MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

July 26, 2023

The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on July 26, 2023 at 10:00 am via Zoom. Forty-two people logged into the meeting.

PRESENT: HESAA Board Members: Ms. Beatrice Daggett; Ms. Sandra Gilot-West, Secretary of Higher Education’s Designee; Mr. Anthony Longo, Treasurer’s Designee; Ms. Jean McDonald Rash; Ms. Alya Nassrallah; Ms. Shernelle Pringle; Mr. Scott Salmon; Mr. David Socolow; Ms. Ivona Szaro; Dr. Nelson Turcios; Ms. Christy Van Horn, Chair; and Mr. Byron Ward.

ABSENT:

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:02 am. 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 Janice Venable, Associate Counsel from the Governor’s Authorities Unit; and Erin Herlihy, Deputy Attorney General from the New Jersey Division of Law.

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

INTRODUCTION OF NEW STUDENT ADVISORY COMMITTEE REPRESENTATIVES

Ms. Van Horn welcomed two new Student Advisory Committee members, Chair Ivona Szaro and Vice Chair Alya Nassrallah, who were sworn in on June 29, 2023. Ms. Szaro and Ms. Nassrallah introduced themselves to the Board.

CONSIDERATION OF THE MINUTES OF THE APRIL 26, 2023 MEETING

A motion to approve the minutes of the April 26, 2023 meeting was made by Ms. Jean McDonald Rash and seconded by Mr. Byron Ward. The minutes were approved unanimously with five abstentions, Ms. Sandra Gilot-West, Mr. Anthony Longo, Ms. Alya Nassrallah, Ms. Ivona Szaro and Mr. Scott Salmon, who were not present at the April meeting.
CONSIDERATION OF THE MINUTES OF THE JUNE 14, 2023 MEETING

A motion to approve the minutes of the June 14, 2023 meeting was made by Mr. Scott Salmon and seconded by Ms. Jean McDonald Rash. The minutes were approved unanimously with four abstentions, Ms. Sandra Gilot-West, Mr. Anthony Longo. Ms. Alya Nassrallah and Ms. Ivona Szaro, who were not present at the June meeting.

RESOLUTION 09:23 ELECTING THE EXECUTIVE COMMITTEE

Jean McDonald Rash presented to the Board:

In accordance with Article V of the Bylaws of the Higher Education Student Assistance Authority, the Chairperson appointed Nicolette Carpenter, Shernelle Pringle and myself to the Nominating Committee to nominate a Chairperson and Vice Chairperson from among the public members of the Authority Board and two additional members of the Executive Committee, one from among the public members of the Board and one from among the institutional members of the Board.

The bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee, with the Executive Director serving as Secretary Treasurer. Accordingly, Robert Tighue, as Treasurer’s Designee, is a member of the Executive Committee, and Executive Director David Socolow will serve as Secretary/Treasurer of the Executive Committee.

At the April 26, 2023 Board meeting, the Chairperson advised members to contact HESAA if they were willing and able to serve on the Executive Committee.

The Nominating Committee met on June 12, 2023 and recommends electing the following officers for Fiscal Year 2024: Christy Van Horn as Chair, Scott Salmon as Vice Chair, Beatrice Daggett as the member of the Executive Committee representing the public members, and Jean McDonald Rash as the member of the Executive Committee representing institutional members.

A motion to approve Resolution 09:23 was made by Mr. Byron Ward and seconded by Ms. Sandra Gilot-West. The motion passed unanimously.

RESOLUTION 10:23 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2023-2024

Jean Hathaway presented Resolution 10:23 to the Board.

Each year in July, after the enactment of the Appropriations Act and prior to the start of the academic year, HESAA establishes a table of Tuition Aid Grant (TAG) award values based on application volume, projected demand, and available funds. Resolution 10:23 will establish the award values in the full-time Tuition Aid Grant Award table for the 2023-2024 academic year.

On June 30, 2023, Governor Murphy signed the Fiscal Year 2024 (FY 24) Appropriations Act directing the Board to develop a table of TAG award amounts based on the FY 24 State appropriations for TAG. The total appropriated funding includes $493,729 million for two separate line-items: $492,887 million for TAG awards to full-time students and $842,000 for Part-Time TAG for Educational Opportunity Fund (EOF) Students. This is an increase of $15 million above
the FY 23 appropriations level. The Part-Time TAG for EOF Students program is presented together with the full-time TAG table because these EOF students are typically enrolled full-time and are approved by the EOF program on an exception basis for a limited period of part-time enrollment.

In addition, new this year, the FY 24 Appropriations Act includes budget language requiring HESAA to provide Summer TAG awards to students who enroll in summer 2024 terms, provided that such Summer TAG awards are restricted to students who previously received Tuition Aid Grants at the same school during either the fall 2023 or the spring 2024 semesters. The language also specifies that Summer TAG grants are to be funded with unexpended balances from the FY 24 Tuition Aid Grants appropriation.

The structure of the TAG award table is based on a numeric New Jersey Eligibility Index (NJEI) that represents the relative levels of financial need of students and their families, as determined through HESAA’s needs analysis methodology that accounts for income, assets, and household size. The NJEI ranges on the award table are referred to as “cells.” Students demonstrating the highest need are in the first cell, with an NJEI level under 1,500. Students with NJEI levels in subsequent cells are eligible for proportionately lower awards that decrease as the family’s calculated financial capacity to pay tuition increases.

The recommended Full-Time TAG Award Table in Attachment A increases award values by six percent in cell 1, increasing the value of the TAG award amounts assigned to the neediest New Jersey students. The proposed schedule of Full-Time TAG award amounts is projected to fund 60,735 full-year equivalent awards, with total expenditures projected to equal $462.1 million. Of these projected grants, 48% are projected to be maximum awards, with approximately $277.2 million in expenditures with NJEI levels in the first cell. The table uses available FY 24 funding, including a net carry-forward from FY 23 actual expenditures of $20.064 million. The table also reserves $31 million for summer TAG awards in FY 24 for approximately 10,500 students projected to be eligible.

It is recommended that the Board approve Resolution 10:23 adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for academic year 2023-2024.

A motion to approve Resolution 10:23 was made by Mr. Scott Salmon and seconded by Ms. Jean McDonald Rash.

Chair Van Horn asked how many students are projected to enroll in the Summer TAG program. Jean Hathaway responded that HESAA estimates approximately 10,500 students will receive Summer TAG each summer.

Chair Van Horn stated that Summer TAG is a great enhancement to students’ ability to graduate on time, or sooner. She thanked HESAA staff, the Legislature and the Governor for supporting this initiative.

The motion passed unanimously.
RESOLUTION 11:23 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2023-2024

Jean Hathaway presented Resolution 11:23 to the Board.

On June 30, 2023, Governor Murphy signed the FY 24 Appropriations Act, which includes an appropriation of $8.737 million for the Part-Time TAG for County College Students program. This program provides awards to qualifying county college students who enroll between 6–11 credits. Resolution 11:23 will establish award values for the Part-Time TAG for County Colleges Program for the 2023-2024 academic year.

The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2023-2024 full-time TAG award table. The full-time TAG awards were prorated by 50% or 75% to account for anticipated numbers of part-time TAG awards for students enrolled in 6-8 credits (“half-time”) or 9-11 credits (“three-quarter time”) per semester.

Pursuant to budget language included in the FY 24 Appropriations Act, unexpended balances shall be available to fund unanticipated increases in the number of applicants qualifying for Part-Time TAG for County College Student awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs.

It is recommended that the Board approve Resolution 11:23 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2023-2024.

A motion to approve Resolution 11:23 was made by Ms. Jean McDonald Rash and seconded by Ms. Sandra Gilot-West.

The motion passed unanimously.

RESOLUTION 12:23 ADOPTING THE SCHEDULE OF MAXIMUM COMMUNITY COLLEGE OPPORTUNITY GRANT AWARD AMOUNTS FOR ACADEMIC YEAR 2023-2024

Jean Hathaway presented Resolution 12:23 to the Board.

The purpose of Community College Opportunity Grant (CCOG) is to provide financial aid grants to eligible county college students to cover the costs of tuition and approved educational fees that are not already covered by any other State, federal, institutional or outside need-based grants or merit scholarships. On June 30, 2023 Governor Murphy signed the FY 24 Appropriations Act, which included an appropriation of $39.8 million for CCOG, an increase of nearly $5 million. Resolution 12:23 will establish the maximum individual CCOG award amount for each county college.

Under the law, HESAA administers CCOG financial aid awards for eligible county college students whose adjusted gross incomes (AGIs) are between $0 and $65,000. We call this eligibility group “Tier 1.”
The CCOG Program Act further provides that the authority “may annually establish maximum annual adjusted gross income eligibility limits” that exceed $65,000. Last year, the FY 23 Appropriations Act expanded the CCOG program to students in “eligibility Tier 2,” whose AGIs are between $65,001 and $80,000. CCOG awards in Tier 2 are set at 50 percent of the maximum individual grant award for students with AGIs between $0 and $65,000. In FY 24, the CCOG program will further expand to cover “Tier 3” students whose AGIs are between $80,001 and $100,000, with CCOG awards set at 33 1/3 percent of the maximum individual grant award for students with AGIs between $0 and $65,000.

The Table of CCOG Awards shown in Attachment A calculates the maximum individual annual grant award for students at each county college in Academic Year at each tier of eligibility for AY 23-24. These award amounts were determined based on the tuition for 36 credit-hours of enrollment at each college in AY 2023-2024, plus $3,000 for approved educational fees, not to exceed 3 percent more than the prior year’s maximum CCOG award value.

For students enrolled for at least six credits but less than 12 credits per semester, CCOG awards are pro-rated from the full-time tuition and approved educational fees based on the number of credits for which a student enrolls. Maximum awards for part-time students are calculated as follows:

- 50 percent of the value of a full-time award for students enrolled for 6–8 credits per semester; and
- 75 percent of the full-time award value for students enrolled for 9–11 credits per semester.

Current projections indicate that the $39.8 million appropriation will be sufficient to fund the Table of Maximum CCOG Awards shown in Attachment A.

It is recommended that the Board approve Resolution 12:23 Adopting Attachment A as the Maximum Community College Opportunity Grant Awards for Academic Year 2023-2024.

A motion to approve Resolution 12:23 was made by Ms. Bea Daggett and seconded by Mr. Scott Salmon.

Chair Van Horn stated that CCOG started as a pilot program with much less funding. She explained that the program became popular with the county colleges, with the students, and with the Legislature because it helps students with financial need go to school. The Chair commended the enhancements to add Tiers 2 and Tier 3 to help more students benefit, based on their ability to pay community college tuition.

The motion passed unanimously.
RESOLUTION 13:23 ADOPTING THE SCHEDULE OF MAXIMUM GARDEN STATE GUARANTEE GRANT AWARD AMOUNTS FOR ACADEMIC YEAR 2023-2024

Jean Hathaway presented Resolution 13:23 to the Board.

Last month, Governor Murphy signed the FY 24 Appropriations Act, which funds $94.352 million for HESAA to provide Garden State Guarantee (GSG) awards to New Jersey resident undergraduate students in each student’s third or fourth year of full-time enrollment at a New Jersey senior public college or university. Resolution 13:23 will establish the Maximum Garden State Guarantee Awards for Academic Year (AY) 2023-2024.

