The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on January 27, 2021 at 10:00 am via GoTo Meeting.

**PRESENT:** HESAA Board Members: Ms. Stephanie Berdugo-Hernandez; Dr. Brian Bridges, Acting Secretary of Higher Education; Ms. Nelly Celi; Ms. Beatrice Daggett; Ms. Dara Giannotti; Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Scott Salmon; Mr. Robert Shaughnessy, Treasurer’s Designee; Mr. David Socolow; Ms. Maria Torres; and Ms. Christy Van Horn, chair.

**ABSENT:** None

**CALL TO ORDER**

Christy Van Horn called the meeting to order at 10:02am. David Socolow stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

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

Ms. Van Horn welcomed Erin Herlihy, Deputy Attorney General from the New Jersey Division of Law and Joy Johnson, Associate Counsel from the Governor’s Authorities Unit.

Ms. Van Horn introduced new Board members Brian Bridges, Acting Secretary of Higher Education; Nelly Celi, EOF Board Chair; and Scott Salmon, Public member.

Deputy Attorney General Erin Herlihy swore-in Public Member Scott Salmon.

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

**CONSIDERATION OF THE MINUTES OF THE OCTOBER 21, 2020 MEETING**

A motion to approve the minutes of the October 21, 2020 meeting was made by Maria Torres and seconded by Jon Larson. The minutes were approved unanimously with four abstentions by Members who did not attend the October 21, 2020 Board meeting, Dr. Brian Bridges, Ms. Nelly Celi, Mr. Scott Salmon, and Mr. Robert Shaughnessy.

**RESOLUTION 01:21 APPROVING REVISIONS TO THE BYLAWS OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**

Marnie Grodman presented Resolution 01:21 to the Board.
Good morning. As stated in the materials, the last time the Board amended the Bylaws was in 2005. Upon review of the current bylaws it was determined that updates were necessary to incorporate new statutes and executive orders.

For example, HESAA’s Board Bylaws reference the Commission on Higher Education in three places. Since the Commission on Higher Education was replaced by the Office of the Secretary of Higher Education in 2012 those three section of the Bylaws need to be amended.

Another example of statutory changes that require updates to the Bylaws is with regards to the sector representatives to the HESAA Board. When the Bylaws were last updated in 2005, the Public Research University representative was required to come from either NJIT or UMDNJ. In 2012 statute replaced UMDNJ with Rowan University and in 2017 Montclair State University was added as one of the three institutions from which the representative of Public Research Universities (other than Rutgers University) could be appointed. The proposed Bylaw amendments reflect these statutory amendments by stating that one of the five Board members representing higher education institutional sectors is from the State’s three public research universities other than Rutgers University: Montclair State University, the New Jersey Institute of Technology, or Rowan University.

The materials include a summary of these changes, as well as all of the other recommended changes. The memo also includes a redlined version of the amended sections and attached to the Resolution is the final version of the Bylaws, incorporating all of the changes discussed in the memo. Upon your approval of Resolution 01:21, the attached 2021 updated Bylaws will replace the 2005 version of the Bylaws.

A motion to approve Resolution 01:21 was made by Robert Shaughnessy and seconded by Stephanie Berdugo-Hernandez.

The motion passed unanimously.

**RESOLUTION 02:21 APPROVING THE EXTENSION OF THE CONTRACT WITH FRANKLIN/TEMPLETON DISTRIBUTORS, INC. AS THE NJBEST 529 PROGRAM INVESTMENT MANAGER**

Jerry Traino presented Resolution 02:21 to the Board.

Good Morning Board Members and thank you for your attention to Resolution 02:21 asking your approval to extend for three years HESAA’s contract with Franklin/Templeton as the NJBEST 529 Program Investment Manager.

As you have read in the prepared memo, in 2014 the HESAA Board voted to award Franklin Templeton the current seven-year Manager contract and with it an optional three-year extension. The initial seven-year term is set to expire on April 1, 2021.

As noted in the memo, since its initial partnership with the Authority in 2002, Franklin Templeton has a history of excellent contract performance and has successfully met the program’s goal of long-term growth and relative stability in program participants’ assets.
In addition to the reasons outlined in the memo, I would like to offer some statistical data to support the recommendation to extend Franklin Templeton’s contract.

As November 2020, the most recent information we have available, there is a total of 241,191 unique beneficiaries for all 529 plans, totaling nearly $6.3 billion, under Franklin Templeton’s management on behalf of HESAA.

For the 12-month period ending in November 10,240 families drew down $152 million in NJBEST savings for qualified educational expenses. Since inception, New Jersey’s 529 college saving plans have distributed $3 billion toward higher education costs for more than 124,000 students and their families.

Through this ongoing partnership with Franklin Templeton, HESAA has been able to distribute roughly $6.9 million in one-time NJBEST scholarships to over 6,500 eligible New Jersey student beneficiaries attending college in New Jersey.

For these reasons, and the reasons stated in the memo, it is recommended that the Board approve Resolution 01:21 extending the contract with Franklin/Templeton Distributors, Inc. as the comprehensive service provider for the NJBEST 529 program for three years.

A motion to approve Resolution 02:21 was made by Jean Rash and seconded by Brian Bridges.

Chairwoman Van Horn commented that this is a good program that helps a lot of students and their families. She stated that she is happy to see these numbers of people being helped.

The motion passed unanimously.

EXTERNAL TAG RESEARCH UPDATE

Dr. Drew Anderson and Dr. Melanie Zaber from the Rand Corporation presented the attached PowerPoint presentation on the results of their research into how TAG affects college persistence and how TAG affects graduation rates. The research shows that TAG has positive impacts on both persistence and graduation rates.

Dr. Brian Bridges asked if Rand looked at the difference between students who receive TAG versus those who do not and whether they looked at impacts based on race. He explained that one aspect of the State’s higher education plan is to improve access for students of color. Mr. Anderson responded that they did not look at these issues as part of their research. He explained that while they looked at the various cut-offs for receiving aid, as well as the people who just missed or made cut-offs but they did not look at students who did not receive any aid. Mr. Anderson further explained that they could not research the impact based on race because the data are not collected. David Socolow added that starting in academic year 2023-2024 the federal government will begin collecting student race/ethnicity information on the FAFSA.

CHIEF COMPLIANCE OFFICER’S REPORT

Gregory Foster presented the following report to the Board:
Good morning. The global pandemic that has unfolded over the past year is unprecedented. As a result, the compliance team has confronted complex issues of first impression and responded to unforeseen business and regulatory changes that tested our preparedness. All financial institutions have had to adjust how they operate, as regulators and supervisors have revised expectations and every institution has coped with significant impacts on society, businesses, and individuals. I am proud to report to you today that by being prepared, HESAA was well situated to weather this storm and has continued delivering quality service to the people who rely on the Authority’s programs.

With the onset of the pandemic last March, HESAA transitioned to working remotely by implementing a scaled approach as necessary equipment was procured, such as additional laptops, Virtual Private Network (VPN) technology, and headsets to connect remote workstations with our voice-over-internet telephone system. HESAA was able to implement continuity of operations protocols and rapidly shift into working remotely thanks to the leadership from this Board and senior management, both to set the proper tone for long-range planning, and to consistently support the Authority’s efforts to secure needed infrastructure and resources to prepare, anticipate, plan, and train for such a disaster.

