will be used to implement process improvements, initiate risk mitigation measures, and identify areas that require monitoring.

Office of the Ombudsman

As HESAA's Ombudsman I am responsible for conducting investigations and responding to borrower requests for administrative review, closed school discharges, false certification discharges, unpaid refunds, fraud and forgery claims, and Ombudsman inquiries, as well as managing CFPB responses.

I am pleased to report that the complaints and instances of fraud are very low in comparison with our total loan portfolio. For example, the Office of the Ombudsman received 39 fraud & forgery claims for NJCLASS and FFELP loans in 2018, resulting in only one cosigner being removed from a \$24,726 loan. I reviewed seven FFELP false certification claims, approving three for discharge pursuant to the ability to benefit borrower defense, and also responded to 15 Ombudsman review requests. In addition, the Office of the Ombudsman coordinated HESAA's responses to all Consumer Financial Protection Bureau (CFPB) inquiries throughout the year, consisting of 15 NJCLASS, five FFELP and one TAG response. Once again, HESAA had a small fraction of the number of CFPB complaints compared to our industry peers.

Finally, HESAA's Ombudsman department completed a special project on behalf of the U.S. Department of Education (ED) in accordance with ED's Class Action Settlement in the Wilfred Academy Education Corporation Fraud Case. To assist ED in resolving these claims, HESAA mailed out 4,480 false certification packets to potentially affected Wilfred borrowers. Eighty-nine completed false certification applications were received and processed, resulting in 81 approvals for loan discharge. HESAA, on behalf of ED, refunded a total of \$345,640.63 in federal funds to these FFELP borrowers.

However, facts and figures alone do not tell the whole story of what was accomplished in 2018. During 2018, HESAA welcomed a number of new executive level employees that have brought with them a wealth of experience and a much needed reform agenda for the NJCLASS loan program. As HESAA's Chief Compliance Officer and a member of executive management, I have greatly enjoyed working with these individuals to help acclimate them to some of the compliance issues facing the Authority, identify areas for improvement, evaluate risk, and aid in the seamless transition over the last year.

Compliance is far more than defensive action. It's an approach to designing processes and tasks that conform to regulations. It's a versatile tool that can help us protect our customers' sensitive data, alert us to internal and external risks, and help us maintain the highest standard of excellence in our services. With this in mind, the HESAA Board and Executive Staff have set the tone for a work environment that values compliance and promotes employee participation at all operational levels. The foundation of compliance is training. In 2018, staff completed "SANS Securing the Human," a comprehensive web training on building security and cybersecurity aimed at protecting the sensitive information we collect, and its counterpart, SANS 2 advanced training. We also completed trainings in workplace discrimination and other topics that explain

State policies for employee conduct. In 2019 we plan to continue to prioritize and focus on adding additional training where applicable.

There are a number of other initiatives that came to fruition during the year that have improved customer service, protected personal information from exposure, and positioned HESAA to meet future challenges.

Under a new approach to working with borrowers who have defaulted on their NJCLASS family loans, I worked with a team to create a pilot program to help borrowers whose NJCLASS loans are in default. Since June 1, 2018 we have worked with borrowers and HESAA's collection counsel to make balanced settlement agreements that reach a win-win result by offering more affordable installment plans for borrowers and co-signers who wish to repay defaulted loans while ensuring that NJCLASS loans are repaid.

Building on the initial successes of this effort, HESAA recently completed its biannual Request for Qualifications (RFQ) for outside collection counsel, resulting in this Board's approval at its meeting in October 2018 of new agreements with HESAA's collection counsel. We will work with these law firms to improve processes, update procedures, and assist borrowers who have defaulted.

In order to assure that the special counsel perform those obligations in accordance with all of the required federal, state, and HESAA policies, the firms are reviewed by the Audit & Quality Assurance Unit for program compliance. With regards to findings, we are pleased to report that there were no unusually high incidents of findings at any one law firm. This year, one report was closed out; two draft reports are being finalized, and one new compliance review will begin in the second quarter of 2019.

Additionally, I routinely assist with consultation requests from other business units and compliance reviews of promotional materials, loan disclosures, terms and conditions, form letters, contracts, requests for proposals, OPRA requests, new laws and regulations, and the implementation of new offerings such as HIARP or interest rate changes, including the presentation of such new offerings in HESAA's public-facing materials.

As a practical matter, annual reports chronicle the past, but they should also provide insight into the future. Looking ahead, plans are underway to obtain policy and procedure software that will manage HESAA's ongoing policy and procedure initiative through a central database. This database will house all HESAA policies and procedures, combining Authority-wide policies and procedures with individual business units' into one location, providing version control, role-based access, task-based access, read-and-receipt acknowledgements, and easy online viewing. Eventually, we plan to expand this software to manage other critical database needs for various business units.

We plan to design and implement a new call monitoring program to review and score calls to improve customer service, aid in identifying areas for improvement, and use the results to inform the development and delivery of specialized trainings.

Since continuous self-evaluation and improvement of our compliance program ensures operational excellence throughout the Authority, I welcome the opportunity to provide additional

background and details regarding the topics contained in these briefing materials and any other topics or issues of interest or concern to you including observed strengths and challenges within the Authority.

EXECUTIVE DIRECTOR'S REPORT

Executive Director David Socolow gave the following report:

Thank you Chairwoman Van Horn, members of the Board, and guests. I would like to briefly outline some of the key priorities that HESAA's staff will pursue over the next several months.

Community College Opportunity Grant Program

As spring classes start this week at county colleges in New Jersey, we are launching a major initiative to improve college affordability by enabling low- and moderate-income students to attend county college tuition- and fee-free. Thanks to Governor Murphy's leadership, the state budget for the current fiscal year includes \$20 million for a pilot this semester, in which we will provide Community College Opportunity Grants (CCOG) to students with an adjusted gross income between \$0 and \$45,000 who enroll at least half time at one of 13 county colleges in the pilot program. HESAA will apply "last-dollar" CCOG awards to eligible students' accounts, which will pay for any balance of tuition and approved educational fees that remains after accounting for all other grants and scholarships the students receive.

We are dedicated to the success of this high priority project. At the last Board meeting, I reported on HESAA's significant administrative, technical, and policy efforts to get ready for CCOG. Since then, while continuing our work on all of those fronts, we have also started a statewide digital marketing campaign to supplement and coordinate with each county college's own efforts to market this new opportunity to both continuing and prospective students.

Over the past seven weeks, we have delivered electronic messages about CCOG to key audiences. This campaign has generated more than 1.6 million impressions of our digital banner ads to people in targeted demographic groups, including hundreds of thousands of individuals searching the web for keywords such as "community college," "career training," and "scholarships." We also blasted out four waves of e-mails to more than 50,000 potentially eligible students without a degree who had applied for financial aid in previous years but not in Academic Year 2018-2019. Last month, when the Deputy Secretary of Higher Education promoted CCOG in several appearances on Spanish-language media, we directed those audiences to HESAA's Spanish-translated web page and materials about the initiative. Through each of these different contact methods, we are driving interested students to a web page that quickly routes them to the college that serves their county of residence. To date, HESAA's CCOG webpages have received more than 18,000 page views from more than 8,800 unique visitors. As students enroll and qualify for financial aid this semester, we will keep the Board apprised of what we are learning from this pilot.

Back-end Technology System for NJCLASS Loan Servicing

Next, I would like to briefly mention the important action this Board just took to approve the appointment of a vendor for the implementation of a new back-end technology system for servicing NJCLASS family loans. As noted in the memo accompanying today's Board Resolution 04:19, this new system is long overdue. It will help improve customer service to

NJCLASS borrowers, as a more modern system improves efficiency and enables new functionality that is easier for current HESAA staff to use and easier for newly-hired staff to learn. Financial accounting and reporting will be simplified by creating an end-to-end system that will replace today's manual processing of information drawn from multiple sources. In addition, the new system will enable HESAA to make changes more rapidly and flexibly when we expand and improve our loan products or adapt to changing regulatory requirements. Finally, the new NJCLASS loan servicing system will mitigate the risk of our current reliance on outdated computer programming languages for which expertise is becoming increasingly scarce. We are grateful to the Board for your support of this important technology upgrade.

Recently-Enacted Legislation

Since the Board last met, three bills that affect HESAA were signed into law.

First, Public Law 2018, chapter 142 tasks HESAA with establishing a new STEM Loan Redemption Program, offering up to \$8,000 in reduced student loan balances for qualifying highly-skilled workers in certain key science, technology, engineering, and math (STEM) occupations that will drive the growth of New Jersey's innovation economy. After graduating from a STEM degree program at a New Jersey college or university and working in a STEM field for at least four years, over the subsequent four years (years five, six, seven, and eight), these highly-skilled New Jerseyans will be eligible to receive state funds of up to \$1,000 each year to pay down their student loans, matched by the participant's employer.

In addition, Public Law 2018, chapter 144 facilitates the creation of "3+1" degree programs through partnerships between county colleges and bachelor's degree-granting institutions. These programs can offer students a more affordable path to a bachelor's degree, as they pay lower tuition and fees during their first three years of classes at the participating county college, followed by one year at a senior institution. Notably, the new law aligns the state grants and scholarships administered by HESAA with these programs, so eligible students in an approved 3+1 program will be able to seamlessly qualify for the financial aid awards that correspond with each year of study at the participating institutions.

Finally, Public Law 2018, chapter 167 adds a new financial literacy requirement to middle-school curricula across New Jersey. This law directs the State Board of Education to require school districts to provide financial literacy instruction to pupils enrolled in grades six through eight, starting in September 2019. Students must be taught about budgeting, savings, credit, debt, insurance, investment, and other issues associated with personal financial responsibility. To enable their future success after high school, middle school students should have an understanding of personal finances, including the different roles of earnings, savings, grants, scholarships, and loans when paying for postsecondary education. We will advocate for including information about college prices and financial aid in the materials that the Department of Education develops to provide to middle schools implementing this new curriculum.

Outreach to Students, Families, School Counselors, and Community Groups

I would like to close by sharing an update on HESAA's outreach efforts, which are aimed at building students' life skills and financial literacy, with an emphasis on increasing awareness of financial aid and other options for students to afford and pay for education after high school, as well as helping students and families complete the FAFSA and the Alternative Financial Aid Application for New Jersey Dreamers. Over the past year, HESAA has played a vital role in our

state's public conversation about college affordability, bringing attention to the need for effective financial aid grants to reduce the net prices that students pay and to solutions to increasing levels of student loan debt. Several news media outlets have amplified these positive messages, including coverage this week on NJ 101.5 radio about the tuition-free community college initiative. We have also broadened our stakeholder outreach to include more community-based organizations, partnering with several of them to present a live social media broadcast last fall.

Over the past year, we reached more than 58,000 individuals through informational events for students, families, school counselors, and community groups in every county of New Jersey. More than 900 secondary school counselors participated in the Financial Aid Training Institutes conducted by HESAA staff at 10 different locations across the state. Counselors tell us how much they value the opportunity to bring back the lessons they learn at these workshops to the high school students and families they advise. We delivered financial aid presentations at 350 high schools around the state, as well as several middle schools, and provided information to the public at several dozen additional venues, including libraries, community support centers, constituent services conferences sponsored by federal and state legislators' offices, adult learning centers, Upward Bound and GEAR UP events, and college/career fairs.

HESAA employees also delivered presentations using REAL Money 101, HESAA's financial literacy curriculum, at 16 libraries, YMCAs, and neighborhood centers last year, covering topics such as banking, savings, budgeting, investments, and financing college. And through our partnership with EverFi, HESAA is providing a valuable interactive financial literacy program to students at 64 high schools around the state; so far this academic year, more than 2,000 students have benefitted from this program, as measured by their significant average increases in assessment scores. As the Board recommended last year, HESAA extended this valuable service to New Jersey's colleges and universities at no charge to the institutions. I would like to acknowledge the superb work of the staff in HESAA's Client Services unit, who coordinate and deliver these outreach events with assistance from our partners in the financial aid offices of many of New Jersey's colleges and universities.