GSG guarantees that students who are in their third and fourth years of study and have an annual adjusted gross income (AGI) between $0 and $65,000 will pay a net price of $0 for tuition and fees. Third- and fourth-year students who have AGIs between $65,001 and $80,000 will pay a discounted net price of no more than $7,500 for tuition and fees, and those who have AGIs between $80,001 and $100,000 will pay a discounted net price of no more than $10,000 for tuition and fees. GSG covers the cost of tuition and mandatory fees that are not already covered by federal, State, institutional or outside grants or scholarships. To be eligible for GSG, students must be enrolled full-time and must be working toward completing their first Bachelor’s degree.

Attachment A calculates the maximum individual annual grant award amount for students at each of the senior public colleges and universities in AY 2023-2024. These amounts are determined using the official full-time in state tuition rates at each institution, as well as the mandatory fees charged to all or nearly all students as defined by the IPEDS survey of Institutional Characteristics.

- For students with an AGI between $0 and $65,000, which is the Tier 1 group, the maximum annual GSG award value is 100% of tuition and mandatory fees;
- For students in Tier 2 of eligibility, with an AGI between $65,001 and $80,000, the maximum annual GSG award value is tuition plus mandatory fees minus $7,500, guaranteeing these students a net price for tuition and mandatory fees of no more than $7,500;
- For students eligible for GSG Tier 3, with an AGI between $80,001 and $100,000, the maximum award value is tuition plus mandatory fees minus $10,000, guaranteeing these students a net price for tuition and mandatory fees of no more than $10,000.

Current projections indicate that the $94.352 million appropriation will be sufficient to fund the Table of Maximum GSG Awards shown in Attachment A.

It is recommended that the Board approve Resolution 13:23 Adopting Attachment A as the Maximum Garden State Guarantee Awards for Academic Year 2023-2024.

A motion to approve Resolution 13:23 was made by Ms. Bea Daggett and seconded by Mr. Scott Salmon.
Chairwoman Van Horn stated that GSG supports students in going from a community college right to a four-year institution to complete their education.

The motion passed unanimously.

**RESOLUTION 14:23 APPROVING PROPOSED READOPTION WITH AMENDMENTS OF REGULATIONS GOVERNING STUDENT LOANS, COLLEGE SAVINGS PROGRAMS, AND LOAN REDEMPTION PROGRAMS**

Marnie Grodman presented Resolution 14:23 to the Board.

The regulations that govern the student loan, loan redemption, and college savings programs are scheduled to sunset on October 26, 2023. Staff reviewed the rules and determined that they continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. Additionally, staff proposes amendments to the rules, as well as repeal of certain rules no longer applicable to program operations.

The complete rule proposal, as well as a summary of each amendment, are included in the materials.

To highlight a few amendments, the proposed readoption repeals all of subchapter 1, which details the policies and procedures governing the Federal Family Education Loan Program. These rules are no longer necessary as the FFELP program ceased new originations in 2010 and HESAA completed the transfer of its existing FFELP loan portfolio to the Kentucky Higher Education Assistance Authority effective January 1, 2020.

With regards to NJCLASS, the regulations codify the Refinance Loan Program HESAA administers when market conditions allow the Authority to offer borrowers lower interest rates. The amendments also codify the RAP and HIARP programs, which provide borrowers with alternate repayment options when they are experiencing financial difficulties.

Additionally, the proposed regulations amend the definition of “Totally and permanently disabled” to simplify the process for borrowers to verify they are totally and permanently disabled in order to have their loans discharged.

For the NJBEST Program, the proposed rules double the scholarship amount. As the NJBEST administrative fees, which finance the scholarships, provide sufficient funding, the proposed amendments increase the minimum scholarship amount from $1,000 to $2,000 and the maximum scholarship amount from $3,000 to $6,000.

Finally, the proposal includes amendments to the Behavioral Healthcare Provider Loan Redemption program. First, the proposed amendments revise the application procedures to provide potential applicants with a date certain as to when the application will be available and a one-month window in which to apply. The proposed amendments also require the Authority to select applicants based on predetermined scoring evaluation criteria, which will be updated annually and posted on the Authority’s website, to address the most severe shortages in the State.
Second, the amendments expand the definition of Eligible Behavioral Healthcare Provider to include Licensed Social Workers and Licensed Associate Counselors. This was the request made most often to the Authority to best increase the scope of providers that can provide direct clinical services to patients. To ensure that all of the providers receiving loan redemption through the Program actually provide direct services to patients, the proposed amendments also specify that Behavioral Healthcare Providers must engage in direct clinical practice with patients or clients for a minimum of 20 hours a week.

Upon the Board’s approval, the rule proposal will be published in the September 18th New Jersey Register, allowing for public comment until November 17, 2023.

It is recommended that the Board approve Resolution 14:23 Approving Proposed Readoption with Amendments of Regulations Governing Student Loans, College Savings Programs, and Loan Redemption Programs.

A motion to approve Resolution 14:23 was made by Ms. Bea Daggett and seconded by Mr. Byron Ward.

Ms. Nassrallah asked why social workers and behavioral healthcare providers are part of the regulations regarding student loans. Ms. Grodman responded that, in addition to student loans, the Chapter 10 regulations administer student loan redemption programs, including the Behavioral Healthcare Provider Loan Redemption Program.

The motion passed unanimously.

**RESOLUTION 15:23 APPROVING THE 2ND EXTENSION OF THE CONTRACT WITH BLX GROUP, A ROBITRAGE CALCULATION CONSULTANT**

Arthur Quaranta presented Resolution 15:23 to the Board.

The Federal Tax Code requires issuers of municipal bonds, including student loan revenue bonds, to report on two types of arbitrage: one being the arbitrage rebate and the other being the acquired purpose investment yield. A report is required to be produced at specific intervals during the life of a bond issue. A liability to the Internal Revenue Service over the life of the bond issue may arise as a result of these calculations. Due to the complexity of the federal tax code as it relates to arbitrage calculations, the services of a specialist in this area are required to ensure compliance.

In the case of HESAA, these arbitrage compliance computation services are required for its student loan bond issues used to establish and maintain the New Jersey College Loans to Assist State Students (NJCLASS) Program and the Federal Family Education Loan Program (FFELP) Portfolio of Loans owned by the NJCLASS/FFELP Trust Estates.

BLX responsibilities include, but are not limited to, calculating the liability if any results from their analysis of the arbitrage rebate based on the cash investments of the bond issue and also calculating the excess yield, if any, on the acquired purpose investment from the yield on the student loan portfolio. Based on their analysis, BLX provides a professional opinion along with the calculation of the liabilities, if any. Further, during the year, BLX, consults with the Authority
to provide advice and assistance as the Authority may deem necessary to ensure full compliance with the arbitrage restrictions imposed by the Arbitrage Requirements.

On March 4, 2019, HESAA initially engaged BLX as the result of a RFP to provide arbitrage calculation compliance for an initial contract of three years, with up to three one-year extensions. The first one-year extension was approved by the HESAA Board on July 20, 2022 and is set to expire on July 31, 2023.

BLX is a wholly-owned subsidiary of Orrick Herrington & Sutcliffe, LLP, and a leading national firm with recognized expertise in arbitrage compliance. By utilizing BLX, HESAA has access to expert tax advice and resources at no additional charge. Additionally, BLX maintains an experienced professional staff with the requisite skills to perform the services HESAA requires. BLX has established a track record of quality service at reasonable rates, as well as prompt and helpful responses to HESAA’s questions at no additional cost.

It is recommended that the Board approve Resolution 15:23 approving the Second Extension of the Agreement with BLX as Arbitrage Calculation Consultant.

A motion to approve Resolution 15:23 was made by Mr. Anthony Longo and seconded by Ms. Bea Daggett.

Ms. Nassrallah asked for a further explanation of arbitrage. Mr. Quaranta explained that each year, HESAA goes to the financial market to issue bonds. Bondholders purchase tax-exempt student loan revenue bonds issued by HESAA, and HESAA uses the money received from those bonds to make NJCLASS loans available to students and families. Before loans are disbursed to the higher education institutions at which the students are enrolled, the funds from the bond sale are invested. However, federal tax law places a limit on the amount that tax-exempt bonds can earn, and also imposes a limit on the amount that loan repayments can yield in excess of loan fees and the amount repaid to bondholders. BLX calculates these yields to ensure that HESAA remains in compliance with the allowable limits. Mr. Socolow further explained that the tax-exempt status of HESAA’s bonds enables the Authority to keep the interest rates charged to NJCLASS borrowers as low as possible, and that compliance with these federal arbitrage rules is required to maintain the tax-exempt status of the bonds that finance NJCLASS loans and thus preserve the public-interest, non-profit, low-cost features of the NJCLASS loan program.

The motion passed unanimously.

RESOLUTION 16:23 APPROVAL OF HESAA’s FY 2024 ADMINISTRATIVE AND CAPITAL BUDGETS

Jerry Traino presented Resolution 16:23 to the Board.

Good Morning and thank you for opportunity to share Resolution 16:23 which seeks the Board’s approval for HESAA’s Fiscal Year 2024 Administrative Budget.

On June 14th, the Board Budget Committee met to review and approve HESAA’s proposed FY 24 Administrative Budget.
HESAA’s proposed FY 24 Administrative Budget totals $38.3 million and will be fully funded through HESAA annual revenues and appropriated reserves as detailed in the memo and attachments provided on July 19th.

These revenues include earnings from the administration of the NJCLASS and NJBEST programs, and certain other state loan redemption programs; proceeds from the equity distribution from the 2012-1 and 2013-1 bond series refunding done as part of the 2023 Series Bond transaction, as well as funding from unallocated cash reserves.

Looking first at revenues as detailed in Schedule I, HESAA administrative projected revenues for FY 24 total $38.3 million, an increase of $3.6 million over FY 23 budget levels.

These revenues include:

$1.3 million Loan Redemption Programs Administration Net Revenues – In FY 24 HESAA will be reimbursed for the costs of administering the loan redemption programs, which have been expanded over the past three fiscal years.

$4.8 million from NJBEST Net Revenues – NJBEST revenue for FY 24 is projected to total $7.8 million from fees and interest earnings related to the NJBEST trust for administration of the program. This amount is reduced by $3 million set aside for NJBEST scholarship obligations, resulting in net revenues of $4.8 million.

$32.2 million from the NJCLASS Program, which is an increase of $2.8 million over the FY 23 budget.

Under the NJCLASS loan program HESAA receives a 1% origination fee applied to new consolidation loans; earns servicing and administrative fees from the Bond Trust Estate; and retains revenue from a portion of the recovery from NJCLASS loans.

Shifting now to the operating side of the budget and shifting to anticipated expenditures, HESAA’s proposed administrative expenditures for FY 24 is $38.3 million. This is net increase of $3.6 million over the FY 23 budget. It will support 174 HESAA positions and all non-salary costs associated with fulfilling HESAA mission of student assistance.

Changes in the FY 24 expenditures versus FY 23 include:

- $2.6 million in anticipated bond-related transaction and trustee costs which is relatively flat to FY 23 costs
- $8.8 million in Services largely attributable to temporary agency service contractors, software & software maintenance costs, legal, audit and postage, all of which are relatively flat to FY 23 Budget
- $24.9 in Salary and Benefits, which is a 3.2 million increase in employee salaries and costs of benefit related to
  - Contractually obligated cost of living increases as well as increases in the State Health Benefits Program costs.
Anticipated increase to the total staff level at HESAA by 18 individuals in FY 24. Of these, five (5) positions were authorized and funded in FY23 but remain open.