In conjunction with the overall strategy and scenario planning, technology is crucial for responding to changing conditions. HESAA has worked diligently over many years to adhere to the best practices specified in the National Institute of Standards and Technology (NIST) Cybersecurity Framework. The NIST framework creates a strong cyber-security foundation that transforms an organization’s electronic risk management posture from reactive to proactive. HESAA was better prepared to adapt to a remote work environment because we already had this cyber-security framework in place to protect the security of the connections required for employees to access systems or data while working from home. We extended the security controls enabled on-site to remotely connected systems, through methods including but not limited to the following:

- Using VPN to ensure connections and communications are protected;
- Ensuring secure authentication methods for remote access connections with strong encryption for transmitting data;
- Using a limited number of remote access control points or entry points into the environment that require multi-factor authentication;
- Ensuring that remote workers use approved methods and forums for collaborating;
- Utilizing mobile device management security to control and manage laptops, smart phones, and data; and
- Protecting video and teleconference meeting confidentiality.
In addition to following strong NIST standards to protect our customers’ information and our systems, HESAA’s planning for continuity of operations enabled us to avoid common difficulties with moving to remote work. The Authority’s Continuity of Operations Plan (COOP) is designed to maintain the ability to function during and after an interruption by keeping essential systems running. This avoids risks of financial loss, negative impacts to customers and borrowers, and/or legal or regulatory exposure. HESAA’s COOP directed our response to the interruption caused by the pandemic by continuing essential functions while enabling rapid response to the emergency to efficiently minimize downtime with minimal disruption to normal operations. By following NIST standards for COOP readiness, HESAA responded to the pandemic while ensuring performance of its core mission-essential functions.

As Chief Compliance Officer, I have also focused on other emerging risks from the pandemic, staying current on new regulations and requirements, new emerging risks and existing risks, new adapted processes and changed duties, and new monitoring needs that required a shift in priorities while transitioning to remote work from home for the safety of our employees. As a result of the pandemic, the compliance officers have been charged with:

- Reviewing the implementation of NJCLASS borrower relief and forbearance programs in response to the changing economic conditions;
- Collecting, organizing, and maintaining documentation that details how COVID-19 has impacted the organization and service delivery;
- Assessing and identifying any risks related to HESAA’s methods and limitations regarding the timely backup, protection, and sharing of data;
- Monitoring and auditing customer service lines for emerging issues and to provide guidance;
- Managing, documenting, and auditing policy changes, process changes, or employees whose work had to adapt to address unusual conditions;
- Assisting in the implementation of health and safety measures for the employees and the facilities; and
- Evaluating and modifying channels for staff to properly report concerns while also communicating regularly with employees to maintain HESAA’s environment of open and direct avenues for bringing up concerns, asking questions, raising issues, or reporting incidents. Now, more than ever, it is vital that employees are heard and their concerns are addressed through transparent and timely responses.

We are also addressing the mission critical regulatory compliance risk inherent in maintaining a physical location in which employees interact with other employees and customers. We review the implementation of best practices and measures reasonably designed to protect the health of employees and customers while complying with requirements for physical distancing. We will continue to proactively monitor these risks.
So, where do we go from here? Crises have a way of bringing to the forefront issues that were previously on the back burner. How do we use the lessons learned to develop new and better practices in this changed environment and beyond? Our new challenge is to build a bridge from the pandemic of today to a new and better system for tomorrow.

For a compliance officer caught up in an emergency, it is important to keep a running list of factors and topics encountered that will later require follow up and thorough vetting. Additionally, as the crisis matures, it is important to take a step back at regular checkpoints to conduct a review of the changes made to adapt to the new normal and take stock of lessons learned from the disaster. This is called “reconstitution”; it is critical to assess and adjust the action plan as needed. Functions that were entirely discontinued during the emergency should be reconstituted first. Afterwards, most essential functions that continued in an adjusted mode can return to normal operations. As part of this reconstitution effort, to prepare for the post-pandemic world we will review how expectations have changed due to this experience; which operational flexibilities or changes we may wish to keep; and whether any scenario plans need to change to improve the Authority’s future resilience or strategic plans.

I have learned that during these uncertain times, it is critical to be practical and focus on what matters. Our compliance team is called upon to make decisions quickly, and we need to be flexible in the way we deploy our resources and works together with the management and staff of the Authority. Compliance will continue to frame its interactions with HESAA’s various business units in support of the Authority’s overall culture of excellence. By adapting quickly and planning for the new and emerging risks and challenges, our compliance team can help mitigate risk and support business strategy to successfully navigate this crisis and any new challenges that arise in the future.

EXECUTIVE DIRECTOR’S REPORT

Executive Director David Socolow gave the following report:

Thank you Chairwoman Van Horn and members of the Board for your ongoing support of improving college access and affordability. I want to once again welcome our three newest Board members, and thank each of you for your dedication to our state’s students. Thank you for the opportunity to discuss HESAA’s endeavors and recent changes to the financial aid landscape.

Community College Opportunity Grant

In a major step forward for Governor Murphy’s tuition-free community college initiative, both houses of the Legislature passed Assembly Bill 4410 on January 11, 2021. The bill codifies the policies and procedures for CCOG eligibility and award calculation that HESAA refined as we implemented this new program in partnership with financial aid offices at all 18 county colleges. This bill now sits on the Governor’s desk awaiting final approval.
Over the past two years, it has been enormously gratifying as I have heard from some of the tens of thousands of students who benefitted from tuition-free college since CCOG started in the spring of 2019. Just last fall, nearly 10,000 students received CCOG awards to cover tuition and approved educational fees. These last-dollar grants averaged $1,400, filling in the gaps remaining for these students’ direct college costs after first accounting for all other grant and scholarship aid for which the students were eligible. As our state works to recover from the pandemic, this new law will enable more students to learn about New Jersey’s affordable opportunity to earn a quality, tuition-free postsecondary education credential. Offering more of our fellow New Jerseyans an on-ramp to this crucial pathway to success will not only aid individual students; it will also help build the well-educated workforce needed to boost the state’s economy.

**NJCLASS Refinancing Loans (ReFi+)**

As interest rates for ReFi+ loans dropped to historic lows this year, applications have increased. Our ReFi+ options allow borrowers to save money by refinancing their existing federal Parent PLUS, NJCLASS, or school-certified private loans. And this month, we expanded ReFi+ still further. We are now refinancing loans of former HESAA customers who refinanced their prior NJCLASS loans with a private lender. With our current rates we can offer many of them even greater savings than their current private refinance loan, and we want them back. By reaching out to this new group of borrowers we can help even more New Jersey borrowers refinance their education loans at Annual Percentage Rates of 4.15%, 4.89%, or 5.99% for a 10-year repayment schedule or 4.45%, 5.19%, or 6.49% for 15-year loans, depending on the borrower’s credit score. Borrowers can reduce those rates by another 0.25% with recurring automatic monthly payments.

**Financial aid policy changes in the federal Consolidated Appropriations Act, 2021**

The omnibus year-end federal legislation enacted on month ago on December 27, 2020 not only provided additional COVID-19 relief and funded the federal government for the remainder of the fiscal year – it also included changes to federal Higher Education Act programs and policies. The maximum Pell Grant award for the 2021-2022 award year was set at $6,495 ($150 more than this year). The law also provided $23 billion to help colleges and universities cope with the pandemic (on top of the $14 billion institutions received from the CARES Act last March). Some of this funding will go to direct aid to students, as institutions must spend at least as much of this new funding on student grants as was required out of their earlier CARES Act allocations.

The new law also revises the federal methodology for calculating financial aid eligibility and reduces from 108 down to 36 the number of questions that students must complete on the Free Application for Federal Student Aid (FAFSA). The FAFSA simplification reforms in this law will coordinate with the FAFSA improvements made in the FUTURE Act in December 2019; both laws will take effect in Academic Year 2023-2024, for which students will start completing FAFSA forms on October 1, 2022, 20 months from today. By connecting IRS data with the FAFSA, these laws will reduce the verification needed to confirm students’ and families’ financial need.