As always, many thanks to the Board for your commitment to access and affordability of postsecondary education for New Jersey's students, and for your continued support of the excellent work of the staff here at HESAA.

NEW BUSINESS

Stephan Lally asked how HESAA is handling people who are affected by the federal government shutdown and have to pay their NJCLASS Loans. David Socolow advised that HESAA offers loan payment relief programs for financial hardship, and that temporary loss of income due to the extended federal government shutdown is considered a hardship that would qualify for such deferments and forbearance options.

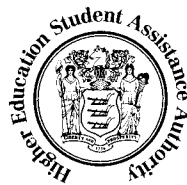
Michael Scardina stated that he believes HESAA is doing a great job assisting students who are playing catch-up and cannot afford to repay their loans. He discussed his concerns for students who are suffering because they cannot afford their student loans and their cost of living. He stated his belief that HESAA's staff and the Board are making great moves in the right direction and the main goal is to cut student debt for future generations.

ADJOURNMENT

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, April 17, 2019 at 10:00 am.

A motion to adjourn was made by Ms. Maria Torres and seconded by Mr. Bader Qarmout. The motion passed unanimously.

The meeting adjourned at 11:15 am.



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
4 QUAKERBRIDGE PLAZA
PO Box 545
TRENTON, NJ 08625-0545
1-800-792-8670
www.hesaa.org


PHILIP D. MURPHY
Governor


SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow 
Executive Director

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

SUBJECT: Resolution 01:19 Adopting New Regulations Governing Tuition Reimbursement Program for Psychiatrists, N.J.A.C. 9A:10-3

DATE: January 23, 2019

Background

Public Law 2017, chapter 126 (N.J.S.A. 18A:71C-59 et seq.) was signed into law on July 21, 2017. This Act establishes the Tuition Reimbursement Program for Psychiatrists and provides that the Higher Education Student Assistance Authority (Authority) shall adopt rules necessary for the administration of the Act.

At its April 18, 2018 meeting the HESAA Board approved proposed new rules to administer the Tuition Reimbursement Program for Psychiatrists.

The proposed new rules, PRN 2018-046, were published in the June 4, 2018 New Jersey Register at 50 N.J.R. 1333(a), on the HESAA website at HESAA.org and sent to the Statehouse News Media. In addition, secondary notice was emailed to interested parties and a press release was distributed to the news media. The 60-day legislative review period for this rule expired on June 1, 2018, with no comments received and the public comment period for this rule expired on August 3, 2018. The Authority received comments from Jean Public; Lori Leotta, LCSW, Vice President of National Client Partnerships, Beacon Health Option of New Jersey; and joint comments from Patricia DeCotiis, Executive Director, New Jersey Psychiatric Association and Mishael Azam, COO and Senior Manager, Legislative Affairs, Medical Society of New Jersey. All of the comments and HESAA's responses are summarized below:

COMMENT: Jean Public expressed concern that the proposed rules did not include fines or penalties for failure to complete four years of service. She stated that participants would be able to “take the monies and do nothing to provide the payback services to the citizens of nj. [sic]” Ms. Public added that she does not believe suspension is enough for those who violate their contract and that the participants should be required to “repay the monies they took and then did not complete their part of the bargain.”

RESPONSE: In order to ensure that participants do not receive tuition reimbursement for services not rendered, the proposed rules provide that the payments are made upon completion of each year of service. Participants who do not complete a year of service will not receive a reimbursement payment.

COMMENT: Ms. Leotta expressed Beach Health Option’s support of the proposed rules. She stated that “access to mental health services is paramount in allowing our members and citizens realize their hopes for better health and recovery,” adding that “Beacon strongly supports the goals of the underlying statute, P.L. 2017 c. 126 (N.J.S.A. 18A:71C-59 et seq) and the proposed regulations at N.J.A.C. 9A:10-3 et seq., to incentivize medical students to enter the field of psychiatry.”

RESPONSE: The Higher Education Student Assistance Authority appreciates the support.

COMMENT: Ms. DeCotiis and Ms. Azam requested that the Authority create a broad and inclusive list of the state underserved areas. They asked for the list to be published with the application and instructions and for the list to be expedited so that eligible participants could start applying and would know if their potential location is eligible. Ms. Decotiis and Ms. Azam recommended that New Jersey municipalities which have more than 20% of their households under 200% of the federal poverty level be automatically deemed a State underserved area.

RESPONSE: HESAA is not authorized to create the list of state underserved areas. Pursuant to N.J.S.A. 18A:71C-62, the Commissioner of Health, in consultation with the Commissioner of Human Services, shall designate the state underserved areas which have a shortage of psychiatrists.

Upon receipt from the Commissioner of Human Services, HESAA will provide the list of state underserved areas with the application materials.

COMMENT: Ms. DeCotiis and Ms. Azam ask “that there is no cap imposed on “projected number of psychiatrists in each area’ so that applicants are not rejected.”

RESPONSE: While the rules implement the statutory requirement that the projected number of psychiatrists in each area be provided to the Authority, they do not impose a cap on the number of psychiatrists that will be accepted into the program from each area.

COMMENT: Ms. DeCotiis and Ms. Azam expressed their appreciation that the eligibility requirements in N.J.A.C. 9A:10-3.4 provide potential participants with the ability to apply for the program prior to moving to New Jersey as well as in anticipation of licensure and employment.

They stated their belief that students who live in another state should be able to apply before moving to New Jersey.

RESPONSE: The Higher Education Student Assistance Authority appreciates the support.

COMMENT: Ms. DeCotiis and Ms. Azam request an amendment to N.J.A.C. 9A:10-3.4(a)3. so that it reads “Apply...after completing an accredited residency training program in psychiatry or completing an accredited fellowship in psychiatry, including child and adolescent psychiatry;” They stated that “[t]hough this requirement tracks closely with the statute, it mistakenly narrows applicants by excluding those who complete fellowships in other subspecialties like addiction. This intent is clearly stating the definition of ‘state underserved area,’ which includes all physicians **‘in the specialty of psychiatry.’**”

RESPONSE: N.J.S.A. 18A:71C-61c. specifically narrows eligibility to applicants who apply within one year of “...completing an accredited fellowship in child and adolescent psychiatry...” The statute does not grant HESAA the authority to expand that eligibility criterion.

COMMENT: Ms. DeCotiis and Ms. Azam request amendments to N.J.A.C. 9A:10-3.4 and 3.5 so that the program does not have an application window or deadline. They believe that the application window and deadline “arbitrarily narrow the program eligibility...” In addition, Ms. DeCotiis and Ms. Azam request that the Authority delete the requirement of N.J.A.C. 9A:10-3.5 c. which ranks applicants in the event of insufficient funds to select all applicants who meet the eligibility criteria. Ms. DeCotiis and Ms. Azam believe that they “may lose dedicated physicians to employment opportunities outside of underserved areas or other states” if they have to wait until September to find out if they can participate in the program.

RESPONSE: In consultation with the Department of Health and the administrators of the Primary Care Loan Redemption program, the Authority determined that the most efficient way to administer the program was to provide the applicants a window in which to apply. Past experience has shown that when there are limited funds and applicants must apply within one-year of graduation there is uncertainty as to whether they will ever be accepted into the program. Applicants should not have to languish on a waiting list with no guaranty of ever being accepted into the program. Within the scope of the enabling statute, these rules provide applicants with two different windows within which to apply, ensuring both adequate time to apply and certainty with regards to acceptance into the program. Additionally, as with the similar existing Primary Care Practitioner Loan Redemption Program, in the event there are insufficient funds to select all eligible applicants, it is necessary to define the selection procedure in the rules.

COMMENT: Ms. DeCotiis and Ms. Azam advised that many psychiatrists are self-employed and request amendments to N.J.A.C. 9A:10-3.2, 3.5 and 3.7 to permit self-employed psychiatrists to participate in the program.

RESPONSE: As an additional check and balance in this program, in order to prevent fraud and to protect public funds, a certification from a third-party employer is required for participation.

Recommendation

It is recommended that the Board approve Resolution 01:19 Adopting New Regulations Governing Tuition Reimbursement Program for Psychiatrists, N.J.A.C. 9A:10-3.

Attachments

RESOLUTION 01:19

**APPROVING THE ADOPTION OF NEW REGULATIONS GOVERNING
TUITION REIMBURSEMENT PROGRAM FOR PSYCHIATRISTS**

Moved By: Mr. Bader Qarmout
Seconded By: Ms. Jean McDonald Rash

WHEREAS: Public Law 2017, chapter 126 (N.J.S.A. 18A:71C-59 et seq.) was signed into law on July 21, 2017 establishing the Tuition Reimbursement Program for Psychiatrists and providing that the Higher Education Student Assistance Authority (Authority) shall adopt rules necessary for the administration of the Act.; and

WHEREAS: At its April 18, 2018 meeting the HESAA Board approved proposed new rules to administer the Tuition Reimbursement Program for Psychiatrists; and

WHEREAS: The proposed new rules, PRN 2018-046, were published in the June 4, 2018 New Jersey Register at 50 N.J.R. 1333(a), posted on the HESAA website at HESAA.org and sent to the Statehouse News Media and secondary notice was emailed to interested parties and a press release was distributed to the news media; and

WHEREAS: The 60-day legislative review period for this rule expired on June 1, 2018, with no comments received; and

WHEREAS: The public comment period for this rule expired on August 3, 2018 with three sets of comments received that did not require any changes to the proposal.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the Adoption of New Regulations Governing Tuition Reimbursement Program for Psychiatrists, N.J.A.C. 9A:10-3.

January 23, 2019

RULE PROPOSALS

INTERESTED PERSONS

Interested persons may submit comments, information or arguments concerning any of the rule proposals in this issue until the date indicated in the proposal. Submissions and any inquiries about submissions should be addressed to the agency officer specified for a particular proposal.

The required minimum period for comment concerning a proposal is 30 days. A proposing agency may extend the 30-day comment period to accommodate public hearings or to elicit greater public response to a proposed new rule or amendment. Most notices of proposal include a 60-day comment period, in order to qualify the notice for an exception to the rulemaking calendar requirements of N.J.S.A. 52:14B-3. An extended comment deadline will be noted in the heading of a proposal or appear in subsequent notice in the Register.

At the close of the period for comments, the proposing agency may thereafter adopt a proposal, without change, or with changes not in violation of the rulemaking procedures at N.J.A.C. 1:30-6.3. The adoption becomes effective upon publication in the Register of a notice of adoption, unless otherwise indicated in the adoption notice. Promulgation in the New Jersey Register establishes a new or amended rule as an official part of the New Jersey Administrative Code.

HIGHER EDUCATION

(a)

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Loan and College Savings Programs Tuition Reimbursement Program for Psychiatrists Proposed New Rules: N.J.A.C. 9A:10-3

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

Authority: P.L. 2017, c. 126, and N.J.S.A. 18A:71C-59 et seq.

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

Proposal Number: PRN 2018-046.

Submit written comments by August 3, 2018, to:

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

The agency proposal follows:

Summary

P.L. 2017, c. 126 (N.J.S.A. 18A:71C-59 et seq.) (the Act), was signed into law on July 21, 2017. The Act establishes the Tuition Reimbursement Program for Psychiatrists and provides that the Higher Education Student Assistance Authority (Authority) shall adopt rules necessary for the administration of the Act.

The Act addresses a shortage of mental health care access in certain areas of the State by providing tuition reimbursement in exchange for up to four years of service as a full-time psychiatrist in an underserved area.