- As we have done over the past few budget cycles, in FY 24 HESAA will only fill mission-critical positions necessary to continue to meet our statutorily mandated program administration duties, launch several newly enacted initiatives, and further reduce the Authority’s reliance on temporary agency services.

Taking a look at HESAA’s capital budget as detailed in Schedule 2, the proposed Capital Budget of nearly $2.5 million is roughly $548,000 less than the capital budget approved for FY 23.

The FY 24 Capital spending plan will be funded through current cash reserves, which includes $1.4 million of unspent FY 23 capital resources. The major expenditures for FY 24 for capital include:

- $374,000 for Technology Infrastructure which includes increasing data storage capacity; licensing Microsoft SQL Server database to transition from the mainframe to a server-based environment; as well as technology upgrades for the HESAA Boardroom to enhance teleconferencing capacity.

- $245,000 for provisional funding for Data Center air conditioning equipment.

- $175,000 for provisional funding for Data Center fire suppression system and raised flooring.

- $1 million in project extension and contingency funding for the completion and full implementation of HESAA’s Loan Servicing Platform, the Collections, Loan Accounting, and Servicing System (CLASS).

That in summary form is the proposed FY 24 Administrative and Capital budgets for HESAA. I am conveying the Budget Committee’s recommendation that the full Board approve Resolution 16:23 and I now turn it back to the Chair for discussion.

A motion to approve Resolution 16:23 was made by Ms. Bea Daggett and seconded by Ms. Jean McDonald Rash. The motion passed unanimously.

Chairwoman Van Horn explained to the new Board members that the Budget Committee goes over these issues in advance of the full Board meeting to ask questions and make adjustments before submitting the final version to the Board.

The motion passed unanimously.

EXECUTIVE DIRECTOR’S REPORT

Thank you Chair Van Horn, members of the Board, and members of the public. It’s a pleasure to formally welcome our newest Board members, Ivona Szaro and Alya Nassrallah, who were recently elected to serve as the HESAA Student Advisory Committee’s Chair and Vice-Chair,
respectively. Thank you, Ivona and Alya, for your commitment to bringing the voice of today’s students to our Board’s discussions, representing all of your new Student Advisory Committee colleagues and their collective efforts to promote college affordability and awareness of all the financial aid options.

The Board’s actions today will expand opportunities for more New Jerseyans – especially underrepresented students – to achieve their life and career goals beyond high school. In the 2023-2024 academic year, starting in just a few weeks, the staff of HESAA will carry out the exciting program enhancements and new initiatives the Board approved to effectively deploy available resources.

**Fiscal Year 2024 Appropriations Act**

On June 30, 2023, Governor Murphy signed the Fiscal Year 2024 spending plan, which includes key investments to help make New Jersey more affordable for our residents and continue building a stronger and fairer economy. To support more than 100,000 students in various postsecondary education and career pathways, the Fiscal Year 2024 budget law provides vital funding for current and new HESAA programs – notably, expanding New Jersey’s College Promise, boosting Tuition Aid Grant award amounts, helping eligible students graduate faster by providing additional TAG awards during summer enrollment, and offering valuable financial incentives for New Jersey residents to serve as teachers, behavioral healthcare providers, nurses and other primary care practitioners, and in various high-growth technical jobs.

### a. New Jersey’s College Promise: Community College Opportunity Grant (CCOG) and Garden State Guarantee (GSG)

The twin programs of the New Jersey College Promise are now aligned to support more students than ever before, creating an affordable pathway to an undergraduate degree in New Jersey either tuition-free or at a significantly reduced cost, based on income. Starting in Academic Year 2023-24, HESAA will administer both the Community College Opportunity Grant and the Garden State Guarantee as last-dollar, State-funded financial aid programs. The College Promise provides clear net price guarantees to students, making college more affordable for up to four years, including two years at a community college as well as students’ third and fourth years at a public four-year institution. HESAA received a combined total of $134 million in Fiscal Year 2024 for these two programs’ student aid grants.

Both College Promise programs offer a tuition-free guarantee for eligible students to pay a net price of $0 for tuition and required fees if their adjusted gross incomes (AGIs) are between $0 and $65,000. For students with AGIs between $65,001 and $80,000, in the second eligibility tier, about half the cost of their tuition and fees will be covered by the Community College Opportunity Grant, mirroring the net price promise of no more than $7,500 in annual tuition and fees for Garden State Guarantee-eligible students in this same income range. This coming year, for the first time, students in a third eligibility tier with AGIs between $80,001 and $100,000 are covered with a Community College Opportunity Grant valued at one-third of the maximum award amount, and the Garden State Guarantee offers Tier 3 students a net price of no more than $10,000 in annual tuition and fees at a four-year public institution. Based on HESAA’s current projections, we anticipate approximately 19,000 students will receive Community College Opportunity Grants and another 15,000 students will receive Garden State Guarantee grants – a landmark step forward in
this administration’s commitment to boosting affordability of New Jersey postsecondary credentials.

b. Tuition Aid Grants (TAG)
The Fiscal Year 2024 Appropriations Act provides nearly $493 million in funding for the need-based Tuition Aid Grant (TAG) program, supporting approximately 67,000 full-time students projected to be eligible for TAG in academic year 2023-2024. Thanks to this $15 million increase above the Fiscal Year 2023 level, HESAA will enhance TAG’s role as New Jersey’s need-based financial aid cornerstone, creating the essential foundation on which other student supports are built, including the College Promise and the Educational Opportunity Fund. Because Governor Murphy and the Legislature agreed on this funding, HESAA’s Board was able to approve a TAG table today that will boost award amounts by six (6) percent over last year’s dollar value of TAG awards for students whose families have the most constrained capacity to pay tuition.

In a major advance for student success, the budget law also directs HESAA to offer Summer TAG awards to eligible students enrolled in courses during summer 2024 terms. In October 2022 both the TAG Study Commission and the HESAA Board’s Budget Policy Statement singled out this enhancement as a top policy priority as students who receive financial aid while enrolled in summer classes can complete their degrees faster and incur less student loan debt. Next summer will mark the second year of Summer TAG, after the inaugural pilot that started this April. In both summer pilots, these additional awards are funded with unexpended balances from the regular TAG program. Summer TAG is awarded during “trailer” terms that follow the regular academic year, modeled after the federal Year-Round Pell grant’s third semester of aid within a calendar year. Students are eligible for Summer TAG awards only if they received a TAG award in the immediately prior fall and/or spring term, and only for enrollment in six or more credit hours during the summer, in the same undergraduate program at the same institution at which the student enrolled during the fall or spring of the preceding academic year.

Two other part-time TAG line-items were funded at $8.7 million and $824,000, respectively, for part-time community college students and for students approved to attend part-time through their institution’s Educational Opportunity Fund (EOF) program. Increased funding for part-time TAG for EOF will support the recently approved EOF policy initiative offering campus EOF coordinators an additional tool to support student success, by allowing more EOF students to initially enroll part-time.

c. Addressing the Teacher Shortage
To help New Jersey residents prepare for a career in education and to encourage teachers to fill key jobs at schools in the Garden State, HESAA has two important new tasks. First, we are standing up a new $10 million initiative to support undergraduates during the clinical practice component of an educator preparation program at a New Jersey college or university. These $3,000 stipends will cover some living expenses to help students devote time to student-teaching and help offset lost income due to reduced hours of paid employment. Second, the 2024 budget law expands a HESAA loan redemption program so we can reach more teachers. This program pays off up to $20,000 of newly hired teachers’ student loan balances – which for next year will include not just NJCLASS but also all other types of student loans – in exchange for teaching up to four years in a high-need field at an eligible New Jersey public school.

d. Student Loan Redemption programs
We are also expanding New Jersey’s other student loan redemption programs, offering valuable incentives for individuals to serve in certain occupations by paying off a portion of an eligible individual’s student loans in exchange for that individual’s agreement to serve in a specified employment role for a defined period of time within New Jersey. These targeted programs help retain the next generation of professionals in jobs that are crucial to New Jersey’s economy and society.

As part of a comprehensive approach to addressing the behavioral health crisis, the 2024 budget allocates $5 million for HESAA to provide loan redemption for behavioral healthcare providers. This program, which was flooded with applications in its January 2023 inaugural effort, offers up to $150,000 in student loan redemptions for behavioral health care providers in exchange for up to six (6) years of clinical mental or behavioral health care practice at community providers operated by non-profit organizations, higher education institutions, school districts, county governments, or State agencies. The initiative also dedicates resources to the youth mental health crisis, through additional annual $5,000 incentive grants to program participants who work primarily with children and adolescents. Applications for this year’s new round of funding will open on October 1 and close on October 31, 2023.

The Authority’s two loan redemption programs for primary care practitioners and nursing faculty will share a combined total of $2.5 million in Fiscal Year 2024, a $1 million increase over last year’s levels. The maximum loan redemption amount for Primary Care Practitioners is increased to $200,000 for new participants who agree to four years of service to medically underserved patients. Up to 25 percent of this total funding line item may be allocated to the Nursing Faculty Loan Redemption Program.

The Fiscal Year 2024 budget law also includes $100,000 for the New Jersey STEM Loan Redemption program, which, in conjunction with matching funds from employers, pays off up to $8,000 of the student loan balances of individuals who graduated with a Science, Technology, Engineering, or Math (STEM) degree from a New Jersey college or university and work full-time in an approved high-growth STEM occupation at a New Jersey employer for between five (5) to (8) years.

**e. Pay It Forward program**

In Fiscal Year 2022 Governor Murphy launched Pay It Forward in partnership with the New Jersey CEO Council’s leaders of major businesses in our state. The Fiscal Year 2024 Appropriations Act adds $2.5 million to the Pay It Forward fund, on top of the $7.5 million in State funds cumulatively appropriated in Fiscal Years 2022 and 2023, plus the private donations from CEO Council corporations.

The New Jersey Pay It Forward program combines private and public funds to train New Jerseyans for in-demand careers, addressing gaps in the labor market and supporting economic growth in our state. The program offers interest- and fee-free loans with affordable, income-based repayment terms to finance the direct costs of attendance including tuition, materials, and supplies. Program participants also receive grants – not loans – to partially cover living expenses during training, as well as wrap-around services such as emergency aid, career advising, and mental health supports. Because program graduates’ repayments to the fund are recyclable – “paying it forward” to finance training for future cohorts – the funds stretch further to train more students than would be possible with grants alone.
Since the Governor announced the program a year ago, the first three programs are under way:

- Nursing training at Hudson County Community College,
- Cybersecurity training at NJIT, and
- Heating, Ventilation & Air Conditioning and Welding courses at Camden County College.

Together, these programs served 129 students in the first year, and are expected to serve approximately 720 students in total over the next few years through deployment and recycling of existing funds.

f. Other State student aid programs
The 2024 budget law maintains last year’s enhanced funding level for the Governor’s Urban Scholarships (GUS), enabling HESAA to continue offering residents of 33 municipalities $1,000 annual scholarships to attend any New Jersey college or university if the students rank in the top five (5) percent of their high school class, with a cumulative grade point average of at least 3.0 through 11th grade, and demonstrated TAG-eligible financial need. The GUS program also encourages graduation by awarding an additional $500 scholarship to eligible students when they earn a college degree.