The law expands the number of students qualifying for federal Pell Grants, reaching 500,000 new recipients and ensuring more than 1.5 million students will receive the maximum benefit. To
provide greater certainty and early awareness of Pell Grant eligibility before students fill out a FAFSA, the bill establishes a new, simpler “Student Aid Index” (SAI) to replace the current “Expected Family Contribution.” The SAI will guarantee eligibility for a maximum Pell Grant for certain applicants based on family size and adjusted gross incomes (AGI) and guarantees predictable minimum Pell grant amounts for certain applicants with higher AGI thresholds. The new federal financial need formula will exclude certain types of untaxed income, and eliminate requirements for many low-income families to document assets. Students with the most profound financial need will have a negative SAI that can be as low as negative $1,500. That will distinguish the most needy students out of the large number of students who today have a $0 EFC.

The new law also restores Pell Grant eligibility for incarcerated individuals for the first time since 1994 (notably, one year ago Governor Murphy signed P.L. 2019, c. 282 into law to make certain incarcerated persons eligible for State-funded student aid). The bill makes other important reforms to federal financial aid, such as increasing the Income Protection Allowance (IPA) to boost Pell grant award amounts for low-income students by disregarding more of their earnings when calculating financial need. It allows higher education institutions to exclude unemployment insurance benefits from income; removes the prohibition that blocked students with drug convictions from receiving federal financial aid; and eliminates the FAFSA question that asks whether male students have registered for the military draft with the Selective Service.

**Enhanced access to food assistance benefits for college students during the pandemic**

To address the extreme hardships that many college students are now facing, last month’s federal legislation also immediately provided temporary expanded access to food assistance for students enrolled in college. Financial aid for tuition only helps with a portion of the total costs of attendance. When college students go hungry, they often have trouble focusing on their studies and graduating. Before the pandemic, 48 percent of college students reported being food insecure during the previous thirty days, with even higher rates among students of color. However, the rules of the Supplemental Nutrition Assistance Program (SNAP), establish barriers to eligibility for college students, and the Government Accountability Office found that 57 percent of potentially SNAP-eligible students did not receive benefits in 2016.

Now, for as long as the federal public health emergency persists and for 30 days after it ends, students enrolled at least half-time in college may qualify for SNAP food assistance if either a) they are approved by their college or university to participate in work-study, even if they are not actively participating in the work-study job; or b) they have an expected family contribution (EFC) of $0 this academic year, as determined through their FAFSAs. Nationwide 39% of all undergraduates fit into the latter category of students with a $0 EFC.

We applaud this welcome change to fight hunger and enable low-income students to earn their degrees with fewer worries about whether they can afford to eat. New Jersey will use this temporary waiver to build on the important permanent expansion of access to SNAP benefits for community college students in career and technical education programs that the New Jersey Department of Human Services (DHS) established two years ago. Working with DHS and financial aid offices at colleges and universities across New Jersey, we are getting the word out
to all students who may qualify for these waivers to receive vital help paying for groceries. Our immediate goal is to ensure that potentially eligible students can easily find the documentation they need to sign up for SNAP benefits. For instance, students can show proof that their EFC is $0 through our New Jersey Financial Aid Shopping Sheet, which prominently displays each student’s EFC, or by downloading their Student Aid Reports (SAR) or other information that can be provided by their institutions’ financial aid offices.

**Completion of Financial Aid Applications for Academic Year 2021-2022**

To advance HESAA’s mission of expanding college access and affordability, we are striving to help more students apply for financial aid and unlock all the support for which they may qualify. Students face immediate challenges this year, as counselors have fewer opportunities to assist them in person. I am glad to report that New Jersey continues to have one of the highest FAFSA completion rates in the nation: 46% of our state’s 103,000 high school seniors have already finished FAFSAs for Academic Year 2021-2022, which is just a few percentage points below the rates in Washington, DC; Illinois; and Tennessee. In addition to the FAFSA, several hundred New Jersey Dreamers have already completed an Academic Year 2021-22 state aid application.

However, there is troubling trend developing. Nationwide year-over-year FAFSA completion is down by more than 10%. While New Jersey’s 5.2% decline is not as severe, we are not satisfied with a 5% decline. Our Client Services team is combing through the data to identify the high schools in our state with the most significant drop-offs in the percentage of their graduating seniors who have filed an application. We are reaching out to the counselors at these schools to help them reach students and schedule additional financial aid workshops. At the same time, we are ramping up our efforts to encourage students who received State aid this year to complete a renewal application for next year.

**Tuition Aid Grant Study Commission**

Last year, state legislation tasked a Study Commission with developing policy options for the Tuition Aid Grant (TAG) program. Since its members were appointed last July, the Commission’s deliberations have been informed by new, independent research about the TAG program, including the highly relevant study conducted by the Rand Corporation that Drs. Anderson and Zaber briefly described earlier today. The findings of this research offer important evidence about the efficacy of TAG’s need-based aid in lifting low-income students’ persistence in and completion of college. Additional research on New Jersey TAG and other State need-based financial aid program is also forthcoming from the Urban Institute. This enhanced understanding of where the TAG program has the greatest impact will be helpful in evaluating State financial aid policy in the coming years.

**HESAA Leadership Update**

As I informed the Board last November, the Authority’s Chief of Staff, Hanifa Barnes, departed to accept an exciting new position as Chief of Staff to Commissioner Angelica Allen-McMillan at the New Jersey Department of Education. In her nearly three years here, Hanifa provided exemplary leadership and made important contributions to HESAA, including ably leading crucial efforts to respond to the Coronavirus pandemic, as well as successfully handling many high priority initiatives. We were sad to see Hanifa go, but we wish her well in her new role in helping
New Jersey’s elementary and secondary schools not only cope with the current pandemic but also work to boost achievement and address longer-term inequities.

Now, after an intense search over the past two months, I’m delighted to announce that we have selected Margo Chaly, Esq., to join the Authority as Chief of Staff. Starting next week, Margo will bring her significant leadership and project management experience to her new role at HESAA. From her work most recently at a small, start-up law firm and in her career before that over more than a decade in risk management and financial transaction operations at large insurance companies, Margo has demonstrated capabilities in information technology, compliance, human resources and employee training, communications, facilities, and other key functions. This background is excellent preparation to lead HESAA’s change management, organizational development, and continuous improvement efforts. More importantly, Margo is passionate about HESAA’s mission and I know she will be a strong voice for building better financial supports to advance economic mobility for all New Jersey students. Please join me in welcoming Margo Chaly to HESAA.

**Conclusion**

I am grateful to the Board for your good counsel, and for your commitment to HESAA’s efforts to reach even more New Jersey students and offer the support they need to achieve success in postsecondary education and throughout their lives.

Jean Rash asked whether there is a plan to analyze how the federal changes will impact the TAG financial need calculation. Mr. Socolow advised that HESAA staff have already begun analyzing the impacts of the new FAFSA, the new SAI, and the new Pell grant eligibility rules and will bring the results of the analysis to the Board for discussion. Mr. Socolow suggested that those conversations should take place later this year, given that the federal changes largely go into effect for the new FAFSA to which students will have access starting on October 1, 2022, and it is his recommendation that the HESAA Board be prepared to make decisions no later than the summer of 2022. He further advised that staff will review whether any state statutory changes will be necessary if we want to implement any of the federal eligibility changes at the state level, such as eliminating the requirement that all males register for Selective Service to be eligible for State-funded student aid.