The proposed new rules govern the policy, administration, and procedures of the Tuition Reimbursement Program for Psychiatrists, and are summarized below:

The subchapter heading establishes the name of the program for which these proposed new rules will be promulgated, as the Tuition Reimbursement Program for Psychiatrists.

N.J.A.C. 9A:10-3.1 provides the purpose of the rules established by this subchapter and the scope of eligibility in order to apply for loan redemption.

N.J.A.C. 9A:10-3.2 provides the definitions for words and terms as used within this subchapter, which include "Authority," "eligible position," "eligible tuition expenses," "fiscal year," "full-time practice as a psychiatrist," "mental healthcare services," "Program," "Program participant," "State psychiatric hospital," and "State underserved area."

The definition for "State psychiatric hospital" differs from N.J.S.A. 18A:71C-59 because, pursuant to Reorganization Plan No. 001-2017, signed June 29, 2017, State psychiatric hospitals are now operated by the Department of Health.

N.J.A.C. 9A:10-3.3 provides the process the Commissioner of Health, in consultation with the Commissioner of Human Services shall use to define underserved areas. This section also specifies the source of the listings of the underserved areas, including the projected number of psychiatrists needed in each area, and the list of State psychiatric hospitals, including the projected number of psychiatrists needed in each hospital.

N.J.A.C. 9A:10-3.4 establishes the eligibility requirements that an applicant must meet in order to participate in the Program.

N.J.A.C. 9A:10-3.5 specifies the procedures that an applicant must follow in order to participate in the Program, as well as the process for the Authority's review of the information submitted and selection of applicants for acceptance into the Program.

N.J.A.C. 9A:10-3.6 provides the terms for tuition reimbursement, which is initiated by a written contract with the Authority that specifies the duration of the participant's approved employment service obligation, the total amount of eligible tuition expenses to be reimbursed by the State in return for service, and how participants may charge patients for professional services. The terms also specify the requirements to continue eligibility for annual tuition reimbursement under the Program.

N.J.A.C. 9A:10-3.7 outlines the contributing factors by which the Authority shall terminate a participant's employment service obligation and subsequently cancel the tuition reimbursement contract, as well as the contributing factors for suspension of the tuition reimbursement contract and the length of the suspension. The section further stipulates that the final decision making authority to terminate a Program participant's employment service obligation and cancel tuition reimbursement contract lies with the Authority.

N.J.A.C. 9A:10-3.8 outlines the procedures that an applicant must follow in order to appeal a notification of ineligibility for Program participation from the Authority and the Authority's responsibility to provide a written response to the applicant within 30 days of receipt of the appeal.

As the Authority has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed new rules are intended to address a shortage of mental health care access in certain areas of the State by providing tuition reimbursement in exchange for up to four years of service as a full-time psychiatrist in an underserved area. These incentives will ensure that sufficient numbers of psychiatrists are available to provide services in the areas of the State that are currently underserved.

Economic Impact

It is anticipated that these proposed new rules will provide participants with economic relief from the cost of their education. Additionally, as the Program is intended to provide mental health services in underserved areas, it is anticipated that the proposed new rules will provide financial savings to patients who will not have to travel to receive care. An appropriation will be necessary to fund the tuition reimbursements and to administer the Program.

Federal Standards Statement

A Federal standards analysis is not required since the proposed new rules are not subject to any Federal requirements or standards, with the exception of requiring participants to agree to limit fees charged to recipients of benefits under the Federal Medicare Program established pursuant to Pub. L. 89-97 (42 U.S.C. §§ 1395 et seq.).

Jobs Impact

The proposed new rules will not result in the loss or generation of jobs but will help to alleviate the shortage of psychiatrists practicing in underserved areas by providing tuition reimbursement incentives for psychiatrists to practice in those areas.

Agriculture Industry Impact

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

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed new rules do not impose reporting, recordkeeping, or other compliance requirements on small businesses as defined by the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed new rules address the critical shortage of mental health services in underserved areas.

Housing Affordability Impact Analysis

The proposed new rules will have an insignificant impact on the affordability of housing in New Jersey and there is an extreme unlikelihood that the rules would evoke a change in the average costs associated with housing because the proposed new rules concern tuition reimbursement for mental health professionals who practice in underserved areas of the State.

Smart Growth Development Impact Analysis

The proposed new rules will have an insignificant impact on smart growth and there is an extreme unlikelihood that the proposed new rules would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey because the proposed new rules concern tuition reimbursement for mental health professionals who practice in underserved areas of the State.

Full text of the proposed new rules follows (additions indicated in boldface **thus**; deletion indicated in brackets [thus]):

SUBCHAPTER 3. [(RESERVED)] TUITION REIMBURSEMENT PROGRAM FOR PSYCHIATRISTS

9A:10-3.1 Purpose and scope

The rules established by this subchapter provide the policies and procedures for participation in the Tuition Reimbursement Program for Psychiatrists administered by the Higher Education Student Assistance Authority. This Program shall provide reimbursement to Program participants for a portion of the eligible tuition expenses incurred by the participants in attending medical school.

9A:10-3.2 Definitions

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

"Authority" means the Higher Education Student Assistance Authority.

"Eligible position" means full-time employment as a psychiatrist in a State underserved area or at a State psychiatric hospital, or at a combination thereof.

"Eligible tuition expenses" means tuition expenses that were incurred by a Program participant in attending an accredited medical school and were not covered by any grants or scholarships.

"Fiscal year" means the period of time beginning on July 1 of a given year and ending on June 30 of the following year.

"Full-time practice as a psychiatrist" means 35 hours per week in an eligible position.

"Mental healthcare services" means the assessment and treatment of individuals with mental health or substance use disorders.

"Program" means the Tuition Reimbursement Program for Psychiatrists established pursuant to N.J.S.A. 18A:71C-59 et seq.

"Program participant" means a psychiatrist who contracts with the Authority to provide mental health care services in a State underserved area or in a State psychiatric hospital in return for tuition reimbursement provided under the Program.

"State psychiatric hospital" means a State psychiatric hospital operated by the Department of Health and listed in N.J.S.A. 30:1-7.

"State underserved area" means a geographic area in this State that the Commissioner of Health, in consultation with the Commissioner of Human Services, determines, on the basis of health status and economic indicators, as having a physician shortage in the specialty of psychiatry.

9A:10-3.3 Designation of underserved areas; list of available positions in State psychiatric hospitals

(a) In accordance with N.J.S.A. 18A:71C-62, the Commissioner of Health, in consultation with the Commissioner of Human Services, shall designate State underserved areas that have a shortage of psychiatrists. In designating State underserved areas, the Commissioner of Health shall consider health status criteria and economic indicators including, but not limited to, the financial resources of the population who reside in the area under consideration and the population's access to mental health care services.

(b) The Commissioner of Health shall transmit to the Authority, a list of the State underserved areas and the projected number of psychiatrists needed in each area.

(c) The Commissioner of Health shall transmit to the Authority, the list of the State psychiatric hospitals and the projected number of psychiatrists needed in each hospital.

9A:10-3.4 Eligibility requirements for Program participation

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

1. Maintain residency in the State during participation in the Program;

2. Be a State-licensed physician who has successfully completed all educational and residency training requirements for the practice of psychiatry by the date of execution of the Program contract;

3. Apply for the Program by September 30 of the calendar year after completing an accredited residency training program in psychiatry or completing an accredited fellowship in child and adolescent psychiatry;

4. Agree to practice full-time as a psychiatrist in a State underserved area and/or in a State psychiatric hospital for a period of one to four years in return for the tuition reimbursement provided under the Program; and

5. Not be simultaneously participating in either the Primary Care Practitioner Loan Redemption Program, N.J.S.A. 18A:71C-32 et seq., or in the Federally administered National Health Service Corps Loan Repayment Program, § 338B of the Public Health Service Act (42 U.S.C. § 2541-1).

9A:10-3.5 Application procedures

(a) In order to apply for participation in the Program, an applicant must complete a tuition reimbursement Program

application and submit it to the Authority between July 1 and September 30.

1. The Program application includes, but is not limited to:
 - i. The applicant's identification and contact information;
 - ii. Certification of full-time employment from the applicant's current employer or anticipated employer, including the start date;
 - iii. Proof of medical school attendance and graduation; and
 - iv. Proof of the amount of the applicant's tuition expenses for each year of medical school.

(b) The Authority will select Program participants from among those applicants who meet the eligibility criteria established pursuant to the N.J.A.C. 9A:10-3.4. Approval of the selected candidates is conditional upon the candidate receiving a license to practice medicine in New Jersey.

(c) In the event there are insufficient funds to select all of the applicants who meet the eligibility criteria, the Authority will rank all of the applications received during the application submission period using predetermined scoring evaluation criteria, which will be updated annually and posted on the Authority's website prior to July 1 each year.

(d) The Authority's approval of Program participation is subject to available funding.

9A:10-3.6 Terms for tuition reimbursement

(a) An applicant who is selected for participation in the Program shall enter into a written contract with the Authority. The contract shall specify the total amount of eligible tuition expenses to be reimbursed by the State, not to exceed 25 percent of the participant's eligible tuition expenses for the one academic year of medical school attendance in which tuition was the lowest, in return for each full year of service satisfactorily completed by the participant, not to exceed four years. The contract shall require a program participant to:

1. Charge for professional services at the usual and customary rate prevailing in the State underserved area, but allow a patient who is unable to pay that charge to pay at a reduced rate or receive care at no charge;
2. Not discriminate against any patient in the provision of mental health care services on the basis of that person's ability to pay or source of payment; and
3. Agree not to charge in excess of the limiting fee for a service, as determined by United States Secretary of Health and Human Services, to a recipient of benefits under the Federal Medicare program established pursuant to Pub. L. 89-97 (42 U.S.C. §§ 1395 et seq.).

- (b) In order to maintain Program eligibility a participant must:
1. Maintain residency in the State;
 2. Maintain a license to practice medicine in the State;
 3. Annually submit a certification signed by his or her employer verifying his or her continued employment and satisfactory performance in an eligible position.

(c) If a participant changes employers while participating in the Program, he or she must provide the Authority with a certification signed by the previous full-time employer containing the termination date from that position and a certification from the new full-time employer containing the start date for that position and verification of the participant's continued employment and satisfactory performance in an eligible position. If there is a gap in full-time service between eligible positions, the service obligation will be extended a commensurate amount of time to complete a full year of service.

9A:10-3.7 Termination or suspension of the participant's tuition reimbursement contract

(a) The Authority shall terminate the participant's employment service obligation and cancel the tuition reimbursement contract if it determines:

1. On the basis of a sworn affidavit of a qualified physician, that the participant is totally and permanently disabled;
2. On the basis of a death certificate, or other evidence of death that is conclusive under State law, that the participant has died;

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

4. That the participant is no longer employed in a qualified position;

5. That the participant has been convicted of a felony and/or a high misdemeanor, as defined in N.J.S.A. 2C:1-4.d, or has committed an act of gross negligence in the performance of his or her employment service obligation; or

6. That the participant's license to practice has been revoked or suspended for cause.

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

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

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

(c) The Higher Education Student Assistance Authority shall have final decision making authority to terminate a Program participant's employment service obligation and cancel the tuition reimbursement contract.

9A:10-3.8 Appeals process

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

1. A copy of the notification of ineligibility received by the applicant from the Authority; and
2. The reason(s) why the applicant feels he or she is eligible to participate in the Program along with any documentation that the applicant has obtained to support the appeal, if applicable.

(b) The applicant will receive a written response from the Authority concerning the determination of his or her eligibility for Program participation within 30 days of the receipt of the appeal.

LAW AND PUBLIC SAFETY

(a)

**DIVISION ON CIVIL RIGHTS
Advertising Relating to Real Property
Proposed New Rule: N.J.A.C. 13:9**

Authorized By: Craig Sashihara, Director, Division on Civil Rights.