The Appropriations Act also increases NJ STARS and NJ STARS II funding for FY 2024 to $7.77 million, an increase of $864,000 over last year’s levels. In addition, the budget provides $2 million to relaunch the pilot program giving tuition-free grants to adult students in postsecondary career and technical skill training at county vocational schools. This pilot offers financial aid grants to adult students enrolled in a county vocational school’s postsecondary technical courses, as long as a New Jersey community college offers academic credits to course completers. In the spring 2023 pilot, only a few students received aid at the three county vocational schools that identified eligible adult training programs. We expect to support additional students at more institutions this fall.

HESAA staff updates
As noted in today’s presentation of the Authority’s operations budget, HESAA’s administrative funding allows us both to fill mission-critical vacancies and to hire employees in preparation for anticipated upcoming retirements, so HESAA can handle current workloads while simultaneously implementing this year’s new projects. HESAA recently began recruiting new staff members to fill several key roles. Please note the 10 job postings on the Careers section of the HESAA webpage, and please share these notices with your networks to spread the word about these great opportunities.

Also thanks to the Board’s action, the Authority has the necessary operational resources to advance business continuity through thoughtful succession planning and knowledge transfer before the Authority loses experienced and dedicated employees to retirement. One such transition occurred at the end of last month, when Patricia Maske retired as Director of Human Resources. During her 21-year career at HESAA, Pat led with professionalism, keen attention to detail, and deep care and concern for all of HESAA’s employees. We are grateful to Pat for her dedication and contributions to the Authority, and wish her all the best. And we thank Maja Klysinski, who rapidly climbed the learning curve as Pat’s deputy during the seven months when their tenures overlapped, and has now stepped up to lead the Human Resources team.
Conclusion
On behalf of all of us at HESAA, I thank Governor Murphy and the Legislature for providing crucial resources to address the financial needs of today’s students. Thanks to the Board for your support and dedication to HESAA’s mission, including today’s far-reaching agenda items. And I continue to be grateful every day for HESAA’s dedicated staff, as they help New Jersey’s students and families access the grants, scholarships, college savings accounts, supplemental student loans, advice, and information that they need to succeed during their years in postsecondary education and beyond.

NEW BUSINESS

David Socolow presented the attached Resolutions of Appreciation for departing Board members, former Student Advisory Chair Nicolette Carpenter and former Student Advisory Committee Vice-Chair Isabella Berdugo-Hernandez.

ADJOURNMENT

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, July 26, 2023 at 10:00 am and that the Audit Committee would be meeting immediately following today’s meeting.

A motion to adjourn was made by Ms. Bea Daggett and seconded by Ms. Christy Van Horn. The motion passed unanimously.

The meeting adjourned at 11:27 am.
RESOLUTION 09:23

ELECTING THE EXECUTIVE COMMITTEE

Moved by: Mr. Byron Ward
Seconded by: Ms. Sandra Gilot-West

WHEREAS: In accordance with Article V of the Bylaws of the Higher Education Student Assistance Authority, the Chairperson appointed a Nominating Committee to nominate a Chairperson and Vice Chairperson from among the public members of the Authority Board and two additional members of the Executive Committee, one from among the public members of the Board and one from among the institutional members of the Board; and

WHEREAS: The Bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee; and

WHEREAS: The Nominating Committee recommends the election of members, as Chairperson, as Vice Chairperson, as a member of the Executive Committee representing institutional members, and as a member of the Executive Committee representing public members; and

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board elects Christy Van Horn as Chairperson, Scott Salmon as Vice Chairperson, Beatrice Daggett as the third public member, and Jean McDonald Rash as the institutional member of the Executive Committee for a term of one year, and recognizes the State Treasurer’s Permanent designee, Robert Tighue, and David J. Socolow, Executive Director, ex-officio, as members of the Executive Committee.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

FROM: Jean M. Hathaway
Director, Grants and Scholarships

SUBJECT: Resolution 10:23 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2023-2024

DATE: July 26, 2023

Summary

Attached for your review and approval is Resolution 10:23, adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2023-2024. In accordance with the provisions of the Tuition Aid Grant (TAG) program statute and pursuant to the Fiscal Year (FY) 2024 Appropriations Act, P.L. 2023, c. 74, this action will establish a table of full-time Tuition Aid Grant award values for the upcoming academic year.

On June 30, 2023 Governor Murphy signed the FY24 Appropriations Act, which includes an appropriation of $493.729 million for two separate line-items that are presented together on the consolidated TAG table as $492.887 million for TAG awards to full-time students and $842,000 for Part-Time TAG for Educational Opportunity Fund (EOF) Students. This is an increase of $15 million above the FY23 appropriations level.

Language in the FY24 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:
• Provide TAG awards to all qualified applicants at levels set by the Higher Education Student Assistance Authority (HESAA).
• Provide TAG awards for undocumented students as set forth in P.L.2018, c.12.
• Provide TAG awards to approved incarcerated individuals.
• Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program, prior to September 1, 2009, and had met all eligibility requirements prior to that date.

The FY24 Appropriations Act also includes new budget language requiring HESAA to provide Summer TAG awards, as defined by section 2 of P.L.2023, c.34 (N.J.S.A. 18A:71B-20a), to students who enroll in summer 2024 terms, provided that such Summer TAG awards are restricted to students who previously received Tuition Aid Grants during either the fall 2023 or the spring 2024 semesters. The language also specifies that, for the summer of 2024, Summer TAG grants are to be funded with unexpended balances from the FY24 Tuition Aid Grants appropriation.

**Background**

The TAG Program is New Jersey’s premier need-based assistance program for college students. Established by statute in 1978, the program covers a portion of tuition charges each academic year and helps keep higher education accessible and affordable for TAG-eligible, full-time undergraduates who attend public and non-public higher education institutions in New Jersey.

The purpose of the TAG Program is to reduce or eliminate the tuition component of the cost of attending college for students who demonstrate financial need. New Jersey’s Governors and Legislators have historically authorized significant funding for TAG. However, State appropriations over the past three decades have not been sufficient to fully fund the maximum award levels authorized in statute, which would provide awards of up to 100% of tuition at public institutions, and awards of up to 50% of the average tuition at non-public colleges and universities to students demonstrating the highest financial need.

Each year in July, after the enactment of the Appropriations Act and prior to the start of the academic year, HESAA establishes a table of TAG award values based on application volume, projected demand, and available funds. The Board’s action to officially adopt award amounts no later than July is essential to notifying students and institutions of TAG award values prior to the due date of fall semester tuition bills.

The structure of the TAG award table is based on a numeric New Jersey Eligibility Index (NJEI) that represents the relative levels of financial need of students and their families, as determined through HESAA’s needs analysis methodology that accounts for income, assets, and household size. The NJEI ranges on the award table are referred to as “cells.” Students demonstrating the highest need are in the first cell, with an NJEI level under 1,500. In 2022-2023 48% of all TAG recipients were in this cell and therefore were eligible for the maximum TAG award amount. Students with NJEI levels in subsequent cells are eligible for proportionately lower awards that decrease as the family’s calculated financial capacity to pay tuition increases.
FY 2024 Available Funds andProjected Award Volume

The Board is tasked with approving a table of TAG award amounts based on the FY 2024 State appropriations for TAG, including both $492,887,000 for full-time TAG and the separate appropriation of $842,000 for part-time students eligible to receive TAG awards through the Educational Opportunity Fund (EOF) Program. Please note that the Part-Time TAG for EOF Students program is presented together with the full-time TAG table because EOF students are typically enrolled full-time and are approved by the EOF program on an exception basis for a limited period of part-time enrollment.

Pursuant to budget language included in the FY24 Appropriations Act, unexpended balances from the FY24 TAG account are re-appropriated and available to fund increases in the number of applicants qualifying for TAG, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs. The Appropriations Act also includes language appropriating such additional funds as are required as a result of changes in program participation patterns.

Proposed Full-Time TAG Award Table for AY 2023-24

The recommended Full-Time TAG Award Table for AY 2023-24 in Attachment A increases award values by six (6) percent in cell 1 compared to the award values assigned to cell 1 in the AY 2022-23 TAG schedule for each institution. By increasing the value of the TAG award amounts assigned to the students with the most constrained capacity to pay tuition, this recommendation targets extra benefits to the students with the lowest New Jersey Eligibility Index levels. This policy aligns with the conclusions of independent research on New Jersey’s TAG program, which found that “TAG increased the rate of on-time bachelor’s degree completion at public colleges and universities,” and that students “receiving an additional $1,000 improved graduation by 2.6 percentage points, a significant increase. At private nonprofit colleges and universities, TAG was significantly more helpful to the lowest-income students.”

This table deploys the funding in the FY24 Appropriations Act based on financial estimates derived from the proposed per-student award dollar values and HESAA’s projections of the number of Tuition Aid Grants expected to be awarded to eligible students at participating institutions in AY 2023-24. The proposed schedule of Full-Time TAG award amounts is projected to fund 60,735 full-year equivalent awards in AY 2023-2024, with total expenditures projected to equal $462.1 million during the regular academic year (fall 2023 and spring 2024 semesters). Of these projected grants, 48% are projected to be maximum awards, with approximately $277.2 million in expenditures for TAG awards to students with NJEI levels in the first cell. The table uses available FY24 funding, including a net carry-forward of $20.064M in unexpended resources from the prior year based on FY23 actual expenditures. The table also reserves $31 million for Summer TAG awards in FY24 projected to benefit approximately 10,500 students.

1 https://www.rand.org/pubs/research_reports/RRA101-1.html
Recommendation

It is recommended that the Board approve Resolution 10:23 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2023-2024.

Attachments
STATE OF NEW JERSEY  
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
FULL-TIME TUITION AID GRANT (TAG) AWARD TABLE FOR 2023-24¹  

<table>
<thead>
<tr>
<th>New Jersey Eligibility Index (NJEI)</th>
<th>County Colleges² Award Average</th>
<th>State Colleges³ Award Values</th>
<th>Public Research Award Values</th>
<th>Independent Non-Public⁴ Award Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1500</td>
<td>$3,098</td>
<td>$9,496</td>
<td>$10,964</td>
<td>$14,404</td>
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<tr>
<td>1500-2499</td>
<td>2,546</td>
<td>7,922</td>
<td>9,174</td>
<td>11,522</td>
</tr>
<tr>
<td>2500-3499</td>
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<td>6,706</td>
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<td>3500-4499</td>
<td>1,720</td>
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<td>7,044</td>
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<td>3,594</td>
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<tr>
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<td>9500-10499</td>
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<td>2,176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 10499</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Approximate annual TAG award values at higher education institutions licensed and approved for participation in the TAG Program as of September 1, 2009. In accordance with State law, the value of a student’s grant depends on appropriated funds, actual tuition charges, cost of attendance, and the student’s financial need as calculated by the New Jersey Eligibility Index.

² For county college sector, this table displays average award values across the 18 colleges in the sector. The award values for students at a given county college may be higher or lower, based on tuition charged by the institution.

³ For state college and public research sectors, this table displays standardized award values for the institutions in each sector. The award values for students at a given institution may not exceed tuition, but may be higher than these standardized values based on tuition charged by the institution.