**ADJOURNMENT**

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, April 21, 2021.

A motion to adjourn was made by Maria Torres and seconded by Nelly Celli. The motion passed unanimously.

The meeting adjourned at 11:07 am.
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

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

SUBJECT: Resolution 01:21 Approving Revisions to the Bylaws of the Higher Education Student Assistance Authority

DATE: January 27, 2021

Background

The Bylaws of the Higher Education Student Assistance Authority (HESAA) were last updated February 16, 2005. Since that time Executive Order 41 (2005) and Executive Order 2 (2018) were promulgated to impose additional duties on Board members, and the components of the HESAA Board’s membership was altered by State policy actions in 2011, 2012 and 2017 that established the Office of the Secretary of Higher Education as the successor agency for the Commission of Higher Education, and changed the sector designation of two higher education institutions. In order to recognize these changes, and to incorporate other minor updates, it is necessary to amend the Bylaws.

Summary

The recommended amendments to the Bylaws are summarized below:

HESAA has added additional P.O. Boxes to receive mail. The new P.O. Box for Executive and Board mail is now 545. Therefore, section 1.2 of the Bylaws has been amended to reflect this change.
Section 1.5 of the Bylaws provides the general powers of HESAA and lists examples of the programs that HESAA administers. As HESAA is no longer a guaranty agency for the federal loan program, reference to this program has been deleted. Additionally, as the Garden State Scholarship Program and Veterinary Medical Education Program are no longer funded, they have been deleted as examples of programs HESAA administers. The Student Tuition Assistance Reward Scholarship (NJ STARS) program and the New Jersey STEM Loan Redemption Program have been added as more current representations of programs administered by HESAA. Additionally, P.L. 2009, c. 145 changed the name of the “Primary Care Physician and Dentist Loan Redemption Program” to the “Primary Care Practitioner Loan Redemption Program.” Section 1.5 has been amended to reflect this change.

Section 2.2 of the Bylaws is amended to delete the requirement that the HESAA Board Chair serve as a member of the Commission on Higher Education because on June 29, 2011 Reorganization Plan No. 005-2011 abolished the Commission on Higher Education and replaced it with the Office of the Secretary of Higher Education.

P.L. 2012, c. 45 amended N.J.S.A. 18A:71A-4, which describes who serves as members of the HESAA Board. The statute replaced the Chairperson of the Commission on Higher Education with the Secretary of Higher Education, or a designee, as an ex-officio Board member. Additionally, with regards to the Board member representing the Public Research University sector, P.L. 2012, c. 45 replaced UMDNJ with Rowan University and specified that the Board member representing the Public Research sector would be from either the New Jersey Institute of Technology or Rowan University. Subsequently, P.L. 2017, c. 178 further amended N.J.S.A. 18A:71A-4 by including Montclair State University as one of the three schools from which the Board’s Public Research University sector representative can be selected. Section 3.1 of the Bylaws is amended to reflect these statutory amendments.

Section 3.2 of the Bylaws has been amended to better reflect the process by which members are appointed to the HESAA Board.

A technical change has been made to section 5.1b.3. of the bylaws to properly cite the Executive Order referenced in this section.

Section 6.6 of the Bylaws has been amended to reflect that the HESAA Board Chairperson no longer serves on the Commission on Higher Education since the Commission was abolished pursuant to Reorganization Plan No. 005-2011.

The title of Article VII has been amended to reflect that a new section has been added to Article VII regarding training.

Because Executive Order No. 2 (1994) has been superseded by Executive Order No. 2 (2018), section 7.2 of the Bylaws has been amended to reference the current Executive Order that requires Board members to file annual financial disclosure statements.

A new section 7.4 has been added to the Bylaws to incorporate the annual government ethics training requirements of Executive Order No. 41 (2005).
Full text of the amendments follow: (additions indicated in boldface thus; deletions indicated in brackets [thus]):

1.2 **Principal Office.** The principal office of the Authority shall be 4 Quakerbridge Plaza, P.O. Box [540] 545, Trenton, New Jersey 08625-[0540]0545.

1.5 **Powers.** As further set forth under N.J.S.A. 18A:71A-1 et seq., the Authority shall have general powers, including, but not limited to, the powers to contract, to issue bonds, to receive public and private funds, to acquire, lease, renovate, and dispose of real and personal property, to sue and be sued, to retain legal counsel of its choosing, and to issue rules and regulations. As further set forth under N.J.S.A. 18A:71A-1 et seq., the Authority shall have additional powers, including, but not limited to, the power to further access to postsecondary education, whether by loans, grants, scholarships, savings programs or other means as approved by the Legislature to meet the expenses of postsecondary education. More specifically, these powers encompass [serving as the State guaranty agency for the State of New Jersey,] making and servicing loans through a state student loan program (e.g., New Jersey College Loans to Assist State Students (NJCLASS) Program), and administering the Tuition Aid Grant Program, the [Garden State Scholarship Program] Student Tuition Assistance Reward Scholarship (NJ STARS) program, a college savings program such as the New Jersey Better Educational Savings Trust (NBEST) Program, [medical education assistance loan redemption programs such as the Primary Care [Physician and Dentist]Practitioner Loan Redemption Program and the New Jersey STEM Loan Redemption Program,] and [administering] other student assistance programs as approved by the Legislature.

2.2 **Administration of the Authority's Programs.** The Board of the Authority, under the direction of its Chairperson, shall provide public oversight, rulemaking authority as well as policy and planning guidance to enable the Authority to best administer its programs. The Board shall create a Student Advisory Committee and may create other committees, such as a Nominating Committee and an Executive Committee, to assist in its governance role. The Chairperson of the Board shall represent the Authority on the governing boards of State higher education organizations such as the [Commission on Higher Education (CHE) and the] Board of the Educational Opportunity Fund (EOF). The daily administration of the Authority’s programs shall be carried on under the direction of the Executive Director of the Authority, who shall be the appointing authority of the Authority, the budget request and approval officer of the Authority, an officer and an ex-officio, non-voting member of the Board, who can employ, compensate, promote, and discharge Authority agents and employees, and who has authority over all matters concerning the employment and compensation of staff not classified under Title 11A of the New Jersey Statutes.

3.1 **Number and Qualifications.** The membership of the Board of Authority shall consist of eighteen members as follows. There are four ex-officio members: the State Treasurer, or designee; the Chairperson of the CHE[Secretary of Higher Education, or designee [from among the public CHE members]; the Chairperson of the Board of Directors of the EOF, or designee from among the public members of the EOF Board; and the Executive Director of
the Authority, or designee. There are five members representing higher education institutional members: one from Rutgers, the State University; one from either the State’s three other public research universities, Montclair State University, the New Jersey Institute of Technology or [the University of Medicine and Dentistry of New Jersey], Rowan University; one from the county colleges; one from the State colleges and universities; and one from the independent institutions of higher education in the State. There are two members who shall be students representing different collegiate institutional sectors, who are the chair and vice-chair of the Student Advisory Committee. There are seven public members, including one lender party to a participation agreement with the Authority, all of whom must be New Jersey residents. No more than four of the seven public members shall be of the same political party. Except for the Executive Director of the Authority, all of the members of the Board of the Authority are voting members.