Authority: N.J.S.A. 10:5-8, 10:5-12, and 10:5-18.

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

Proposal Number: PRN 2018-048.

Submit written comments by August 3, 2018, to:

Estelle Bronstein, Deputy Executive Director
Department of Law and Public Safety
Division on Civil Rights



State of New Jersey

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PHILIP D. MURPHY
Governor


SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow 
Executive Director

FROM: Arthur Quaranta 
Controller

SUBJECT: Resolution 02:19 Appointment of Designated Purchaser of Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans

DATE: January 23, 2019

Background

As the guaranty agency designated by the U.S. Department of Education for the State of New Jersey, the Higher Education Student Assistance Authority (HESAA) is responsible for the administration of the Federal Family Education Loan Program (FFELP) for our state's FFELP borrowers.

Borrowers with defaulted FFELP loans may receive Loan Rehabilitation through provisions of the Federal Higher Education Act of 1965, as amended. This federal program allows certain borrowers with defaulted FFELP loans to remove the default status on their loans and repair their credit history if nine consecutive, on-time, voluntary monthly payments are made within a ten-month period. When FFELP borrowers have completed their bankruptcy actions they are similarly eligible to exit default status.

Once a loan exits default status, HESAA re-sells the loans to a qualified lender because current system limitations prohibit the Authority from complying with certain federal reporting requirements and processing all of the repayment options available with federal programs.

On November 16, 2018 HESAA issued a Request for Proposals (RFP) to appoint a designated purchaser of FFELP rehabilitations and bankruptcy loans. Under the current

market conditions, potential purchasers of these loans are expected to make purchase offers at a discount, meaning that they would likely be below the outstanding amount of the loans.

HESAA sent the RFP to 15 companies, posted it on the procurement section of HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News.

HESAA received three proposals, from ECMC Group, KHESLC and Nelnet.

Selection Process

An evaluation committee comprised of HESAA's Chief Financial Officer, Controller and Servicing & Collections Program Officer reviewed and scored the proposals. While each of the proposals had their separate strengths the committee determined that KHESLC could best meet HESAA's needs. KHESLC submitted a comprehensive proposal that demonstrated their ability to work with borrowers to make the post-rehabilitation and bankruptcy transfer process as seamless as possible. In addition, KHESLC services the loans they purchase in-house, which is expected to offer less confusion and better services to borrowers. While ECMC also submitted a comprehensive proposal, with a comparable discount percentage at which to purchase the loans, they do not service the loans themselves and instead use a third-party servicer, Navient. The evaluation committee does not recommend selecting Nelnet because, although HESAA has had a good working relationship with Nelnet in the past, the discount at which Nelnet proposed to purchase the loans was much higher than the other two proposals.

Recommendation

It is recommended that the Board approve the attached Resolution 02:19 Approving KHESLC as Designated Purchaser of Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans for a period of two years with three optional one-year extensions.

Attachment

RESOLUTION 02:19

APPROVING THE APPOINTMENT OF A DESIGNATED PURCHASER OF FEDERAL FAMILY EDUCATION LOAN PROGRAM REHABILITATION & BANKRUPTCY LOANS FOR ONE YEAR

Moved By: Dr. Jon Larson
Seconded By: Mr. Stephan Lally

WHEREAS: As the State of New Jersey's designated guaranty agency of Federal Family Education Loan Program (FFELP) loans, the Higher Education Student Assistance Authority (HESAA) re-sells FFELP loans to a qualified lender upon the rehabilitation of the federal loan and at the conclusion of a bankruptcy stay; and

WHEREAS: On November 16, 2018 HESAA issued a Request for Proposals for a designated purchaser of FFELP rehabilitation and bankruptcy loans; and

WHEREAS: HESAA mailed the RFP to fifteen possible purchasers, posted the RFP on HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News; and

WHEREAS: HESAA received proposals from three companies; and

WHEREAS: An evaluation committee, comprised of HESAA's Chief Financial Officer, Controller, and Servicing and Collections Program Officer, reviewed the proposals and determined that KHESLC should be appointed as the Designated Purchaser of Federal Family Education Loan Program (FFELP) Rehabilitation & Bankruptcy Loans.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority appoints KHESLC as the designated purchaser of FFELP rehabilitation and bankruptcy loans for an initial period of two years subject to three additional one-year extensions at the option of the Higher Education Student Assistance Authority.

January 23, 2019

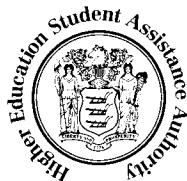
EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Loan Rehabilitation Proposal Evaluation)				
BIDDER ECMC	DATE _____				
SUMMARY OF EVALUATION TEAM'S COMMENTS: High regard for ECMC experience in the FFELP space but some concern with sub-contracting of loan servicing with 3rd party.					
Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response					
CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
Bidder's understanding of HESAA's requirements	6	6	6	20.0%	3.6
Bidder's ability to complete the scope of services, accomplish the required objectives and meet HESAA's project schedule	6	7	6	20.0%	3.8
Bidder's ability to bring innovative ideas to maximize the quality of the rehabilitated loan portfolio	6	6	6	10.0%	1.8
Bidder's ability to ensure that HESAA's guarantee remains in effect throughout the life of a loan, including consolidation	8	7	7	10.0%	2.2
The fee proposed	8	8	7	40.0%	9.2
Total				100.0%	20.6

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Loan Rehabilitation Proposal Evaluation)			
BIDDER KHESLC	DATE				
SUMMARY OF EVALUATION TEAM'S COMMENTS: References provided were helpful in making final decision.					
Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response					
CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
Bidder's understanding of HESAA's requirements	8	9	7	20.0%	4.8
Bidder's ability to complete the scope of services, accomplish the required objectives and meet HESAA's project schedule	8	8	7	20.0%	4.6
Bidder's ability to bring innovative ideas to maximize the quality of the rehabilitated loan portfolio	6	7	6	10.0%	1.9
Bidder's ability to ensure that HESAA's guarantee remains in effect throughout the life of a loan, including consolidation	8	8	7	10.0%	2.3
The fee proposed	8	8	7	40.0%	9.2
Total				100.0%	22.8

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Loan Rehabilitation Proposal Evaluation)			
BIDDER Nelnet	DATE				
SUMMARY OF EVALUATION TEAM'S COMMENTS: Good working experience as past provider but fees were much higher than competing bids.					
Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response					
CRITERIA	Score 1	Score 2	Score 3	WEIGHT	TOTAL
Bidder's understanding of HESAA's requirements	7	8	7	20.0%	4.4
Bidder's ability to complete the scope of services, accomplish the required objectives and meet HESAA's project schedule	6	7	7	20.0%	4
Bidder's ability to bring innovative ideas to maximize the quality of the rehabilitated loan portfolio	6	5	7	10.0%	1.8
Bidder's ability to ensure that HESAA's guarantee remains in effect throughout the life of a loan, including consolidation	8	7	7	10.0%	2.2
The fee proposed	2	1	2	40.0%	2
Total				100.0%	14.4

Higher Education Student Assistance Authority

Firm	Total Score	Rank
ECMC	20.60	2
KHESLC	22.80	1
NeINet	14.40	3



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
4 QUAKERBRIDGE PLAZA
PO Box 545
TRENTON, NJ 08625-0545
1-800-792-8670
www.hesaa.org

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: Christy Van Horn *CVH*
Audit Committee

SUBJECT: Resolution 03:19 – Approving the Extension of the Contract with CliftonLarsonAllen LLP, Independent Auditor

DATE: January 23, 2019

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 January 28, 2016 meeting the Board appointed CliftonLarsonAllen LLP as the auditing firm for HESAA for the initial term of three years, beginning with the financial statements for the fiscal year ending June 30, 2016, subject to two one-year extensions at the option of HESAA. The Board appointed CliftonLarsonAllen LLP 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. Based on their proposal and past experience, the Committee found them to be credible, efficient and effective and felt they have the required experience in evaluation of systems of internal control, financial transaction testing and fraud testing. The committee found that CliftonLarsonAllen demonstrates the required expertise on bond fund audits as well as a focus on privacy protections and that they assign an appropriately sized team to

HESAA. The committee agreed that the firm proposed a fair price based on an accurate assessment of the audit services to be performed.

The contract is subject to its first optional renewal for the audit of the financial statements for the fiscal year ending June 30, 2019. The Audit Committee members believe 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 03:19 providing a one year extension to the appointment of CliftonLarsonAllen LLP as Independent Auditor, at a cost of \$86,750 for the year.

Attachment

RESOLUTION 03:19

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

Moved By: Ms. Maria Torres
Seconded By: Mr. Robert Shaughnessy

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

WHEREAS: At its January 28, 2016 meeting the Board appointed CliftonLarsonAllen LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2016 fiscal year, subject to two one-year extensions at the option of HESAA; and

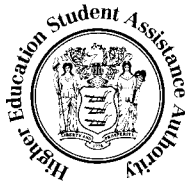
WHEREAS: The contract with CliftonLarsonAllen LLP is subject to its first optional renewal for the 2019 fiscal year; and

WHEREAS: The Audit Committee members agreed that it would be in HESAA's best interest to exercise the first of its options to 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 \$86,750.

January 23, 2019



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
4 QUAKERBRIDGE PLAZA
PO Box 545
TRENTON, NJ 08625-0545
1-800-792-8670
www.hesaa.org


PHILIP D. MURPHY
Governor


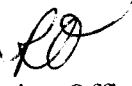
SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director 

FROM: Jerry Traino
Chief Financial Officer 
Ruth Odom 
Chief Information Officer

SUBJECT: Resolution 04:19 Appointing a Vendor to Provide a Replacement Back-end Platform for Student Loans

DATE: January 23, 2019

Background

On February 16, 2018 the Higher Education Student Assistance Authority (HESAA) issued a Request for Proposals (RFP) seeking proposals from qualified companies that could replace HESAA's aging system for servicing NJCLASS loans.

HESAA has been using the current loan servicing technology platform since the inception of the NJCLASS program in 1991. It is now a mission-critical necessity to move to a system that uses fourth-generation programming languages to minimize the risk associated with maintaining legacy systems which use older programming languages and file structures. With a new system HESAA will be able to improve service levels for borrowers and increase operational efficiencies through features such as processing more relevant demographic information about borrowers and providing a data warehouse to combine information from different sources that will enable enhanced customer service, new product development, and historical analysis. A new platform will also be more flexible, allowing HESAA to make changes in processes much more quickly to meet new statutory requirements and changing business needs.

Through the RFP HESAA sought companies that could provide a new student loan back-end servicing platform that would be able to support the major functional areas of back-end student loan account management, including:

- Use of parameters within the servicing platform to control the proper servicing of loans;
- Conversion, onboarding, and reconciliation of loans as they are originated to HESAA loan portfolios;
- Loan servicing, including billing and collections activities for current as well as delinquent & defaulted loans; and
- Loan payment processing and portfolio accounting.

HESAA sent the RFP to nine prospective vendors, posted it on the procurement section of HESAA's website, and placed advertisements about the RFP in the Trenton Times, Star-Ledger, Courier News, and Home News.

HESAA received four proposals, from DecisivEdge, LLC; The Higher Education Servicing Corporation; Nelnet; and PHEAA.

Selection Process

An evaluation committee comprised of HESAA's Chief Financial Officer, Chief Information Officer, Chief Compliance Officer, Acting Director of Loans, and their staff members met and reviewed each of the proposals. Based on their initial review and scoring of the proposals HESAA met with DecisivEdge and Nelnet in person for demonstrations of their systems and clarifications on their proposals.