⁴ Proprietary institution awards limited to approved programs of study at Berkeley College, DeVry University, Eastern International College and Eastwick College.
RESOLUTION 10:23

ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE
FOR ACADEMIC YEAR 2023-24

Moved by: Mr. Scott Salmon
Seconded by: Ms. Jean McDonald Rash

WHEREAS: N.J.S.A. 18A:71B-21 authorizes the Higher Education Student Assistance Authority (HESAA) to establish a table of full-time award values for Tuition Aid Grants (TAG) based on financial need for the grant, tuition levels, projected number of eligible students, and available funding; and

WHEREAS: Pursuant to the Fiscal Year 2024 Appropriations Act, P.L. 2023, c.74, HESAA is directed to adopt TAG award tables for Academic Year 2023-2024 based on the amounts to be expended on TAG in Academic Year 2023-2024, which are as follows: $492.887 million for full-time TAG and $842,000 for Part-Time TAG for EOF Students, that shall be used to adopt a table of 2023-2024 TAG award amounts; and

WHEREAS: Language in the FY24 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

- TAG awards shall be provided to all qualified applicants at levels set by HESAA.
- TAG awards shall be provided for undocumented students as set forth in P.L.2018, c.12.
- TAG awards shall be provided for approved incarcerated individuals
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.
- Unexpended balances are reappropriated to the TAG account to be held as a contingency for unanticipated increases in the number of applicants qualifying for full-time TAG awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs; and
- Such sums as are required to cover the costs of increases in the number of applicants qualifying for full-time TAG awards or to fund shifts in the distribution of awards that result in an
increase in total program costs, subject to the approval of the Director of the Division of Budget and Accounting.

- HESAA shall provide Summer TAG awards, as defined by section 2 of P.L.2023, c.34 (N.J.S.A. 18A:71B-20a), to students who enroll in summer 2024 terms, provided that such Summer TAG awards are restricted to students who previously received Tuition Aid Grants during either the fall 2023 or the spring 2024 semesters, and that such Summer TAG awards shall be funded with unexpended balances.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Full-Time TAG Award Table for AY 2023-2024 (Attachment A); and be it further

RESOLVED: That the attached Full-Time TAG Award Table for AY 2023-2024 pertains to New Jersey institutions that are licensed and were approved for participation in the State grant program as of September 1, 2009; and be it further

RESOLVED: That the Higher Education Student Assistance Authority wishes to thank and commend Governor Murphy and the Legislature for their commitment to higher education access and affordability for all New Jersey residents.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow  
Executive Director

FROM: Jean M. Hathaway  
Director, Grants and Scholarships

SUBJECT: Resolution 11:23 Adopting a Part-Time Tuition Aid Grant for County College Students Award Table for Academic Year 2023-2024

DATE: July 26, 2023

Summary

Attached for your review, comment, and approval is Resolution 11:23, Adopting a Part-Time Tuition Aid Grant for County College Students Award Table for Academic Year (AY) 2023-2024. In accordance with the provisions of the Tuition Aid Grant program statute and pursuant to the Fiscal Year (FY) 2024 Appropriations Act, P.L. 2023, c. 74, this action will establish a table of Part-Time Tuition Aid Grant award values for the upcoming academic year.

Background

On June 30, 2023, Governor Murphy signed the FY24 Appropriations Act, which includes an appropriation of $8.737 million for the Part-Time TAG for County College Students program. This program was established during the 2003-2004 academic year to provide awards to county college students who demonstrate financial need and enroll for 6–11 credits per semester.

As provided in the FY24 Appropriations Act, part-time awards shall be prorated against full-time semester awards within the limits of available appropriations as follows: eligible students enrolled for 6–8 credits receive 50 percent of the value of a full-time award, while students enrolled for 9–11 credits receive 75 percent of the full-time award value.
The Higher Education Student Assistance Authority (HESAA) establishes a table of part-time TAG award values each year in July, based on the available appropriation and the anticipated number of part-time awards.

**Available Funds and Projected Award Volume**

As directed by P.L. 2023, c. 74, the HESAA Board is tasked with approving a table of award amounts for Part-Time TAG for County College Students prorated against full-time awards at the county college sector.

- The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the AY 2023-2024 Full-Time TAG award table, by prorating the Full-Time TAG awards by 50 percent or 75 percent, and shows an average yearly award for each NJEI cell.

**Recommendation**

It is recommended that the Board approve Resolution 11:23 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County College Students Award Table for Academic Year 2023-2024.

Attachments
**STATE OF NEW JERSEY**

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**

**PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGES AWARD TABLE FOR 2023-24***

<table>
<thead>
<tr>
<th>NJEI</th>
<th>1/2 Time Semester Award (6-8 credits)</th>
<th>3/4 Time Semester Award (9-11 credits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1499</td>
<td>$774</td>
<td>$1,161</td>
</tr>
<tr>
<td>1500-2499</td>
<td>636</td>
<td>954</td>
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<tr>
<td>2500-3499</td>
<td>551</td>
<td>827</td>
</tr>
<tr>
<td>3500-4499</td>
<td>430</td>
<td>645</td>
</tr>
<tr>
<td>4500-5499</td>
<td>320</td>
<td>480</td>
</tr>
</tbody>
</table>

*Awards pro-rated against 2023-24 full-time TAG county college sector awards.

**NOTE:** If the TAG award reflected above exceeds the student's actual tuition charges, the institution must reduce the TAG award to reflect actual tuition charges.
RESOLUTION 11:23

ADOPTING A PART-TIME TUITION AID GRANT FOR COUNTY COLLEGE STUDENTS
AWARD TABLE FOR ACADEMIC YEAR 2023-2024

Moved by: Ms. Jean McDonald Rash
Seconded by: Ms. Sandra Gilot-West

WHEREAS: The Part-Time Tuition Aid Grant (TAG) for County College Students Program was established effective in Academic Year 2003-2004 to provide awards to financially needy county college students who enroll in 6-11 credits per semester; and

WHEREAS: Pursuant to the Fiscal Year (FY) 2024 Appropriations Act, P.L. 2023, c. 74, HESAA is directed to adopt a Part-Time TAG for County College Students prorated against full-time awards at the county college sector based on the FY24 appropriation of $8.737 million.

WHEREAS: Pursuant to the FY24 Appropriations Act, part-time TAG awards shall be prorated, within the limits of available appropriations, against full-time awards as follows: eligible students enrolled for 6–8 credits per semester receive 50 percent of the value of a full-time award, and students enrolled for 9–11 credits per semester receive 75 percent of the full-time award; and

WHEREAS: The Part-Time TAG for County Colleges Award Table shown in Attachment A was constructed following the parameters used to develop the 2023-2024 Full-Time TAG Award Table with awards pro-rated by one-half and three-quarters; and

WHEREAS: Pursuant to FY24 budget language, unexpended balances from the account shall be available to fund unanticipated increases in the number of applicants qualifying for Part-Time TAG for County College Student awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Part-Time Tuition Aid Grant for County College Students Award Table for Academic Year 2023-2024 (Attachment A); and be it further
RESOLVED: That the attached Part-Time TAG for County College Students Award Table for AY 2023-2024 pertains to New Jersey County Colleges established pursuant to N.J.S.A. 18A:64A-1 et. seq. (and their programs of study) that are licensed and approved for participation in the State grant program as of September 1, 2009; and be it further

RESOLVED: That the Higher Education Student Assistance Authority wishes to thank and commend Governor Murphy and the Legislature for their commitment to higher education access and affordability for all New Jersey residents.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

FROM: Jean M. Hathaway
Director, Grants and Scholarships

SUBJECT: Resolution 12:23 Adopting the Schedule of Maximum Community College Opportunity Grant Award Amounts for Academic Year 2023-2024

DATE: July 26, 2023

Attached for your review and approval is Resolution 12:23 Adopting the Schedule of Maximum Community College Opportunity Grant Award Amounts for Academic Year (AY) 2023-2024. In accordance with the provisions of the Community College Opportunity Grant (CCOG) program statute and subject to the limits of the Fiscal Year (FY) 2024 Appropriations Act, this action will establish the maximum individual CCOG award amount for eligible students at each county college.

On June 30, 2023, Governor Murphy signed the FY24 Appropriations Act, which includes an appropriation of $39.8 million for CCOG, an increase of nearly $5 million. The Appropriations Act directs this additional funding to grant “partial” CCOG awards in AY 2023-2024 to students in Tier 3 of eligibility whose annual Adjusted Gross Incomes (AGIs) are between $80,001 and $100,000, with the maximum last-dollar award amount for students set at one-third (33%) of the maximum individual CCOG award amount for students who have an AGI between $0 and $65,000. The law also funds the continuation of awards in AY 2023-2024 to students in the current Tiers 1 and 2, as noted below.
Background

The CCOG Program Act, P.L. 2021, c. 26, requires HESAA to annually establish maximum individual grant amounts to be awarded under the program at each county college. The goal of CCOG is to remove financial barriers to students’ enrollment at one of New Jersey’s 18 county colleges. CCOG awards are designed as “last-dollar” grants that cover the costs of tuition and approved educational fees that are not already covered by any other State, federal, and institutional need-based grants or merit scholarships. Under the law, HESAA administers CCOG financial aid awards for eligible county college students whose adjusted gross incomes (AGIs) are between $0 and $65,000.

The CCOG Program Act further provides that the authority “may annually establish maximum annual adjusted gross income eligibility limits” that exceed $65,000, subject to available funding. The FY23 Appropriations Act provided funding to expand the CCOG program to students in “eligibility Tier 2,” whose AGIs are between $65,001 and $80,000, providing such students with CCOG awards set at 50 percent of the maximum individual grant award for students with AGIs between $0 and $65,000. In FY24, the CCOG program will continue to provide awards to students with Tier 2 eligibility and further expand to cover Tier 3 students whose AGIs are between $80,001 and $100,000; Tier 3 students are eligible for CCOG award amounts up to 33 and one-third percent of the maximum individual grant award for students with AGIs between $0 and $65,000.

Award Amounts

The Schedule of Maximum CCOG Awards shown in Attachment A calculates the maximum individual annual grant award for students at each county college in AY 2023-2024. These amounts are determined by calculating:

- The tuition for 36 credit-hours of enrollment at each college in AY 2023-2023, plus $3,000 for approved educational fees, not to exceed 3 percent more than the prior year’s maximum award value. For students with AGIs between $65,001 and $80,000, the maximum award value is 50% of the maximum CCOG award value for students with AGIs up to $65,000. For students with AGIs between $80,001 and $100,000, the maximum award value is one-third of the maximum CCOG award value for students with AGIs up to $65,000. For students enrolled for at least six credits, but less than 12 credits, per semester in an associate’s degree, certificate, or three-plus-one degree program, CCOG awards are pro-rated from the full-time tuition and approved educational fees based on the number of credits for which a student enrolls. The Schedule of Maximum CCOG Awards in Attachment A provides maximum individual grant awards for full-time students in academic year 2023-24 (fall 2023 and spring 2024 semesters combined). Maximum awards for part-time students will be calculated as follows:

- 50 percent of the value of a full-time award for eligible students enrolled for 6–8 credits per semester; and
- 75 percent of the full-time award value for students enrolled for 9–11 credits per semester.
Current projections indicate that the $39.8 million appropriation will be sufficient to fund the Schedule of Maximum CCOG Awards shown in Attachment A.

**Recommendation**

It is recommended that the Board approve Resolution 12:23 Adopting Attachment A as the Schedule of Maximum Community College Opportunity Grant Award Amounts for Academic Year 2023-2024.