3.2 Appointment and Term of Office. The seven public members are appointed by the Governor with the advice and consent of the Senate. The four ex-officio members serve a term by virtue of their office. The five members representing higher education institutional members are appointed by the Governor with the advice and consent of the Senate, giving consideration to the recommendations of the institutions (in the case of Rutgers and the three other public research universities NJIT, UMDNJ) or [their] the sector associations (in the case of State colleges and universities, county colleges, and independent institutions).[and appointed by the Governor with the advice and consent of the Senate.] The two [students] student members are elected as chairperson and vice-chairperson of the Student Advisory Committee, which itself is created by the Authority, to serve a term of up to two years. [The seven public members are appointed by the Governor with the advice and consent of the Senate.] Except for the ex-officio and student members, the members shall be appointed for terms of four years, except in the case of the first members so appointed, who shall be appointed two for a term of one year, two for a term of two years, [and] four for a term of three years, and four for a term of four years.

5.1 Appointment of Committees.
  a. (No change.)
  b. Standing Committees. The members of the Board of the Authority may, by resolution adopted by a majority of the members then in office, appoint one or more committees, consisting in each case of not less than two members of the Board of the Authority, and may designate one or more non-members of the Board of the Authority as members of such committees. The term of members on standing committees, with the exception of the Executive Director and the Treasurer or designee, shall not exceed twelve months or until their successors take office on the standing committees, whichever shall occur later. Any committee so appointed shall have power to the extent provided in the resolution by which it is established except that all such committees shall be advisory in nature and no such committee shall have the power or authority to fill vacancies of the officers of the Board of the Authority; to adopt, amend or repeal the Bylaws; to amend or repeal any resolution of the Board of the Authority; to take action or make a recommendation on behalf of the Board unless the Board subsequently approves of that action or recommendation, or to take action on any matter committed by
resolution of the Authority Board to another committee of the Authority Board. Standing committees shall include, but not be limited, to the following:

1. - 2. (No change.)

3. Audit Committee. The Audit Committee shall fulfill the functions, duties and responsibilities specified in Executive Order No. 122 (2004). The Audit Committee shall consist of the Chairperson, Vice Chairperson, and a third public member of the Executive Committee of the Authority provided that the members meet the qualifications set forth in Executive Order 122. At least one member of the Audit Committee shall have accounting or related financial expertise. Should any of the Executive Committee members be unable to serve, a public member of the Board may serve on the Audit Committee provided that such public member meets the qualifications set forth in Executive Order 122. The purpose of the Audit Committee shall be to perform the functions, duties and responsibilities specified for the same in Executive Order 122.

4. (No change.)

c. (No change.)

6.6 Chairperson. The Chairperson shall preside at all meetings of the Board of the Authority and; shall, in general, perform all duties incident to the office of Chairperson and such duties as may be assigned by the Authority. The Chairperson of the Authority shall serve on the Executive Committee and the Audit Committee. The Chairperson of the Authority, or designee from among its public members, shall also serve on the CHE, and the Board of the EOF.

ARTICLE VII

CONFLICT OF INTEREST, FINANCIAL DISCLOSURE, AND TRAINING

7.2 Financial Disclosure. [Executive Order No. 2 (1994), requiring the filing of financial disclosure statements with the Executive Commission on Ethical Standards, does not apply to any of the members of the Board of the Authority as a consequence of their membership of the Board. However, the members of the Board of the Authority shall comply with any State law, regulation, rule or order requiring the Chairperson, Vice Chairperson or any other members of the Board of the Authority to file financial disclosure statements with the Governor's Counsel and/or the Executive Commission on Ethical Standards] Pursuant to Executive Order No. 2 (2018), as Public Officers, members of the Board of the Authority shall file a financial disclosure statement with the State Ethics Commission within 120 days of taking office, and by May 15th of each succeeding year.

7.4 Training. Pursuant to Executive Order No. 41 (2005) members of the Board of the Authority shall annually complete training on government ethics as provided by the Governor's Authorities Unit in conjunction with the State Ethics Commission.
**Recommendation**

It is recommended that the Board approve Resolution 01:21 Revising the Bylaws of the Higher Education Student Assistance Authority.

Attachments
RESOLUTION 01:21

APPROVING REVISIONS TO THE BYLAWS OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Moved by: Mr. Robert Shaughnessy
Seconded by: Ms. Stephanie Berdugo-Hernandez

WHEREAS: The Bylaws of the Higher Education Student Assistance Authority (HESAA) were last updated on February 16, 2005; and

WHEREAS: Executive Order 41 (2005) and Executive Order 2 (2018) have been enacted including additional duties for Board members; and

WHEREAS: Reorganization Plan No. 005-2011 abolished the Commission on Higher Education and created the Office of the Secretary of Higher Education, thereby replacing the Chairperson of the Commission with the Secretary as an ex-officio member of the HESAA Board; and

WHEREAS: Pursuant to P.L. 2012, c. 45 and P.L. 2017, c. 178, the Public Research University sector representative on the HESAA Board is to be selected from among the following three institutions: Montclair State University, the New Jersey Institute of Technology, or Rowan University; and

WHEREAS: It is necessary to amend the Bylaws of the Higher Education Student Assistance Authority to incorporate these changes and make additional technical updates.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the attached revised Bylaws of the Higher Education Student Assistance Authority.

January 27, 2021
HESAA BOARD BYLAWS

ARTICLE 1

NAME, OFFICES, PURPOSES, AND POWERS

1.1 Name. The name of the Corporation is Higher Education Student Assistance Authority ("Authority").

1.2 Principal Office. The principal office of the Authority shall be 4 Quakerbridge Plaza, P.O. Box 545, Trenton, New Jersey 08625-0545.

1.3 Other Offices. The Authority may have such other offices in such places as the members of the Authority may from time to time designate.

1.4 Purposes. The Authority, which is created pursuant to N.J.S.A. 18A:71A-1 et seq., shall be a body corporate and politic, with corporate succession. The Authority shall be established in the Executive Branch of the State Government and for the purposes of complying with the provisions of Article V, Section IV, paragraph 1 of the New Jersey Constitution, the Authority is allocated in but not of the Department of State. The Authority shall constitute an instrumentality of the State exercising public and essential governmental functions, and the exercise by the Authority of the powers conferred under N.J.S.A. 18A:71A-1 et seq. in the furthering of access to postsecondary education, whether by loans, grants, scholarships or other means, shall be deemed and held to be an essential governmental function of the State.

1.5 Powers. As further set forth under N.J.S.A. 18A:71A-1 et seq., the Authority shall have general powers, including, but not limited to, the powers to contract, to issue bonds, to receive public and private funds, to acquire, lease, renovate, and dispose of real and personal property, to sue and be sued, to retain legal counsel of its choosing, and to issue rules and regulations. As further set forth under N.J.S.A. 18A:71A-1 et seq., the Authority shall have additional powers, including, but not limited to, the power to further access to postsecondary education, whether by loans, grants, scholarships, savings programs or other means as approved by the Legislature to meet the expenses of postsecondary education. More specifically, these powers encompass making and servicing loans through a state student loan program (e.g., New Jersey College Loans to Assist State Students (NJCLASS) Program), and administering the Tuition Aid Grant Program, the Student Tuition Assistance Reward Scholarship (NJ STARS) program, a college savings program such as the New Jersey Better Educational Savings Trust (NJBEST) Program, loan redemption programs such as the Primary Care Practitioner Loan Redemption Program and the New Jersey STEM Loan Redemption Program, and other student assistance programs as approved by the Legislature.
ARTICLE II

ADMINISTRATION OF THE AUTHORITY'S PROGRAMS

2.1 Integral Part of the State. The Authority, a State agency which is in but not of the Department of the State, whose Board is a majority of public members appointed by the Governor and State officials and whose revenues derive in part from State appropriations, is an integral part of the State.