The selection criteria for reviewing the software company proposals were as follows:

- Account/Loan Servicing Activities
- Account/Loan Collection Activities
- Litigation Monitoring
- Reporting
- Document Management
- Workflow
- Web-Based Interface
- History/Audit Trail Of Transactions
- Telephonic Interface
- External Interfaces
- Network Plan
- Disaster Recovery/Business Continuity Plans
- Security Plan
- Training Plan
- System Testing
- Implementation
- Post-implementation Support and Maintenance

- System Maintenance
- Cost

Basis for Selection

Based on the proposals and in-person meetings the evaluation committee completed a final scoring of the proposals and determined that DecisivEdge, LLC proposed the system that best meets HESAA's needs.

Of the other three proposals submitted that were not selected, two were non-hosted products, one of which was priced substantially higher than all other proposals received and the other was simply a refurbishing of the interface of our current antiquated system. The third non-selected offering, while it was an overall system upgrade more in line with HESAA's needs, had a limited life cycle that would have placed the Authority in a position of working with potentially outdated and unsupported programming within the next 10 years.

Overall the committee found the system platform included in DecisivEdge's proposal to have state-of-the-art and robust features. From the perspective of HESAA's Information Technology (IT) services, the move to a server-based system will allow HESAA to eliminate a business system from the mainframe, making it possible to decommission the mainframe and modernize the Authority's overall IT infrastructure. Additionally, DecisivEdge's proposal is highly scalable.

This move to a system which uses fourth-generation programming languages minimizes the risk associated with maintaining legacy systems which use older programming languages and file structures. DecisivEdge's proposal would allow the Authority to move to a system which supports converting to Oracle databases all current Java programs that use mainframe DB2 databases. HESAA web applications can be migrated from the current mainframe environment to the new environment that DecisivEdge has proposed in their response to the RFP.

The DecisivEdge proposal also provides significant benefits to the business operations conducted by HESAA's Loan Servicing unit. Specifically, the committee noted that by moving to the proposed platform Loan Servicing will gain significant efficiencies ranging from capturing additional demographic data to creating a data warehouse combining information from different sources. In addition, the proposed platform will automate current manual processes, thus enhancing workflow management capabilities.

The DecisivEdge proposal is also best suited to establish a more standardized data collection and reporting process, which will benefit HESAA's compliance and reporting functions. A new platform will allow for a more uniform process, avoid redundant processes to generate required reports and ensure compliance, and create more efficient interoperability among units of the Authority.

DecisivEdge proposes several in-person staff training periods throughout the course of the project to ensure staff familiarity with the new system as well as provide a broader cross training of staff so that timely reporting isn't contingent upon a few individuals uniquely conversant in archaic systems languages.

Cost Summary

DecisivEdge has priced out all applicable components required to set up and implement their proposed solution, with the timeframe of getting HESAA to an operational end-state production environment within 60 weeks. The five-year cost paid to DecisivEdge, will be \$4,392,258 (\$4.4 million).

HESAA has budgeted for the full cost of this project, including the \$4.4 million to be paid to DecisivEdge and \$900,000 in additional costs associated with this project (\$500,000 for the one-time purchase of additional servers and storage devices and \$400,000 for infrastructure consulting services over two years). In the FY19 Capital Budget approved by the HESAA Board at the July 2018 meeting (Resolution 4:18), \$1 million was included as the first installment toward this project. The Board further approved the creation of a \$3.5 million Capital Reserve Fund in FY19, funded with parity and equity release revenues from prior bond indentures. HESAA has identified sufficient resources to fund this project over the next five years, through a combination of a) uncommitted portions of the Capital Reserve, b) \$1 million in dedicated funding in FY19, and c) anticipated additional parity releases concurrent with the 2019 Bond Cycle. In addition, we expect significant savings to accrue in future years: once the mainframe is ultimately decommissioned, HESAA will no longer have to pay \$478,000 in annual IBM maintenance and licenses, more than offsetting the new recurring costs of \$152,000 for annual maintenance from DecisivEdge.

Recommendation

It is recommended that the Board approve Resolution 04:19 Appointing DecisivEdge, LLC as the Vendor to Provide a Replacement Back-end Platform for Student Loans, at cost paid to DecisivEdge of \$4.4 million paid over five years.

Attachments

RESOLUTION 04:19
APPOINTING A VENDOR TO PROVIDE REPLACEMENT BACK-END PLATFORM
FOR STUDENT LOANS

Moved by: Ms. Jean McDonald Rash
Seconded by: Mr. Michael Scardina

WHEREAS: The Higher Education Student Assistance Authority (HESAA) must replace its back-end technology platform for student loans, as the current system was installed in 1991 and lacks several modern functionalities needed to maximize efficiency in the servicing of student loans; and

WHEREAS: On February 16, 2018 HESAA issued a Request for Proposals for a Student Loan Servicing Platform by posting the RFP on the procurements section of HESAA's website, distributing the link to nine companies that provide these types of systems and publishing the link in the Trenton Times, Star Ledger, Courier News, and Home News; and

WHEREAS: HESAA received proposals from four companies; and

WHEREAS: An evaluation committee comprised of HESAA's Chief Financial Officer, Chief Information Officer, Chief Compliance Officer, Acting Director of Loans and their staff members met and reviewed each of the proposals; and

WHEREAS: Based on their initial review and scoring of the proposal HESAA met with two companies in person for demonstrations of their systems and clarifications on their proposals; and

WHEREAS: Based on the proposals and in-person meetings the evaluation committee completed a final scoring of the proposals and determined that DecisivEdge, LLC proposed the system that best meets HESAA's needs.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the engagement of DecisivEdge, LLC to provide a replacement back-end platform for student loans at a cost paid to DecisivEdge of \$4.4 million paid over five years.

January 23, 2019

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Student Loan Servicing Platform
BIDDER Nelnet	

Scoring	9-10 = Excellent	7-8 = Very Good	5-6 = Good	3-4 = Fair	1-2 = Poor	0 = No Response
CRITERIA	Score 1	Score 2	Score 3	Score 4	WEIGHT	TOTAL
The bidder's general approach and plans in meeting the requirements of the RFP	8	6	4	7	5.0%	1.05
The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP	4	4	5	6	60.0%	8.4
The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP	6	5	3	8	10.0%	1.9
The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP	6	7	6	5	5.0%	0.9
The overall ability of the bidder to mobilize, undertake and successfully complete the contract	7	6	6	7	5.0%	1
Cost	5	5	4	4	15.0%	2.1
Total					100.0%	15.35

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Student Loan Servicing Platform			
BIDDER PHEAA					

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response						
CRITERIA	Score 1	Score 2	Score 3	Score 4	WEIGHT	TOTAL
The bidder's general approach and plans in meeting the requirements of the RFP	7	5	6	4	5.0%	0.8
The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP	5	4	6	6	60.0%	9
The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP	5	5	6	7	10.0%	1.7
The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP	6	6	6	7	5.0%	0.95
The overall ability of the bidder to mobilize, undertake and successfully complete the contract	7	5	7	6	5.0%	0.9
Cost	2	2	2	5	15.0%	1.35
Total					100.0%	14.7

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Student Loan Servicing Platform

EVALUATION SCORE SHEET	
BIDDER DecisivEdge	

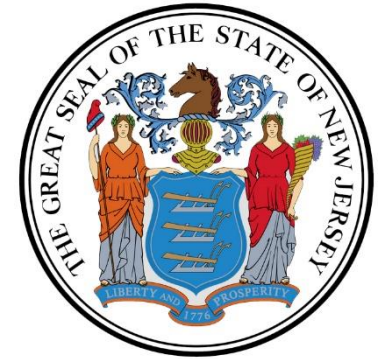
Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response						
CRITERIA	Score 1	Score 2	Score 3	Score 4	WEIGHT	TOTAL
The bidder's general approach and plans in meeting the requirements of the RFP	8	8	7	9	5.0%	1.25
The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP	6	7	6	8	60.0%	12.6
The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP	5	5	6	8	10.0%	1.8
The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP	6	7	5	8	5.0%	1.05
The overall ability of the bidder to mobilize, undertake and successfully complete the contract	7	8	8	8	5.0%	1.15
Cost	5	5	6	7	15.0%	2.55
Total					100.0%	20.4

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Student Loan Servicing Platform
BIDDER HESC	

Scoring	9-10 = Excellent	7-8 = Very Good	5-6 = Good	3-4 = Fair	1-2 = Poor	0 = No Response
CRITERIA	Score 1	Score 2	Score 3	Score 4	WEIGHT	TOTAL
The bidder's general approach and plans in meeting the requirements of the RFP	2	2	5	6	5.0%	0.5
The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP	2	2	4	4	60.0%	4.8
The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP	1	3	1	4	10.0%	0.8
The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP	2	3	1	5	5.0%	0.5
The overall ability of the bidder to mobilize, undertake and successfully complete the contract	1	2	3	5	5.0%	0.4
Cost	1	1	1	6	15.0%	1.2
Total					100.0%	8.2

Higher Education Student Assistance Authority

Firm	Total Score	Rank
NelNet	15.35	2
PHEAA	14.70	3
DecisivEdge	20.40	1
HESC	8.20	4



PROGRESS UPDATE: STATE PLAN FOR HIGHER EDUCATION

Prepared for HESAA Board, January 23, 2019

New Jersey Office of the Secretary of Higher Education

Agenda

- ❖ Stakeholder Outreach
- ❖ Higher Education Overview
- ❖ Student Success Outcomes
- ❖ Affordability Trends

Stakeholder Outreach

Hosted **3 Regional Meetings** (live streamed on YouTube and open to the public)

Conducted **over 30 presentations and meetings** with higher education stakeholder groups, including students, faculty, administrators, and industry leaders

Testified before **Joint Committee Hearing** on options for funding public 4-yr colleges in the state

Engaged all **54 college presidents** in the state

9,000 Survey Responses about state higher education from:

- Students
- Presidents
- Provosts/Academic Affairs
- Financial Aid Administrators
- Student Support/Student Affairs Staff
- Senior Institution Staff

HOW NEW JERSEY COMPARES TO THE NATION

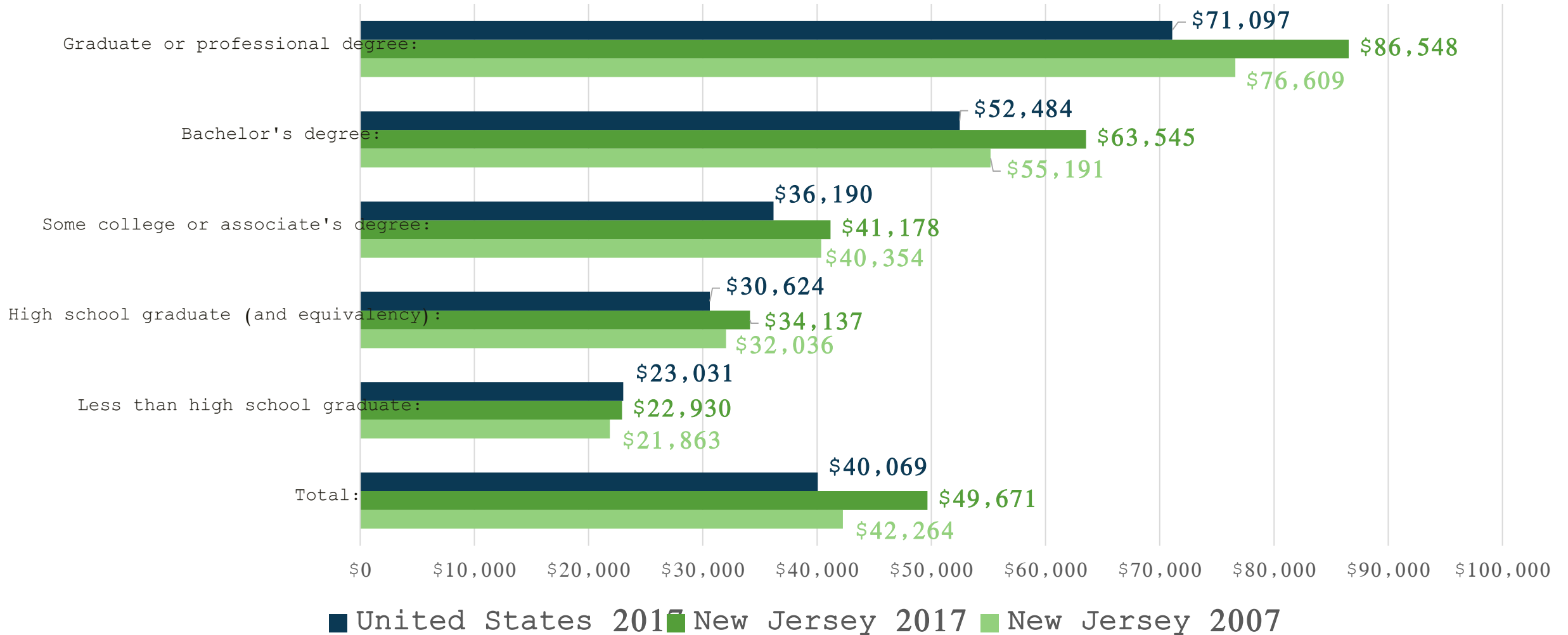


Higher than the national average but not high enough to meet our future workforce needs