Attachment
## Community College Opportunity Grant 2023-2024
### Maximum Awards

<table>
<thead>
<tr>
<th>Institution Name</th>
<th>Tier 1 Max Value Award</th>
<th>Tier 2 Max Value Award</th>
<th>Tier 3 Max Value Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Cape Community College</td>
<td>$8,507.00</td>
<td>$4,254</td>
<td>$2,836</td>
</tr>
<tr>
<td>Bergen Community College</td>
<td>$8,633.00</td>
<td>$4,317</td>
<td>$2,794</td>
</tr>
<tr>
<td>Brookdale Community College</td>
<td>$8,508.00</td>
<td>$4,254</td>
<td>$2,836</td>
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<tr>
<td>Camden County College</td>
<td>$7,140.00</td>
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<td>$2,380</td>
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<tr>
<td>County College of Morris</td>
<td>$8,792.00</td>
<td>$4,396</td>
<td>$2,931</td>
</tr>
<tr>
<td>Essex County College</td>
<td>$7,832.00</td>
<td>$3,916</td>
<td>$2,611</td>
</tr>
<tr>
<td>Hudson County Community College</td>
<td>$8,580.00</td>
<td>$4,290</td>
<td>$2,860</td>
</tr>
<tr>
<td>Mercer County Community College</td>
<td>$8,562.00</td>
<td>$4,281</td>
<td>$2,854</td>
</tr>
<tr>
<td>Middlesex College</td>
<td>$7,392.00</td>
<td>$3,696</td>
<td>$2,464</td>
</tr>
<tr>
<td>Ocean County College</td>
<td>$9,480.00</td>
<td>$4,740</td>
<td>$3,160</td>
</tr>
<tr>
<td>Passaic County Community College</td>
<td>$9,372.00</td>
<td>$4,686</td>
<td>$3,124</td>
</tr>
<tr>
<td>Raritan Valley Community College</td>
<td>$9,480.00</td>
<td>$4,740</td>
<td>$3,160</td>
</tr>
<tr>
<td>Rowan College at Burlington County</td>
<td>$8,274.00</td>
<td>$4,137</td>
<td>$2,758</td>
</tr>
<tr>
<td>Rowan College South Jersey</td>
<td>$7,104.00</td>
<td>$3,552</td>
<td>$2,368</td>
</tr>
<tr>
<td>Salem Community College</td>
<td>$10,380.00</td>
<td>$5,190</td>
<td>$3,460</td>
</tr>
<tr>
<td>Sussex County Community College</td>
<td>$8,040.00</td>
<td>$4,020</td>
<td>$2,680</td>
</tr>
<tr>
<td>Union College of Union County, NJ</td>
<td>$8,758.00</td>
<td>$4,379</td>
<td>$2,919</td>
</tr>
<tr>
<td>Warren County Community College</td>
<td>$9,372.00</td>
<td>$4,686</td>
<td>$3,124</td>
</tr>
</tbody>
</table>
RESOLUTION 12:23

ADOPTING MAXIMUM COMMUNITY COLLEGE OPPORTUNITY GRANT AWARDS FOR ACADEMIC YEAR 2023-2024

Moved by: Ms. Beatrice Daggett
Seconded by: Mr. Scott Salmon

WHEREAS: Public Law 2021, chapter 26 (the “Community College Opportunity Grant Act”) requires the Higher Education Student Assistance Authority (HESAA) to annually establish a maximum individual grant amount to be awarded under the Community College Opportunity Grant (“CCOG”) program to students at each county college; and

WHEREAS: The Fiscal Year 2024 Appropriation Act includes an appropriation of $39.820 million for CCOG; and

WHEREAS: The Schedule of Maximum CCOG Awards shown in Attachment A calculates the maximum individual annual grant award for students at each county college in Academic Year (AY) 2023-2024. These amounts are determined by:

- Calculating the tuition for 36 credit-hours of enrollment at each college in AY 2023-2024, not to exceed three percent above AY 2022-2023 maximum award values; plus
- $3,000 towards approved educational fees; and
- Pursuant to P.L. 2023, c. 74, for eligible county college students whose AGIs are between $65,001-$80,000 the maximum award value is 50 percent of the maximum CCOG award value for students with AGIs between $0 and $65,000; and for eligible county college students whose AGIs are between $80,001 and $100,000 the maximum award value is one-third of the maximum CCOG award value for students with AGIs between $0 and $65,000; and

WHEREAS: Pursuant to P.L. 2021, c. 26, for students enrolled for at least six credits but less than 12 credits per semester, CCOG awards shall be pro-rated from the full-time approved tuition and approved educational fees based on the number of credits for which that student is enrolled, calculated as follows

- 50 percent of the value of a full-time award for eligible students enrolled for 6-8 credits per semester; and
- 75 percent of the value of the full time award value for student enrolled for 9-11 credits per semester; and
WHEREAS: Current projections indicate that the FY 2024 appropriation will be sufficient to fund the Schedule of Maximum CCOG Awards shown in Attachment A.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Schedule of Maximum CCOG Awards (Attachment A); and be it further

RESOLVED: That the Higher Education Student Assistance Authority wishes to thank and commend Governor Murphy and the Legislature for their commitment to higher education access and affordability for all New Jersey residents.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

FROM: Jean M. Hathaway
Director, Grants and Scholarships

SUBJECT: Resolution 13:23 Adopting the Schedule of Maximum Garden State Guarantee Awards for Academic Year 2023-2024

DATE: July 26, 2023

Attached for your review and approval is Resolution 13:23 Adopting the Schedule of Maximum Garden State Guarantee Awards for Academic Year (AY) 2023-2024.

On June 30, 2023, Governor Murphy signed the Fiscal Year (FY) 2024 Appropriations Act, P.L. 2023, c. 74, which appropriates $94.352 million for the Higher Education Student Assistance Authority (HESAA) to provide Garden State Guarantee (GSG) awards to New Jersey resident undergraduate students in each student’s third or fourth year of full-time enrollment at a New Jersey senior public college or university.

Background

The FY 24 Appropriation Act requires HESAA provide GSG award grants during the fall 2023 and spring 2024 semesters to eligible New Jersey resident undergraduate students in each student's third or fourth year of full-time enrollment at a New Jersey senior public college or university. GSG guarantees that students who have an annual adjusted gross income (AGI) between $0 and
$65,000 will pay a net price of $0 for tuition and fees during their third and fourth years of study. Third- and fourth-year students who have AGIs between $65,001 and $80,000 will pay a discounted net price of no more than $7,500 for tuition and fees ($3,750 per semester), and those who have AGIs between $80,001 and $100,000 will pay a discounted net price of no more than $10,000 for tuition and fees ($5,000 per semester). GSG covers the cost of tuition and mandatory fees that are not already covered by grants or scholarships funded through federal, State, institutional, or other sources of student financial aid. To be eligible for GSG, students must be enrolled full-time (at least 12 credits per semester) and must be working toward completing their first Bachelor’s degree.

**Award Amounts**

The Table of Maximum GSG Award Amounts shown in Attachment A calculates the maximum individual annual grant award amount for students at each of the senior public colleges and universities in Academic Year (AY) 2023-2024. These amounts are determined using the official tuition rates at each institution for New Jersey resident (“in-state”) students who are enrolled in a minimum of 12 credits, as well as the mandatory fees charged to all or nearly all students as defined by the IPEDS survey of Institutional Characteristics.

- For students with an AGI between $0 and $65,000 the maximum annual GSG award value is 100% of tuition and mandatory fees;
- For students in Tier 2 of eligibility, with an AGI between $65,001 and $80,000, the maximum annual GSG award value is tuition plus mandatory fees minus $7,500 (guaranteeing these students a net price for tuition and mandatory fees of no more than $7,500);
- For students eligible for GSG Tier 3, with an AGI between $80,001 and $100,000, the maximum award value is tuition plus mandatory fees minus $100,000 (guaranteeing these students a net price for tuition and mandatory fees of no more than $10,000).

Current projections indicate that the $94.352 million appropriation will be sufficient to fund the Schedule of Maximum GSG Awards shown in Attachment A.

**Recommendation**

It is recommended that the Board approve Resolution 13:23 Adopting Attachment A as the Schedule of Maximum Garden State Guarantee Awards for Academic Year 2023-2024.

Attachment
## Garden State Guarantee 2023-2024 Maximum Awards

<table>
<thead>
<tr>
<th>Institution Name</th>
<th>Tier 1 Max Award Value</th>
<th>Tier 2 Max Award Value</th>
<th>Tier 3 Max Award Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW JERSEY CITY UNIVERSITY</td>
<td>$13,970.00</td>
<td>$6,470.00</td>
<td>$3,970.00</td>
</tr>
<tr>
<td>STOCKTON UNIVERSITY</td>
<td>$15,532.00</td>
<td>$8,032.00</td>
<td>$5,532.00</td>
</tr>
<tr>
<td>RAMAPO COLLEGE OF NEW JERSEY</td>
<td>$15,978.00</td>
<td>$8,478.00</td>
<td>$5,978.00</td>
</tr>
<tr>
<td>THE COLLEGE OF NEW JERSEY</td>
<td>$18,686.00</td>
<td>$11,186.00</td>
<td>$8,686.00</td>
</tr>
<tr>
<td>THOMAS EDISON STATE UNIVERSITY</td>
<td>$7,542.00</td>
<td>$42.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>WILLIAM PATERSON UNIVERSITY</td>
<td>$15,610.00</td>
<td>$8,110.00</td>
<td>$5,610.00</td>
</tr>
<tr>
<td>RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY</td>
<td>$16,263.00</td>
<td>$8,763.00</td>
<td>$6,263.00</td>
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<tr>
<td>KEAN UNIVERSITY</td>
<td>$13,426.00</td>
<td>$5,926.00</td>
<td>$3,426.00</td>
</tr>
<tr>
<td>NEW JERSEY INSTITUTE OF TECHNOLOGY</td>
<td>$19,022.00</td>
<td>$11,522.00</td>
<td>$9,022.00</td>
</tr>
<tr>
<td>MONTCLAIR STATE UNIVERSITY</td>
<td>$14,767.00</td>
<td>$7,267.00</td>
<td>$4,767.00</td>
</tr>
<tr>
<td>ROWAN UNIVERSITY</td>
<td>$15,700.00</td>
<td>$8,200.00</td>
<td>$5,700.00</td>
</tr>
</tbody>
</table>

Students with AGI $0-65,000: guaranteed a net price of $0 for Tuition and Required Fees
Students with AGI $65,001-$80,000: guaranteed a net price of no more than $7,500 for Tuition and Required Fees
Students with AGI $80,001-$100,000: guaranteed a net price of no more than $10,000 for Tuition and Required Fees
RESOLUTION 13:23

ADOPTING MAXIMUM GARDEN STATE GUARANTEE AWARDS
FOR ACADEMIC YEAR 2023-2024

Moved by: Ms. Beatrice Daggett
Seconded by: Mr. Scott Salmon

WHEREAS: The Fiscal Year (FY) 2024 Appropriations Act, P.L. 2023, c. 74, appropriates $94,352 million for Higher Education Student Assistance Authority (HESAA) to provide Garden State Guarantee (GSG) awards to New Jersey resident undergraduate students in each student’s third or fourth year of full-time enrollment at a New Jersey senior public college or university; and