2.2 Administration of the Authority's Programs. The Board of the Authority, under the direction of its Chairperson, shall provide public oversight, rulemaking authority as well as policy and planning guidance to enable the Authority to best administer its programs. The Board shall create a Student Advisory Committee and may create other committees, such as a Nominating Committee and an Executive Committee, to assist in its governance role. The Chairperson of the Board shall represent the Authority on the governing boards of State higher education organizations such as the Board of the Educational Opportunity Fund (EOF). The daily administration of the Authority’s programs shall be carried on under the direction of the Executive Director of the Authority, who shall be the appointing authority of the Authority, the budget request and approval officer of the Authority, an officer and an ex-officio, non-voting member of the Board, who can employ, compensate, promote, and discharge Authority agents and employees, and who has authority over all matters concerning the employment and compensation of staff not classified under Title 11A of the New Jersey Statutes.

ARTICLE III

MEMBERS

3.1 Number and Qualifications. The membership of the Board of Authority shall consist of eighteen members as follows. There are four ex-officio members: the State Treasurer, or designee; the Secretary of Higher Education, or designee; the Chairperson of the Board of Directors of the EOF, or designee from among the public members of the EOF Board; and the Executive Director of the Authority, or designee. There are five members representing higher education institutional sectors: one from Rutgers, the State University; one from the State’s three other public research universities, Montclair State University, the New Jersey Institute of Technology or, Rowan University; one from the county colleges; one from the State colleges and universities; and one from the independent institutions of higher education in the State. There are two members who shall be students representing different collegiate institutional sectors, who are the chair and vice-chair of the Student Advisory Committee. There are seven public members, including one lender party to a participation agreement with the Authority, all of whom must be New Jersey residents. No more than four of the seven public members shall be of the same political party. Except for the Executive Director of the Authority, all of the members of the Board of the Authority are voting members.
3.2 **Appointment and Term of Office.** The seven public members are appointed by the Governor with the advice and consent of the Senate. The four ex-officio members serve a term by virtue of their office. The five members representing higher education institutional sectors are appointed by the Governor with the advice and consent of the Senate, giving consideration to the recommendations of the institutions (in the case of Rutgers and the three other public research universities) or the sector associations (in the case of State colleges and universities, county colleges, and independent institutions) The two student members are elected as chairperson and vice-chairperson of the Student Advisory Committee, which itself is created by the Authority, to serve a term of up to two years. Except for the ex-officio and student members, the members shall be appointed for terms of four years, except in the case of the first members so appointed, who shall be appointed two for a term of one year, two for a term of two years, four for a term of three years, and four for a term of four years.

3.3 **Vacancies.** Any vacancy in the membership of the Board of the Authority, occurring otherwise than by expiration of term, shall be filled in the same manner as the original appointment or election was made, but for the unexpired term only.

3.4 **Limitation of Liability.** The personal liability of members of the Board of the Authority, which shall be public entity under the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq., shall be limited to the extent permitted by N.J.S.A. 59:1-1 et seq., N.J.S.A. 18A:71A-1 et seq., and other applicable New Jersey law.

3.5 **Indemnification.** The Authority may choose representation by the Attorney General; however, as to claims of tortious nature, the Authority shall elect within 75 days of the effective date of N.J.S.A.71A-1 et seq. whether it, and its employees (including special employees, such as members of the Authority Board), shall be represented in all such matters by the Attorney General. If the Authority elects not to be represented by the Attorney General, it shall be considered and its employees considered employees of a sue and be sued entity for the purposes of the “New Jersey Tort Claims Act” only. The Authority shall be required in that circumstance to provide its employees with defense and indemnification consistent with the terms and conditions of the Tort Claims Act in lieu of the defense and indemnification that such employees would otherwise seek and be entitled to from the Attorney General pursuant to N.J.S.A. 59:10-1 et seq. and P.L.1972, c.48 (C.59:10A-1 et seq.).

**ARTICLE IV**

**MEETINGS OF THE MEMBERSHIP**

4.1 **Regular Meetings.** Regular meetings of the Board of the Authority shall be held four times in each calendar year, except for the initial year of the Authority, at such time and place as the members shall determine.

4.2 **Special Meetings.** Special meetings of the Board of the Authority may be called by the Chairperson of the Board of the Authority, the Executive Director of the Authority, or by the request of the majority of members then in office.
4.3 **Participation by Telephone or Similar Technology.** Members may participate in meetings of the Board of the Authority by conference telephone or similar communications equipment by means of which all persons participating in the meetings can hear each other. Members so participating shall be deemed present at any such meeting.

4.4 **Quorum; Effect of Abstentions.** A majority of the members in office at a meeting at which at least two public members of the Board are present shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the members present at a meeting at which a quorum is present shall be the acts of the Authority. A member has a right to withhold his or her vote. However, a member who is counted in reaching a quorum cannot defeat the quorum, once established, by not voting or by leaving the meeting. An abstention is not a negative vote; it is assumed that the abstaining member acquiesces with the majority’s decision.

4.5 **Open Public Meetings Act.** The Authority shall hold all meetings attended by, or open to, all members of the Board of the Authority in accordance with the Open Public Meetings Act, P.L. 1975, c.231 (C.10:4-6 et seq.) of the State of New Jersey. Should it be necessary for the Board to meet in closed session for a purpose permitted under the Open Public Meetings Act, then prior to meeting in closed session, the Board shall adopt a resolution at an open meeting stating the nature of the matter to be considered in closed session and stating when the discussion occurring in the closed session can be revealed to the public.

4.6 **Attendance at Meetings.** Members shall make best efforts to attend all meetings of the Board of the Authority. Members unable to attend a meeting of the Board of the Authority shall notify the Executive Director of the Authority not later than the day immediately before the day of such meeting.

4.7 **Parliamentary Procedure.** Except as otherwise provided herein, the meetings of the Board of the Authority shall be governed by parliamentary rules and usage as set forth in *Robert's Rules of Order, Revised*, 1996 edition.

4.8 **Minutes of Meetings.**

a. As further set forth under N.J.S.A.18A:71A-1 et seq., a true copy of the minutes of every meeting of the Board of the Authority shall be delivered by and under the certification of the Secretary of the Authority to the Governor. No action taken at such meeting by the Board of the Authority shall have force or effect until 10 days after such copy of the minutes shall have been so delivered. If, in said 10-day period, the Governor returns such copy of the minutes with veto of any action taken by the Board of the Authority or any members thereof at such meeting, such action shall be null and void. At any time prior to the expiration of the said 10-day period, the Governor may sign a statement of approval of any such action of the Board of the Authority, in which case the action so approved shall not thereafter be disapproved.

b. Notwithstanding the provisions of 4.8(a) of these Bylaws, with regard to the authorization or sale or bonds of the Authority, the Authority shall furnish to the
Governor a certified copy of the minutes of the meeting of the Board of the Authority at which the bonds are authorized or sold after the taking of the action, and the Governor shall indicate approval or disapproval of the action prior to the end of the business day upon which the certified copy of the minutes was furnished to the Governor.

4.9 Public Comments at Authority Board Meetings.

a. The Authority shall provide an opportunity at each Board meeting for public comment.

b. The Authority shall require individuals wishing to offer comments to register with the Authority 48 hours prior to Authority Board meetings and to limit comments to a maximum of five minutes. Prior to a meeting an exception in this procedure may be authorized by the Chairperson.

c. At any Authority Board meeting, the Chairperson with majority consent of the members of the Board of the Authority, may temporarily modify or waive any portions of this section when such action is necessary to provide for the orderly functioning of the Authority or for other reasons which the majority of the members deems justifiable.