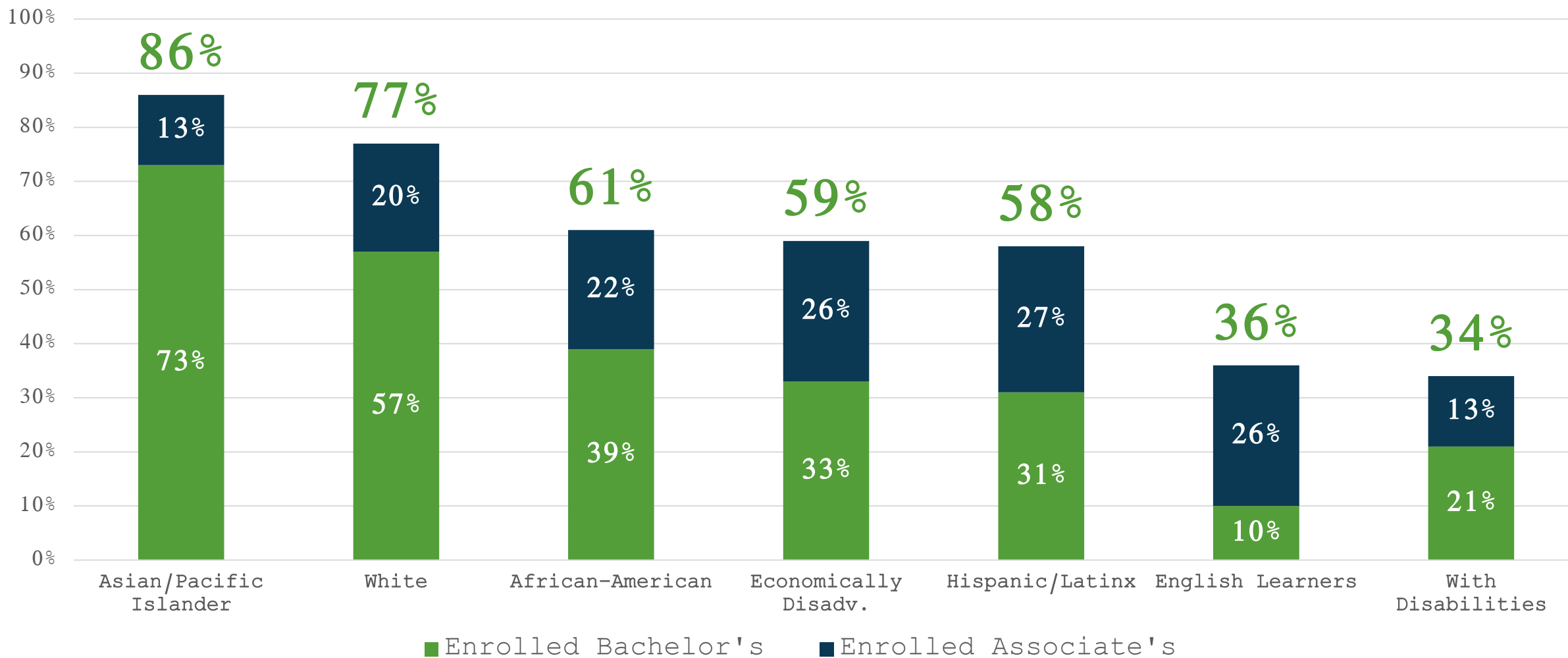
DEGREE ATTAINMENT RATES BY COUNTY

Attainment	County	Population	Pop. Rank	Attainment	County	Population	Pop. Rank
34.2%	Atlantic	270,991	15	51.3%	Middlesex	837,073	2
57.6%	Bergen	939,151	1	53.9%	Monmouth	625,846	5
48.5%	Burlington	449,284	11	62.5%	Morris	498,423	10
40.5%	Camden	510,150	8	39.1%	Ocean	592,497	6
41.3%	Cape May	94,430	20	34.2%	Passaic	507,945	9
21.5%	Cumberland	153,797	16	32.6%	Salem	63,436	21
40.9%	Essex	796,914	3	62.8%	Somerset	333,751	13
42.8%	Gloucester	292,330	14	44.6%	Sussex	142,522	17
47.2%	Hudson	677,983	4	42.0%	Union	555,630	7
60.1%	Hunterdon	124,676	18	42.0%	Warren	106,617	19
48.1%	Mercer	371,023	12				

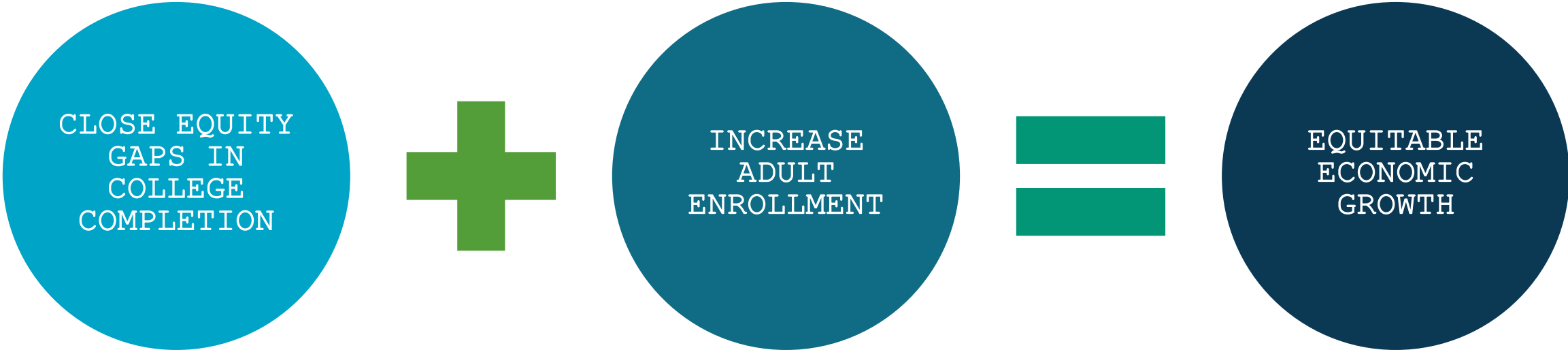
Payoff of a College Degree in New Jersey has Increased Over the Past Decade