WHEREAS: The Schedule of Maximum GSG Awards shown in Attachment A calculates the maximum individual annual grant award for students enrolled full-time at each of New Jersey’s senior public colleges and universities in Academic Year (AY) 2023-2024; and

WHEREAS: These amounts are determined using the tuition rates that each institution provides to HESAA for students who are enrolled in a minimum of 12 credits, as well as the mandatory fees charged to all students as defined by IPEDS survey of Institutional Characteristics. For students with AGIs between $0 and $65,000 the maximum award value is 100% of tuition plus mandatory fees. For students with an AGI between $65,001 and $80,000, the maximum annual award value is tuition plus mandatory fees minus $7,500, and for students with an AGI between $80,001 and $100,000, the maximum award value is tuition plus mandatory fees minus $10,000; and

WHEREAS: Current projections indicate that the FY 2024 appropriation will be sufficient to fund the Schedule of Maximum GSG Awards shown in Attachment A.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Schedule of Maximum GSG Awards (Attachment A); and be it further

RESOLVED: That the Higher Education Student Assistance Authority wishes to thank and commend Governor Murphy and the Legislature for their commitment to higher education access and affordability for all New Jersey residents.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

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

SUBJECT: Resolution 14:23 Approving Proposed Readoption with Amendments of Regulations Governing the Student Loans, College Savings Programs, and Loan Redemption Programs

DATE: July 26, 2023

Background

The Higher Education Student Assistance Authority (“HESAA” or the “Authority”) proposes to readopt N.J.A.C. 9A:10 governing student loan, loan redemption, and college savings programs. Pursuant to N.J.S.A. 52:14B-5.1, the rules in this chapter are scheduled to expire October 26, 2023. In accordance with N.J.S.A. 52:14B-5.1.c(2), the submission of this notice of proposal to the Office of Administrative Law will extend that date 180 days to February 3, 2024.

The Authority reviewed the rules and determined that they continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. The rules proposed for readoption will continue to provide the Authority with the ability to administer the NJCLASS loan program, NJBEST 529 college savings program, and multiple loan redemption programs in an efficient and economic matter.

Pursuant to N.J.S.A. 18A:71A-1 et seq., the Authority is statutorily responsible for the administration of the State’s student loan, college savings programs, and loan redemption programs and for the promulgation of all rules to that effect. To ensure the continued efficient administration and operation of these programs, the Authority is proposing the readoption of these rules with amendments, and the repeal of certain rules no longer applicable to program operations, to provide additional clarity in the eligibility requirements for participation and application,
enrollment criteria, and continued payment of loans and loan redemptions, all of which are summarized below.

Subchapter 1 details the policies and procedures governing the implementation of the Federal Family Education Loan Program (FFELP). The FFELP was a Federal-State-private sector partnership where financial institutions made FFELP loans with private capital; State-designated guaranty agencies, such as the Authority, provided first-line insurance (guarantees for the loans); and the Federal government, through the United States Department of Education, provided subsidies for student borrowers along with backstop reinsurance and general program oversight and regulation. Pursuant to 20 U.S.C. § 1071, originations of new FFELP loans ceased as of June 30, 2010. The Authority transferred its existing portfolio of FFELP loans to the Kentucky Higher Education Assistance Authority effective January 1, 2020. As FFELP loans are no longer being originated, and the Authority is no longer the guarantor for any FFELP loans, the rules governing FFELP are no longer necessary for the purpose for which they were originally promulgated. Therefore, N.J.A.C. 9A:10-1 is proposed for repeal.

Subchapter 2 incorporates the rules for the administration of the Social Services Student Loan Redemption Program (SSSLRP), which was enacted into law on July 14, 2005 (N.J.S.A. 18A:71B-87 et seq.). This program addresses the critical shortage of direct care professionals in the State by providing redemption incentives for eligible student loan expenses incurred by program participants by covering the cost of attendance incurred while enrolled in an approved undergraduate or graduate course of study. In exchange, the program participant contracts with the Authority to engage in full-time employment as a direct care professional at a qualified facility or agency following the participant’s successful completion of the approved course of study. The rules established by this subchapter provide the policies and procedures for participation in SSSLRP. The proposed amendments to the SSSLRP rules are summarized below.

N.J.A.C. 9A:10-2.7 is proposed for repeal to avoid confusion for taxpayers. The Department of Treasury, Division of Taxation regulates New Jersey taxes and the Internal Revenue Service regulates federal taxes. As the Authority does not regulate taxes, the rule proposed for repeal could contradict State and Federal tax updates.

Subchapter 3 incorporates the rules for the administration of the Tuition Reimbursement Program for Psychiatrists, which was enacted into law on July 21, 2017 (N.J.S.A. 18A:71C-59 et seq.). This program addresses a shortage of psychiatric mental health care access in certain areas of the State and a shortage of psychiatrists in State psychiatric hospitals by providing reimbursement of a portion of medical school tuition expenses to psychiatrists who agree to provide mental health care services in one of these State underserved areas or State psychiatric hospitals for a period of one to four years. The rules established by this subchapter provide the policies and procedures for participation in the Tuition Reimbursement Program for Psychiatrists.

Subchapter 4 details the policies and procedures for participating in the Nursing Faculty Loan Redemption Program, which was signed into law on January 16, 2010 (N.J.S.A. 18A:71C-50 et seq.). This program addresses the current and projected critical shortage of nursing faculty in the State by providing an incentive for persons to enter graduate nursing education programs and for persons already trained as nurses to advance their training in the profession, so as to ensure that
sufficient numbers of nursing faculty are available to train nursing students, and the State’s hospitals, nursing homes, veterans’ facilities and home care services, and community care programs will have sufficient, trained nursing staff in the future to provide quality health care services to the residents of the State.

Subchapter 5 sets forth the program requirements for the STEM Loan Redemption Program, which was enacted on December 14, 2018 (N.J.S.A. 18A:71C-66 et seq.). This program provides $1,000 in student loan redemption to program participants for each year of employment in a designated high-growth STEM occupation, up to a maximum of four years, for the redemption of a portion of the participant’s eligible qualifying loan expenses. In addition, the employer of the program participant is required to annually match the $1,000 loan redemption benefit.

Subchapter 6 incorporates the rules governing the New Jersey College Loans to Assist State Students (NJCLASS) Program, the State’s supplemental student loan program, pursuant to N.J.S.A. 18A:71C-21 through 31. The NJCLASS Program is a State student loan program intended to supplement the Federal Loan Program and make State-sponsored student loans available to students who cannot obtain Federally backed student loans because the student does not meet the program eligibility requirements as defined by the Federal government or has additional financial need unmet by Federally backed student loans. The proposed amendments to the NJCLASS Program rules are summarized below.

Pursuant to N.J.S.A. 18A:71C-25c, when establishing the maximum loan amount for NJCLASS loans, the Authority is required to deduct the maximum amount of federal Direct Subsidized Loans available to the student from the available NJCLASS loan amount and the Authority is only required to deduct the maximum amount of the federal Direct Unsubsidized Loans available to the student if the available interest rate for the federal Direct Unsubsidized Loans is lower than the NJCLASS interest. Therefore, the proposed amendments at N.J.A.C. 9A:10-6.1 clarify that one of the purposes of the NJCLASS program is to offer more affordable interest rates and fees than the Federal Direct Unsubsidized Loan. The proposed amendments also update the federal loan nomenclature to refer to Federal Direct Loans.

When market conditions allow for lower interest rates, subject to the availability of funds, the Authority is able to offer Refinance Loans for the purpose of assisting qualified borrowers to lower the total amount spent on repaying their student loans by combining multiple NJCLASS Loan Program loans, other Refinance Loans, Consolidation Loans, Federal Parent PLUS loans, and school-certified private education loans into one single loan payment with a lower interest rate. The proposed amendments at N.J.A.C. 9A:10-6.3 revise the definitions of “Annual income,” “Delinquency,” “NJCLASS Loan Program,” “Rehabilitation,” and “Student borrower” to add Refinance Loans to the list of types of NJCLASS Loans. The proposed amendments also add a definition for “Refinance Loans.”

The proposed amendments at N.J.A.C. 9A:10-6.3 revise the definition of “Cohort default rate” to delete reference to the Federal Family Education Loan Program (FFELP) because, pursuant to 20 U.S.C. § 1071, originations of new FFELP loans ceased as of June 30, 2010.
Additionally, the proposed amendments at N.J.A.C. 9A:10-6.3 delete the definition of “Commission” or “CHE” and add a definition for “OSHE” because Executive Reorganization Plan No. 005-2011 eliminated the Commission on Higher Education and transferred its powers to the Office of the Secretary of Higher Education, also known as OSHE. The proposed amendments also replace reference to the New Jersey Commission on Higher Education with reference to OSHE in the definition for “Eligible Institution.”


Additionally, the proposed amendments to N.J.A.C. 9A:10-6.3 expand the definition for “Totally and permanently disabled.” The revised definition simplifies the process for borrowers to verify they are totally and permanently disabled by permitting HESAA to accept proof that an individual has been determined by the United States Secretary of Veterans Affairs to be unemployable due to a service-connected disability; is eligible for Social Security Disability Insurance or Supplemental Security Income and whose next scheduled disability review will be five to seven years or more from the date of the individual’s last Social Security Administration disability determination; or is unable to work and earn money or attend school because of any medically determinable physical or mental impairment, as certified by a doctor of medicine or a doctor of osteopathy who is legally licensed to practice in the United States, that is expected to result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months.

As FFELP loans are no longer being originated, and the Authority is no longer the guarantor for any FFELP loans, the proposed amendments to N.J.A.C. 9A:10-6.3 delete subsection (b) referencing terms defined in accordance with federal regulations. All terms used for the NJCLASS Loan Program are defined in N.J.A.C. 9A:10-6.

The proposed amendments to N.J.A.C. 9A:10-6.4(a)3. delete reference to the Federal Family Education Loan amount, as FFELP loans are no longer being originated, and adds reference to the newly defined Refinance Loan.

The proposed amendments to N.J.A.C. 9A:10-6.4(c)2. replace reference to the New Jersey Commission on Higher Education with reference to its successor office, OSHE.

The proposed amendment at N.J.A.C. 9A:10-6.6(a) deletes “Stafford” to reflect the fact that these federal student loans are now called “Federal Direct Loans.”

Pursuant to N.J.S.A. 18A:71C-25c., the proposed new N.J.A.C. 9A:10-6.6(a)1. provides that when establishing the maximum annual loan amount for a student borrower, the authority shall deduct the maximum amount of Federal Direct Subsidized Loans available to the student from the available NJCLASS loan amount. If the available interest rate for Federal Direct Unsubsidized Loans is lower than the interest rates available to the student under the NJCLASS Loan Program,
the authority shall deduct the maximum amount of Federal Direct Unsubsidized Loans available to the student from the available NJCLASS loan amount.

Pursuant to N.J.S.A. 18A:71C-25b, the proposed new N.J.A.C. 9A:10-6.6(b) defines annual loan limits for NJCLASS Loan Program loans, which encompasses all loans offered under the NJCLASS name except for the NJCLASS Consolidation Loan and the Refinance Loan.

The proposed amendment to N.J.A.C. 9A:10-6.7(a) clarifies that the student is required to apply for federal financial aid using the approved federal application in order to be eligible for an NJCLASS loan. Further, the amendment to N.J.A.C. 9A:10-6.7(d) clarifies that when funds are disbursed to a student via check, the check is made out solely to the eligible institution.