ARTICLE V

COMMITTEES

5.1 Appointment of Committees.

a. Nominating Committee for the initial officers, executive committee. At the regular meeting before the meeting during which initial officers of the Board of the Authority are elected, the members of the Board of the Authority may appoint a nominating committee, consisting of three members of the Board of the Authority, at least one of whom shall be a public member, which shall report a recommended slate of candidates for Chairperson, Vice Chairperson of the Board, and two members of the Executive Committee of the Board, at least one of whom shall be a public member, for consideration by the Board at its next regular meeting;

b. Standing Committees. The members of the Board of the Authority may, by resolution adopted by a majority of the members then in office, appoint one or more committees, consisting in each case of not less than two members of the Board of the Authority, and may designate one or more non-members of the Board of the Authority as members of such committees. The term of members on standing committees, with the exception of the Executive Director and the Treasurer or designee, shall not exceed twelve months or until their successors take office on the standing committees, whichever shall occur later. Any committee so appointed shall have power to the extent provided in the resolution by which it is established except that all such committees shall be advisory in nature and no such committee shall have the power or authority to fill vacancies
of the officers of the Board of the Authority; to adopt, amend or repeal the
Bylaws; to amend or repeal any resolution of the Board of the Authority; to take
action or make a recommendation on behalf of the Board unless the Board
subsequently approves of that action or recommendation, or to take action on any
matter committed by resolution of the Authority Board to another committee of
the Authority Board. Standing committees shall include, but not be limited, to
the following:

1. Executive Committee. The Executive Committee shall consist of six
members, inclusive of the Chairperson and Vice-Chairperson of the Board
of the Authority, the Executive Director, and the Treasurer or designee.
Two members, one of whom shall be a public member and the other of
whom shall be an institutional member, shall be elected by the Board of the
Authority annually, at the next regular meeting of the Board of the
Authority during the initial year of the Authority, and thereafter, at the first
regular meeting of the Authority’s fiscal year, from among its members.
The purpose of the Executive Committee is to provide leadership in the
governance of the Authority, to advise and consult with staff of the
Authority by meeting as may be necessary during intervals between Board
meetings, to serve as the Authority’s budget policy advisory committee, to
recommend special meetings of the Board when warranted, and to have its
public members serve as the voting members of the Audit Committee.

2. Student Advisory Committee. The Student Advisory Committee shall be
created by the Board of the Authority to include students from all collegiate
institutional sectors. The purpose of the Student Advisory Committee is to
advise the Authority on financial aid policy and processes from the
perspective of the student constituents and represent this constituency on the
Authority, thereby ensuring effective communication between the
administrator of student assistance programs and their primary beneficiary.
The student members on the Board of the Authority shall be the individuals
that the Student Advisory Committee annually elects as its Chairperson and
Vice-Chairperson prior to the Authority’s first regular meeting of the
Authority’s fiscal year.

3. Audit Committee. The Audit Committee shall fulfill the functions, duties
and responsibilities specified in Executive Order No. 122 (2004). The Audit
Committee shall consist of the Chairperson, Vice Chairperson, and a third
public member of the Executive Committee of the Authority provided that
the members meet the qualifications set forth in Executive Order 122. At
least one member of the Audit Committee shall have accounting or related
financial expertise. Should any of the Executive Committee members be
unable to serve, a public member of the Board may serve on the Audit
Committee provided that such public member meets the qualifications set
forth in Executive Order 122. The purpose of the Audit Committee shall be
to perform the functions, duties and responsibilities specified for the same
in Executive Order 122.
4. Program Review and Quality Control Committee. The Program Review and Quality Control Committee shall review plans for programs audits and reviews, review program audits and reviews, review program audit results, and oversee the Authority’s system of internal control of program audits. The Authority’s Director of Audits and Quality Control shall report program audit results and reviews directly to the Program Review and Quality Control Committee.

c. Ad hoc Committees. The Chairperson may appoint one or more ad hoc committees, consisting of not less than one member of the Board of the Authority, and may designate one or more non-members of the Authority as members of the committee. Ad hoc committees shall include, but not be limited to, the following:

1. Nominating Committee. Except for the initial year of the Board of the Authority, the Chairperson shall appoint a Nominating Committee composed of three members, at least one of whom shall be a public member, to recommend candidates for the Chairperson, the Vice-Chairperson, and two members of the Executive Committee, at least one of whom shall be a public member and the other of whom shall be an institutional member, for approval by the Board of the Authority at the first regular meeting of the Authority’s fiscal year.

5.2 Meetings. A Committee shall hold all meetings attended by, or open to, an effective majority of the members of the Board of the Authority in accordance with the Open Public Meetings Act, P.L. 1975, c. 231 (C.10:4-6 et seq.) of the State of New Jersey.

5.3 Reports to the Authority. Committees shall provide reports of their meetings to the Board of the Authority no later than the next succeeding regular meeting of the Board of the Authority.

ARTICLE VI

OFFICERS OF THE AUTHORITY

6.1 Number. The officers of the Board of the Authority shall be a Chairperson, a Vice-Chairperson, and a Secretary/Treasurer.

6.2 Election or Appointment. The Chairperson and Vice-Chairperson shall be elected from among the public members of the Board by the Board of the Authority annually at the first one of the Authority Board's regular meetings of the Authority's fiscal year and shall hold office until their successors are elected or until their earlier death, disability, resignation, or removal, except in the case of the first year these bylaws are adopted, in which the Chairperson and Vice-Chairperson shall be elected at a regular meeting of the Board of the Authority and shall hold office until the first one of the Authority Board's regular meetings of the Authority's succeeding fiscal year. The Secretary/Treasurer shall be the Executive Director, ex-officio, or designee. Officers may serve for consecutive terms of office.
6.3 Vacancies. Any vacancy caused by the death, disability, resignation, or removal of any officer or assistant officer, or by the creation of a new office, may be filled by the members of the Board of the Authority.

6.4 Removal. Any officer may be removed for cause by the affirmative vote of the majority of the members then in office. Cause for removal shall include unexplained absence from two consecutive regular meetings of the Board of the Authority.

6.5 Resignation. Any officer may resign by written notice to the Authority. The resignation shall be effective upon receipt thereof by the Authority or at a subsequent time as shall be specified in the notice of resignation.

6.6 Chairperson. The Chairperson shall preside at all meetings of the Board of the Authority and; shall, in general, perform all duties incident to the office of Chairperson and such duties as may be assigned by the Authority. The Chairperson of the Authority shall serve on the Executive Committee and the Audit Committee. The Chairperson of the Authority, or designee from among its public members, shall also serve on the Board of the EOF.

6.7 Vice-Chairperson. The Vice-Chairperson shall, in the absence or disability of the Chairperson, perform the duties and exercise the powers of the Chairperson; and shall perform such other duties and have such other powers as the Authority may from time to time prescribe. The Vice-Chairperson shall serve on the Executive Committee and the Audit Committee.

6.8 The Secretary/Treasurer. As provided in N.J.S.A.18A:71A-6, the Executive Director or designee shall serve as secretary and treasurer of the Authority. The Secretary/Treasurer duties shall include serving as custodian of the books and records of the Authority; recording the minutes of all meetings of the Board of the Authority, giving of all notices of such meetings in accordance with these Bylaws, and rendering to the Chairperson and the Membership, upon reasonable request, information on the general financial condition of the Authority; and, in general, performing such other duties as are incident to the office of Secretary/Treasurer.