Massive Gaps in Who Goes to College and What Colleges They Attend



NEW JERSEY'S BIG GOAL



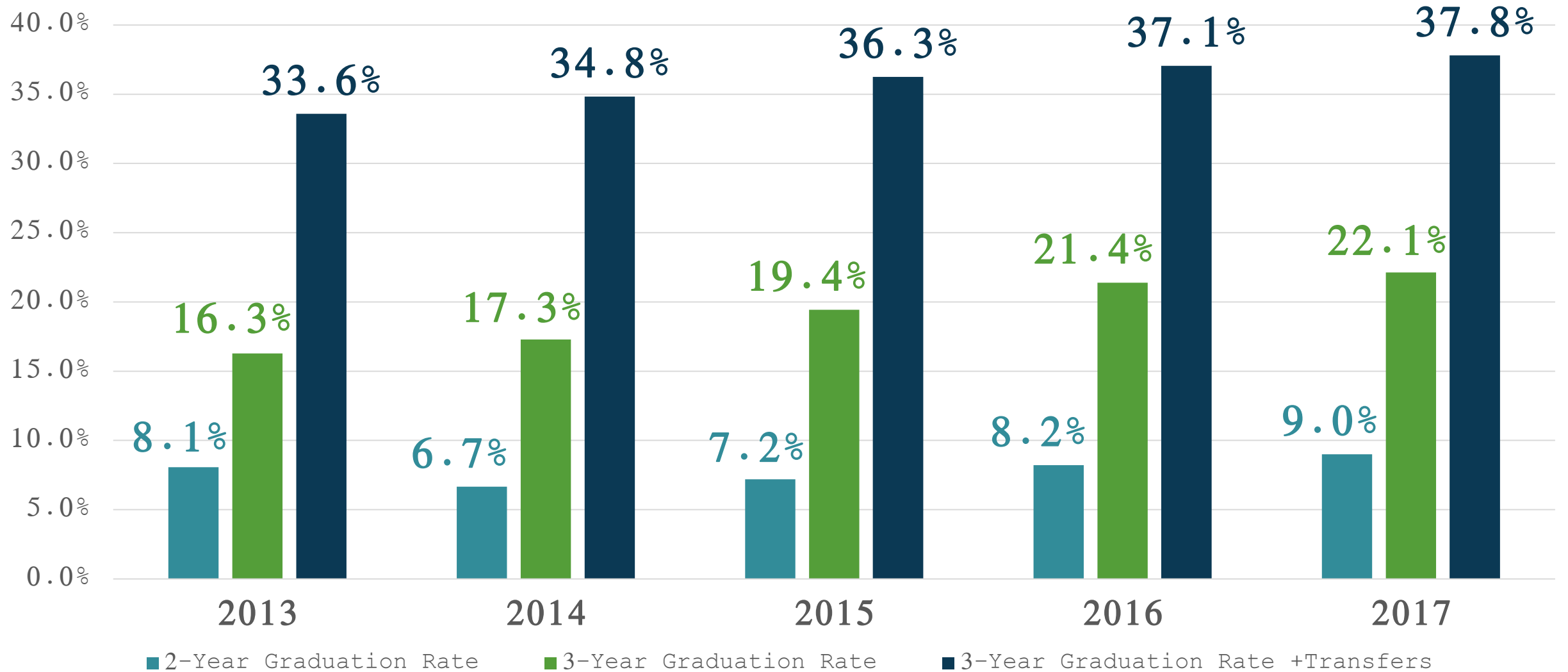
65% X 2025

STUDENT SUCCESS OUTCOMES

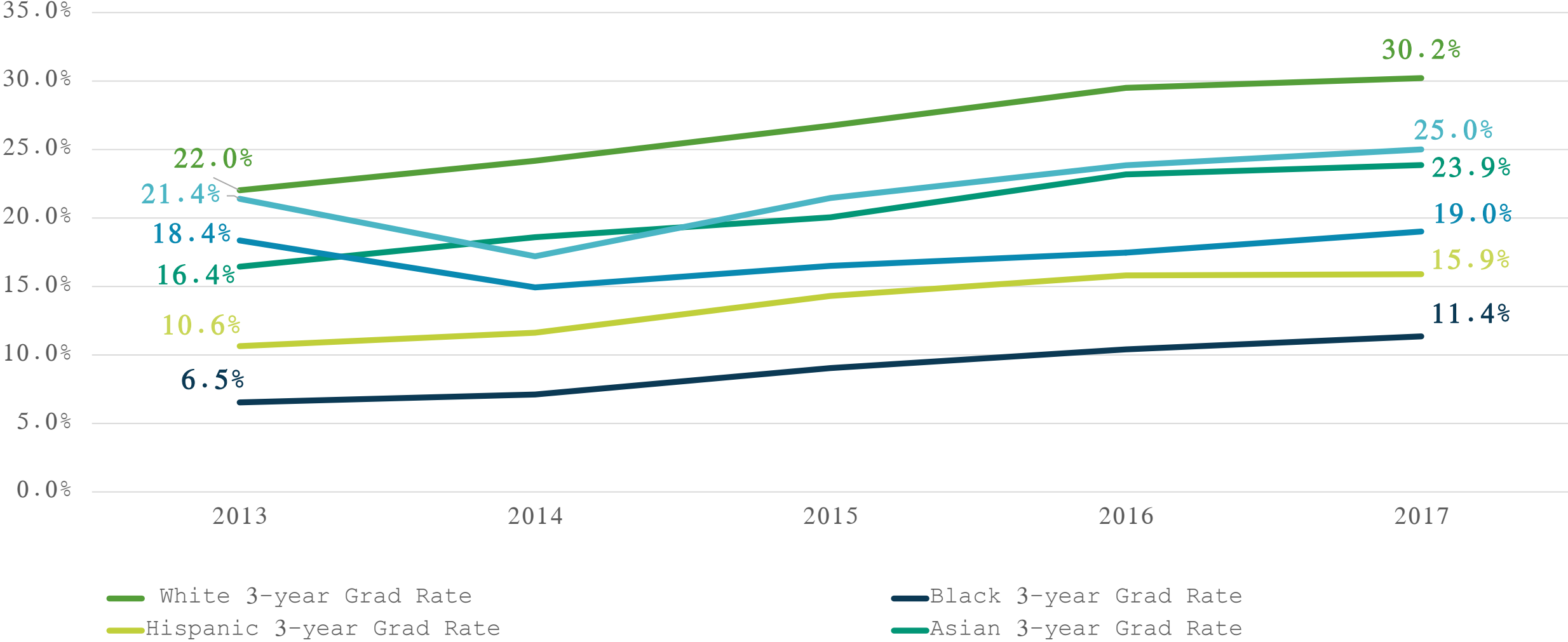
New Jersey College Success Outcomes

- **Top 5** in the nation in graduation rates for 4-year public colleges.
- **Top 10** in the graduation rates for all 4-year colleges.
- **Bottom 10** in graduation rates for 2-year public colleges.
- **Large gaps in completion by race/ethnicity** at all levels

Fewer than 4 in 10 Community College First-Year Students Graduate or Transfer

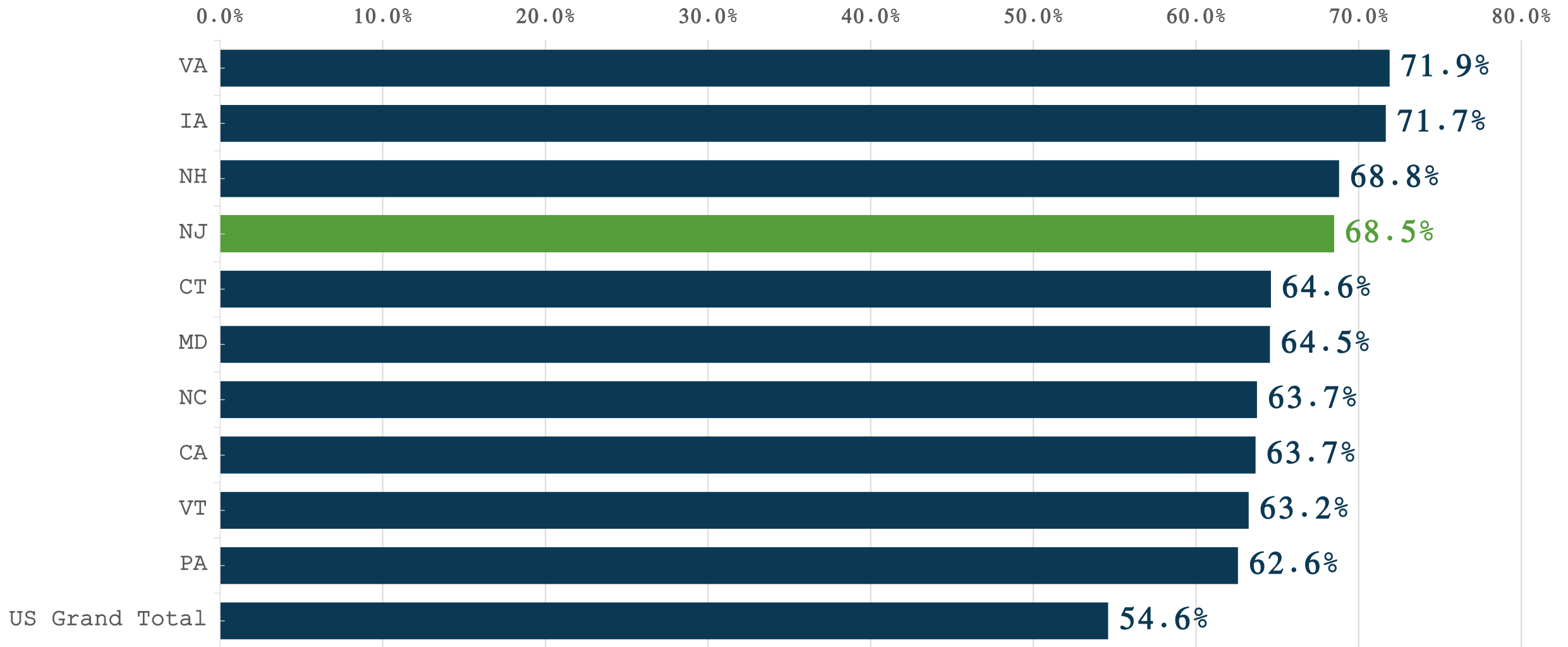


1 out of 6 Hispanic and 1 out of 9 Black Students at NJ Community Colleges Graduates in 3 Years

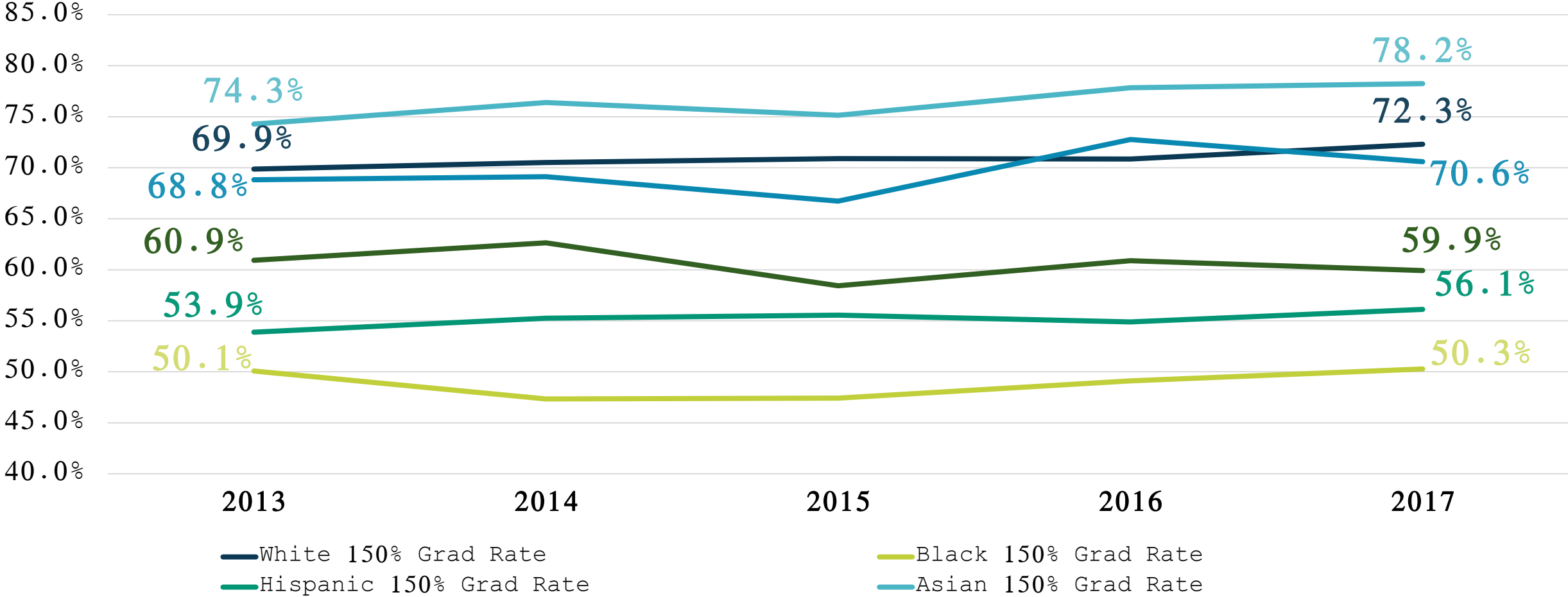


Source: IPEDS Graduation Rate Survey

New Jersey has 4th Highest Graduation Rate Among Four-Year Public Colleges



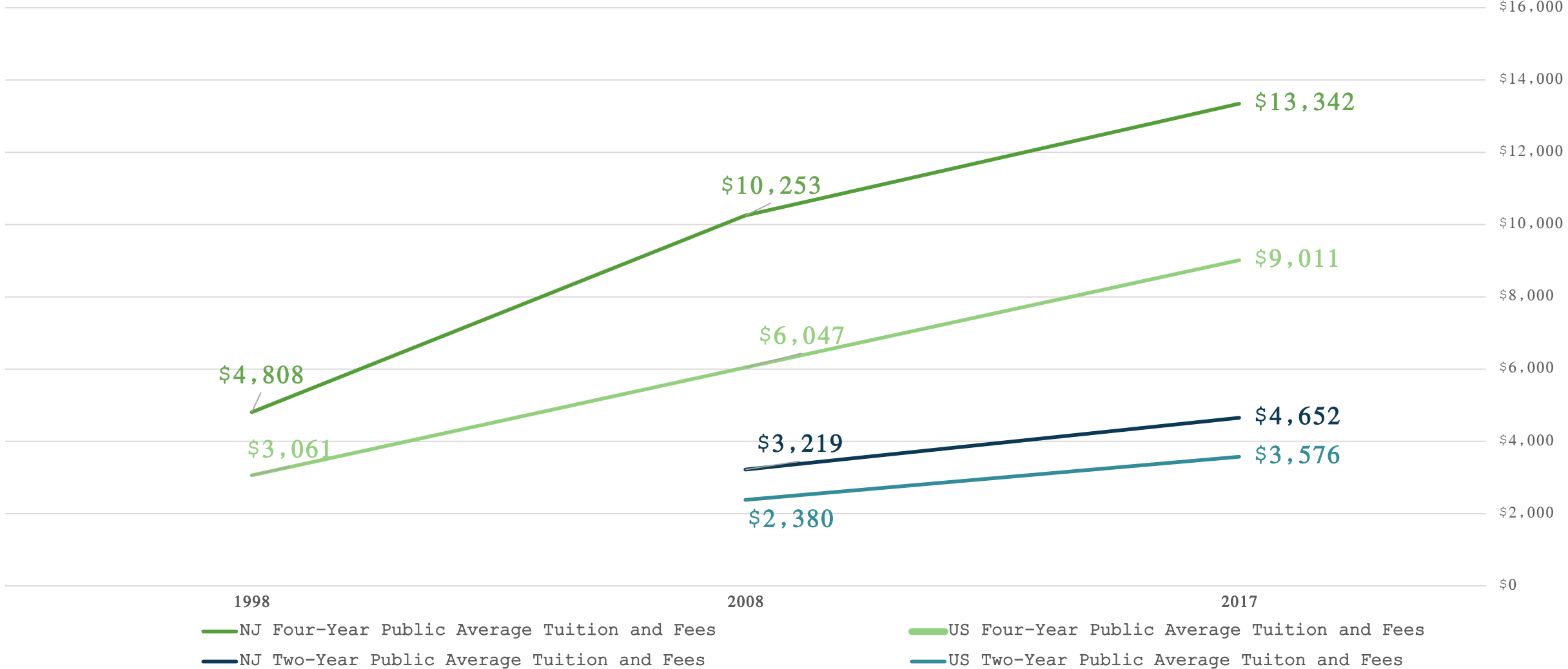
Only Half of NJ's Black Students and 56% of Hispanic Students Graduate with Bachelors in 6 Years