ARTICLE VII

CONFLICT OF INTEREST, FINANCIAL DISCLOSURE, COMPENSATION, AND TRAINING

7.1 Conflict of interest. Each member of the Board of the Authority shall comply with the New Jersey Conflicts of Interest Law, N.J.S.A. 52:13D-12 et seq. by not having any interest or engaging in any business or professional activity which is in substantial conflict with the proper discharge of his or her duties and by not violating any of the other restrictions set forth in the New Jersey Conflicts of Interest Law. New Jersey Conflict of Interest Law covers such areas as contracts with the State, appearances before the State, political activity, misuse of official position or property, and the acceptance of gifts or other items of value. In any instance in which a member is not certain what the standard of conduct should be, he or she should seek the advice of the Authority’s Ethics Liaison Officer. Any member, officer, or
committee member having an interest in a contract or other transaction shall give prompt, full and frank disclosure of his or her interest to the Ethics Liaison Officer of the Authority prior to the Board or a committee of the Board acting on such contract or transaction. If a conflict is deemed to exist, such person shall not vote on, nor use his or her personal influence on, nor participate (other than to present factual information or to respond to questions) in the discussions or deliberations with respect to such contract or transaction. Such person may not be counted in determining the existence of a quorum with respect to the consideration of such contract or transaction at any meeting where the contract or transaction is under discussion or is being voted upon. The minutes of the meeting shall reflect the disclosure made, the vote thereon, and, where applicable, the recusal from voting and participation, and whether a quorum was present.

7.2 **Financial Disclosure.** Pursuant to Executive Order No. 2 (2018), as Public Officers, members of the Board of the Authority shall file a financial disclosure statement with the State Ethics Commission within 120 days of taking office, and by May 15th of each succeeding year.

7.3 **Compensation.** The members of the Board of the Authority shall receive no compensation for their services, but shall be reimbursed for their actual expenses necessarily incurred in the performance of their duties.

7.4 **Training.** Pursuant to Executive Order No. 41 (2005) members of the Board of the Authority shall annually complete training on government ethics as provided by the Governor’s Authorities Unit in conjunction with the State Ethics Commission.

**ARTICLE VIII**

**FISCAL YEAR**

8.1 **Fiscal year.** The fiscal year of the Authority shall begin on July 1 and end on June 30.

**ARTICLE IX**

**FINANCIAL REPORTS**

9.1 After the end of each fiscal year, the Authority shall present financial reports of its programs, prepared in accordance with generally accepted accounting principles, covering the activities of the Authority for the past year.

**ARTICLE X**

**AMENDMENTS**

10. **These Bylaws** may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of all the members then in office at a regular meeting of the Board of the Authority.
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

FROM: Jerry Traino
Chief Financial Officer

SUBJECT: Resolution 02:21 Approving the Extension of the Contract with Franklin/Templeton Distributors, Inc. as the NJBEST 529 Program Investment Manager

DATE: January 27, 2021

The Higher Education Student Assistance Authority (“HESAA”) awarded the initial NJBEST program investment manager contract to Franklin/Templeton Distributors, Inc. (“Franklin Templeton”) in September 2002. In anticipation of the expiration of the initial contract with Franklin Templeton, HESAA issued a Request for Proposals (“RFP”) for Comprehensive Services for the NJBEST 529 program on November 13, 2013. Based on the responses to that RFP, at its February 5, 2014 the HESAA Board voted to award a subsequent contract to Franklin Templeton for a term of seven years with one optional three-year extension. The initial seven-year term is set to expire on April 1, 2021.

Franklin Templeton has a history of excellent contract performance and has successfully met the program’s goal of long-term growth and relative stability in program participants’ assets. Additionally, Franklin Templeton has consistently met the high customer service standards set for the establishment of new accounts, account exchanges, transfers and deposit of funds, withdrawal requests, and other account maintenance activities. The call
center for NJBEST participants has maintained high response times and consistently follows through with addressing participant questions and concerns.

All administrative costs of the program, including the servicing costs of all accounts managed by the Division of Investments, continue to be absorbed by Franklin Templeton.

It would be in HESAA’s best interest to exercise its option to extend the contract with Franklin Templeton for three years.

**Recommendation**

It is recommended that the Board approve Resolution 01:21 extending the contract with Franklin/Templeton Distributors, Inc. as the comprehensive service provider for the NJBEST 529 program for three years.

Attachment
RESOLUTION 02:21

APPROVING THE EXTENSION OF THE CONTRACT WITH FRANKLIN/TEMPLETON DISTRIBUTORS, INC. AS THE NJBEST 529 PROGRAM INVESTMENT MANAGER

Moved by: Ms. Jean McDonald Rash
Seconded by: Mr. Brian Bridges

WHEREAS: The Higher Education Student Assistance Authority (HESAA) utilizes an investment manager to provide comprehensive services for the NJBEST 529 program, including investments, administration of accounts and marketing of the program; and

WHEREAS: In anticipation of the March 2014 expiration of its existing contract with Franklin/Templeton Distributors, Inc. (“Franklin Templeton”), HESAA issued a Request for Proposals (RFP) on November 13, 2013 for a firm to provide comprehensive services; and

WHEREAS: At its February 5, 2014 the HESAA Board voted to award a subsequent contract to Franklin Templeton for a term of seven years with one three-year extension.; and

WHEREAS: The initial seven-year term of HESAA’s contract with Franklin Templeton is set to expire on April 1, 2021; and

WHEREAS: It would be in HESAA’s best interest to exercise its option to extend the contract with Franklin Templeton for three years.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves a three-year extension of HESAA’s contract with Franklin/Templeton Distributors, Inc. as the comprehensive service provider for the NJBEST 529 program.

January 27, 2021
Cutting the college price TAG

The Effects of New Jersey’s Tuition Aid Grant on College Persistence and Completion

RAND Corporation study
January 27, 2021 HESAA Board meeting
...improves policy and decisionmaking through research and analysis.

...improves postsecondary outcomes for students from underserved backgrounds.
Our questions

How does TAG affect college persistence?
How does TAG affect graduation rates?

Specifically, what would an additional $1,000 in TAG aid buy?
• For students with different income levels
• For students facing different tuition costs
Our strategy

Increasing financial need → Leads to increasing grant aid

- AICUNJ institutions
- Public colleges and universities
- County colleges

TAG award amount ($)

New Jersey Eligibility Index
But what about students right here ↓

Versus right here ↓
New database

TAG award
Persistence?
Four-year graduation?
...

TAG award
Persistence?
Four-year graduation?
...

TAG award
Persistence?
...

Outcomes for TAG recipients

- Year-to-year persistence, all sectors
- Four-year graduation, public colleges and universities
- Four-year completion or transfer, county colleges
- Four-year graduation, private non-profit (AICUNJ)
Results

Year-to-year persistence, all sectors

Four-year graduation, public colleges and universities

Four-year completion or transfer, county colleges

Four-year graduation, private non-profit (AICUNJ)

Estimated change caused by $1,000 in TAG aid (percentage points)
What this means for TAG

TAG helps students (we knew that) and it improves outcomes.
• Conclusive evidence TAG increases four-year graduation
• Some effects were significantly larger for lowest-income students

TAG will play an important role in helping NJ achieve goal to have 65% of residents college-educated by 2025. Study suggests increased funding could accelerate that.

Look for a full report next week!
Other questions you could ask our data

What is the return on investment to the state?
→ We are adding information on post-college employment.

What would it cost to…?
→ We can project student responses to (small) changes in TAG.

How does TAG interact with the Pell Grant?
→ Ongoing TAG Study Commission