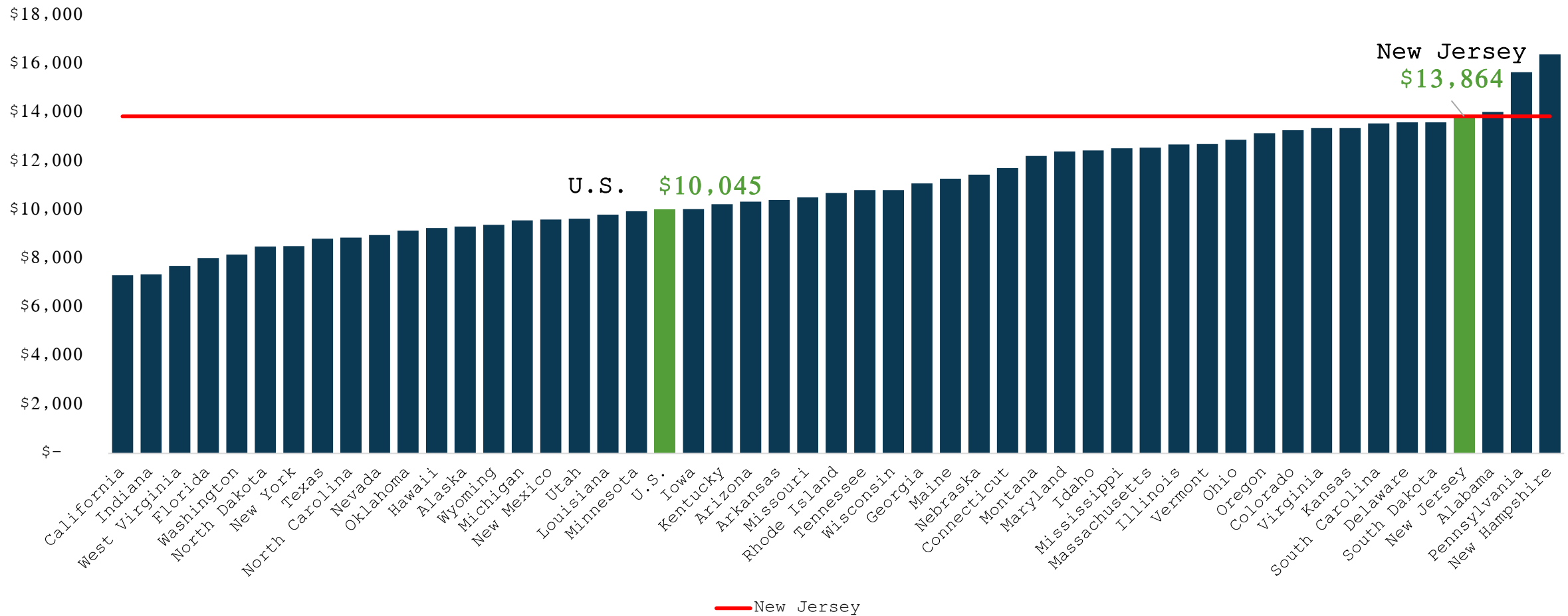
SOURCE: OSHE ANALYSIS OF IPEDS DATA

AFFORDABILITY TRENDS

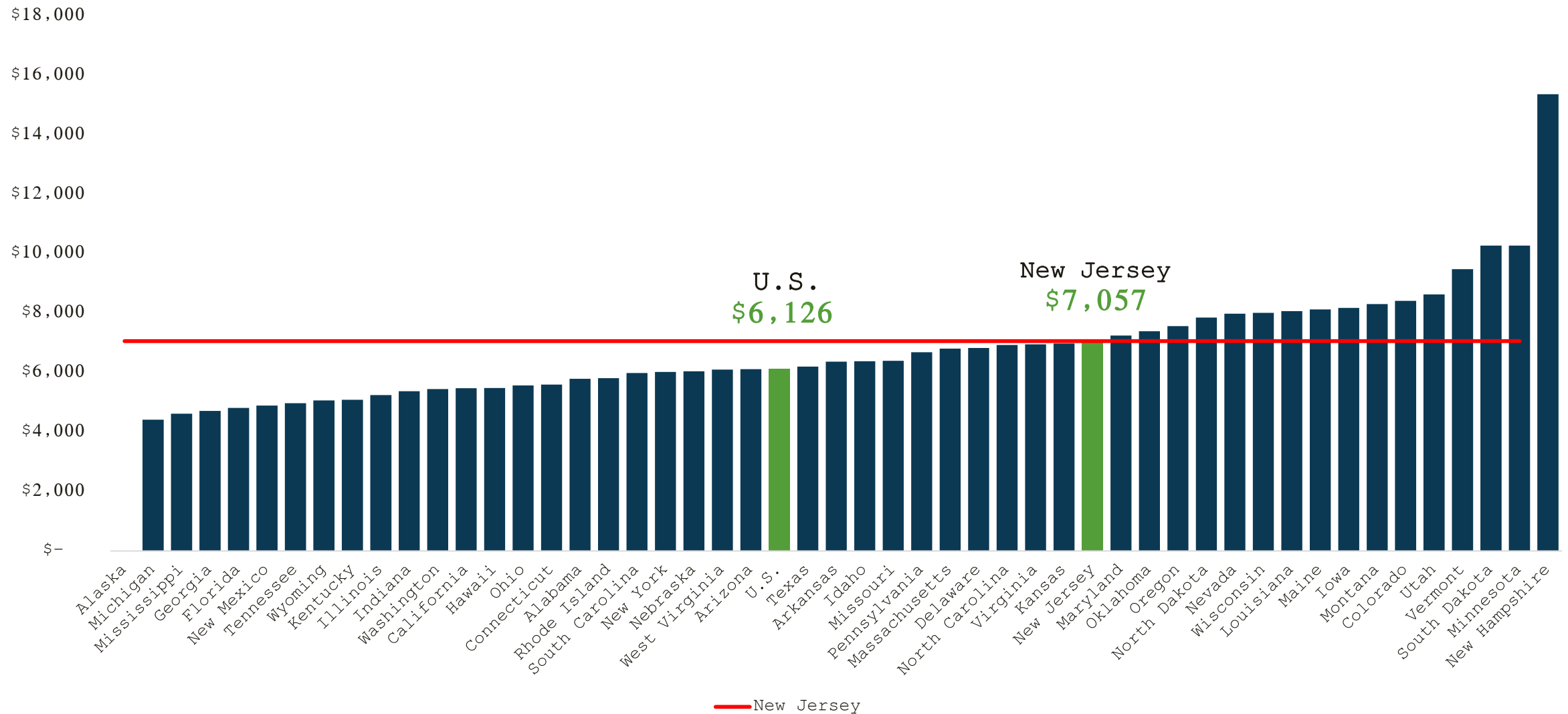
New Jersey Tuition and Fees have Risen Sharply in the Last Two Decades



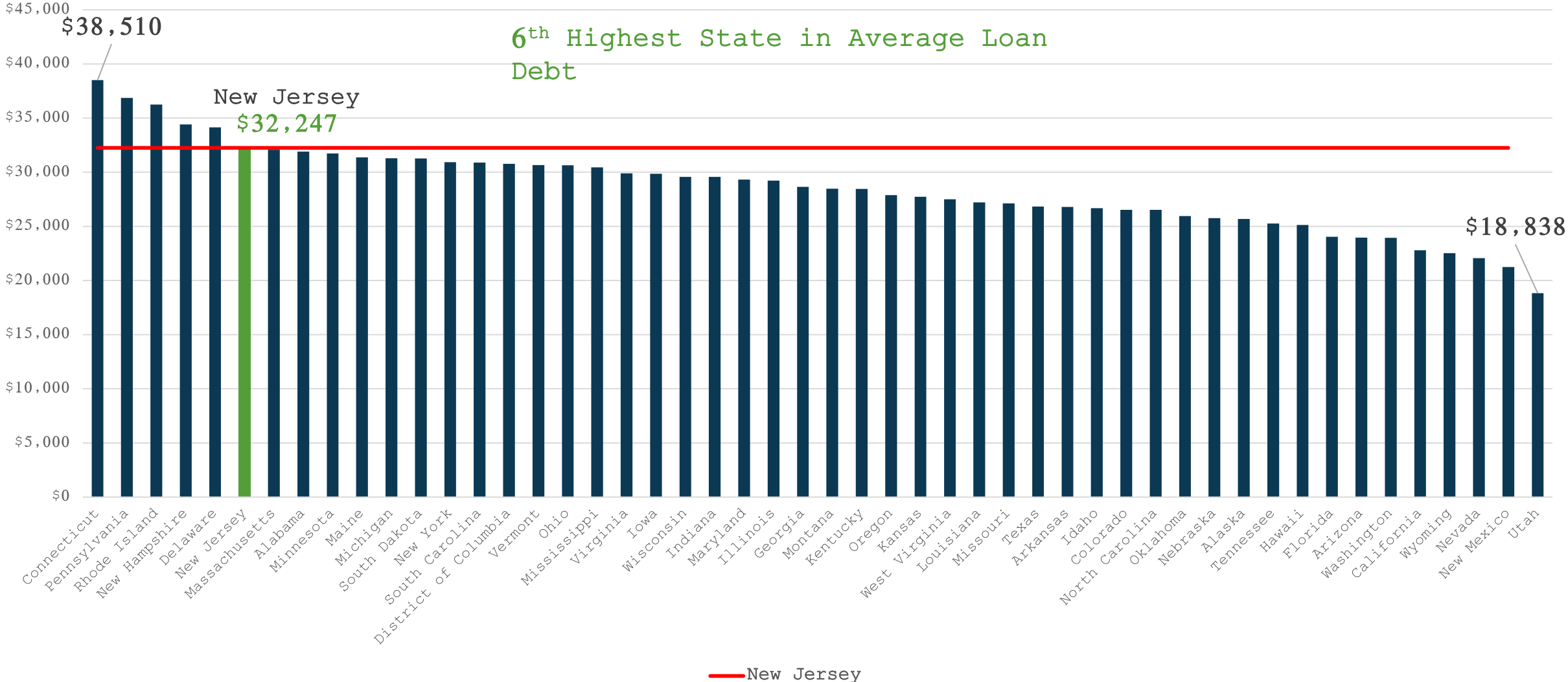
Net Price for Low-Income Families at NJ's Public Four-Year Colleges is Much Higher than National Average



Net Price for Low Income Students at NJ's Public Two-Year Colleges is Higher than National Average



Student Loan Debt at Four-Year Colleges in NJ is Much Higher Than National Average



Source: The Institute For College Access & Success, https://ticas.org/sites/default/files/pub_files/classof2017.pdf

Key Questions for State Plan

- How can we make an affordable and accessible path to a high quality degree or certificate a reality for all residents of New Jersey?
- How can we ensure students have the adequate supports needed to be successful in school and prepare them for life after graduation?
- How can we ensure institutions are equipped to serve students toward these ends?