The minimum monthly payment amounts for RAP and HIARP are defined by N.J.S.A. 18A:71C-31.4a. and N.J.S.A. 18A:71C-31.5a., respectively. Therefore, the proposed amendments to N.J.A.C. 9A:10-6.11(d) clarify that the minimum monthly payment amounts defined in this subsection do not apply to loans enrolled in RAP and HIARP. Similarly, as N.J.S.A. 18A:71C-31.5b. extends the loan repayment term for loans enrolled in HIARP, the proposed amendments to N.J.A.C. 9A:10-6.11(e) clarify that this section does not apply to loans enrolled in HIARP.

Proposed new N.J.A.C. 9A:10-6.11(h) is added to administer RAP pursuant to the terms defined in N.J.S.A. 18A:71C-31.4.

Proposed new N.J.A.C. 9A:10-6.11(i) is added to administer HIARP pursuant to the terms defined in N.J.S.A. 18A:71C-31.5.

The proposed amendment at N.J.A.C. 9A:10-6.13 is a technical change to align the title with the defined name of the program, “NJCLASS Consolidation Loan Program.” The same amendment, to add “NJCLASS” before “Consolidation Loan” is proposed at: N.J.A.C 9A:10-6.4(a)3, 6.13(d)4, and 6.15.

The proposed amendment to N.J.A.C. 9A:10-6.13(c) clarifies that Refinance Loans and existing NJCLASS consolidation loans cannot be included in a new NJCLASS Consolidation Loan.

The proposed amendments to N.J.A.C. 9A:10-6.13(d)4 delete reference to the Federal Family Education Loan amount, as FFELP loans are no longer being originated, and adds reference to the newly defined Refinance Loan.

The proposed amendment at N.J.A.C. 9A:10-6.13(i) fixes a typographical error, replacing the work “proscribed” with the word “prescribed.”

The proposed amendment to N.J.A.C. 9A:10-6.14(b) clarifies that the Authority’s default prevention activities can include electronic communications.

The proposed amendment to N.J.A.C. 9A:10-6.15 adds reference to the newly defined Refinance Loans.

The proposed amendment to the title of N.J.A.C. 9A:10-6.16 adds “and Rehabilitation.”

The proposed amendment to the title of N.J.A.C. 9A:10-6.16(a) revises the description of when default occurs to mirror the language in N.J.S.A. 18A:71C-31.8a.

Pursuant to N.J.S.A. 18A:71C-29c., the proposed amendment to N.J.A.C. 9A:6.16(b) deletes suspension of a New Jersey occupational and professional license as a potential result of default.

The proposed new N.J.A.C. 9A:10-6.16(c) implements N.J.S.A. 18A:71C-31.8c which provides borrowers of defaulted loans the opportunity to enter into a settlement agreement with the Authority. The proposed new N.J.A.C. 9A:10-6.16(d) and (e) implement N.J.S.A. 18A:71C-31.8d. and e., respectively, allowing borrowers who meet the terms of their settlement agreement to have their loans considered rehabilitated for the limited purposes of meeting the requirements of Title VI of the federal “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub.L. 115-174 and providing that the Authority will report the status of such loans to the credit bureaus pursuant to the federal “Fair Credit Reporting Act” (15 U.S.C., s.1681s-2) and Title VI of the federal “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub.L. 115-174.

Pursuant to N.J.S.A. 18A:71C-29b., the proposed new N.J.A.C. 9A:10-6.16(f) provides that the authority shall not refer the borrower to the Department of the Treasury, Division of Taxation for Set-off of Individual Liability or notify the department and Division of the State Lottery to withhold the borrower’s winnings in the event the borrower has entered into a settlement agreement with HESAA, and is not in breach of such agreement.

The proposed amendment to N.J.A.C. 9A:10-6.17 adds reference to Refinance Loans and Consolidation loans to clarify that the rules for discharge apply to these types of loans.

The proposed amendments to N.J.A.C. 9A:10-6.17(c) reflect the proposed amendments made to the definition of “totally and permanently disabled” in N.J.A.C. 9A:10-6.3.

As the Authority no longer guarantees federal loans, the proposed amendments to N.J.A.C. 9A:6.17(d)3. deletes reference to the federal regulations governing guaranty agencies.

N.J.S.A. 18A:71C-31.8 codifies how the Authority should administer defaulted loans, including settlement agreements post default and the methods to rehabilitate loans for the limited purposes of meeting the requirements of Title VI of the federal “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub. L. 115-174. Therefore, the proposed amendments provide the rules regulating rehabilitation pursuant to N.J.S.A. 18A:71C-8 as part of N.J.A.C. 9A:10-6.16, Defaults, consequences of default, and Rehabilitation and repeals N.J.A.C. 9A:10-6.18.
The proposed new N.J.A.C. 9A:10-6.18 provides the rules governing Refinance Loans. Proposed new N.J.A.C. 9A:10-6.18(a) describes what is a Refinance Loan and proposed new N.J.A.C. 9A:10-6.18(b) and (c) provide, respectively, that the borrower of a Refinance Loan must be the borrower on all of the underlying loans and that all underlying loans must be in repayment of both principal and interest.

The proposed new N.J.A.C. 9A:10-6.18(d) provides the eligibility requirements for a borrower to obtain a Refinance Loan and the proposed new N.J.A.C. 9A:10-6.18(e) provides that the Authority has final decision-making authority concerning eligibility.

Proposed new N.J.A.C. 9A:10-6.18(f) provides the minimum credit requirements for borrowing a Refinance Loan and proposed new N.J.A.C. 9A:10-6.18(g) defines the New Jersey nexus required for the student beneficiary of all of the underlying loans.

Proposed new N.J.A.C. 9A:10-6.18(h) provides the procedure for applying for a Refinance Loan, proposed new N.J.A.C. 9A:10-6.18(i) describes potential administrative fees that the Authority may charge on a Refinance Loan, proposed new N.J.A.C. 9A:10-6.18(j) explains that the interest rate for the Refinance Loan will be a fixed rate based upon a calculation or rate defined in the bond indentures and proposed new N.J.A.C. 9A: 10-6.18(k) reserves the right for the Authority to charge late fees.

Proposed new N.J.A.C. 9A: 10-6.18(l) describes when payments are due on the Refinance Loans, proposed new N.J.A.C. 9A: 10-6.18(m) describes the deferments and forbearances available for Refinance Loans, and proposed new N.J.A.C. 9A: 10-6.18(n) lists which NJCLASS Loan Program general provisions apply to Refinance Loans.

Pursuant to N.J.S.A. 18A:71A-9p, the Authority is authorized to perform audit and review functions. As the Authority no longer guarantees federal student loans, the proposed amendments to N.J.A.C. 9A:10-6.19(a) deletes reference to a FFEL Program review and specifies that the Authority will either conduct a management review solely dedicated to the NJCLASS Loan Program or may expand the scope of a State scholarship and Tuition Aid Grant management review to cover the NJCLASS Loan Program. Similarly, the amendments to N.J.A.C. 9A:10-6.19(d) delete reference to the program review procedures set forth in N.J.A.C. 9A:10-1.18(g) which are proposed for repeal, and instead provide the list of procedures in N.J.A.C. 9A:10-6.19(d).

Subchapter 7 incorporates the rules for the administration of the State’s college savings program, the New Jersey Better Educational Savings Trust (NJBEST) Program, for which HESAA is statutorily responsible pursuant to N.J.S.A. 18A:71B-35 through 46 and in accordance with section 529 of the Federal Internal Revenue Code of 1986, 26 U.S.C. § 529. In the NJBEST Program, money saved by parents, grandparents, or others through the program is invested for a designated beneficiary. When the designated beneficiary is ready to attend college, the principal and interest earned can be used for college costs. This program also provides additional incentives to families by offering a supplemental NJBEST scholarship if the designated beneficiary attends an eligible higher education institution in New Jersey and a matching inventive grant for investors with aggregate gross incomes between $0 and $75,000. The rules contained in this subchapter are
proposed for readoption in order to continue the State’s initiatives to encourage families to save for future college expenses.

The proposed amendment at N.J.A.C. 9A:10-7.3 revises the definition of “Cash” to replace “wire transfer” with “electronic transfer” to reflect current forms of payment.

Additionally, the proposed amendment at N.J.A.C. 9A:10-7.3 clarifies that “Contributor” and “Account owner” have the same meaning, as both terms are used in the subchapter.

The proposed amendment at N.J.A.C. 9A:10-7.3 also revises the definition of “Higher education institution” to replace reference to the Commission on Higher Education with its successor office, the Office of the Secretary of Higher Education.

As NJBEST scholarships are funded by the administrative fees for the program and not State appropriations, the proposed amendment at N.J.A.C. 9A:10-7.3 revises the definition of “NJBEST scholarship” to replace the word “funded” with “provided.”

Because “Contributor” is a defined term meaning the person who opens and maintains an NJBEST account, the proposed amendment at N.J.A.C. 9A:10-7.5(f) clarifies that no person making contributions to the account may directly or indirectly direct the investment of any contributions to the program.

N.J.S.A. 18A:71B-42 authorizes the Authority to provide a scholarship in an amount no less than $500. As the NJBEST administrative fees, which finance the scholarships, provide sufficient funding, the proposed amendment at N.J.A.C. 9A:10-7.15(a) increases the minimum scholarship amount from $1,000 to $2,000.

Additionally, the proposed amendments at N.J.A.C. 9A:10-7.15(b) increase the additional incremental scholarship amount for every two additional years of savings in an NJBEST account from $500.00 to $1,000.00 and increase the scholarship cap from $3,000 to $6,000.

The proposed amendments to N.J.A.C. 9A:10-7.15(b) also clarify that in order to count towards the minimum contributions required for a scholarship, the contributions cannot be withdrawn.

The proposed amendment to N.J.A.C. 9A:10-7.22(a)1. clarifies that to be eligible for an NJBEST matching grant the account owner cannot have a negative household adjusted gross income. This clarification is consistent with how the Authority administers its need-based grants programs.

Subchapter 8 sets forth the program requirements for the Loan Redemption Program For Teachers In High-Need Fields Employed In Low-Performing Schools, which was enacted on January 18, 2022 (N.J.S.A. 18A:71C-83 et seq.). This program allows a teacher to redeem a portion of the teacher’s NJCLASS loan balance in exchange for service as a teacher in a high-need field in a low performing school in New Jersey.

Subchapter 9 details the policies and procedures for participating in the Behavioral Healthcare Provider Loan Redemption Program, which was enacted on June 30, 2022 (N.J.S.A. 18A:71C-87
et seq.). This program provides loan redemption of eligible student loan expenses for every two full years of service satisfactorily completed by the Program participant, for up to six years of service. The program also provides incentive grants to Program participants who work primarily with children and adolescents.

The definition for “Program participant” requires behavioral healthcare providers to engage in the clinical practice of mental or behavioral healthcare at an approved site. In administering the pilot Behavioral Healthcare Provider Loan Redemption Program, the Authority received questions from potential applicants as to whether their positions qualified as clinical practice. To avoid future confusion, the proposed amendment to N.J.A.C. 9A:10-9.2 adds a definition for “Clinical practice.”

Additionally, the proposed amendments to N.J.A.CC. 9A:10-9.2 revise the definition of “Eligible Behavioral Healthcare Provider” to include Licensed Social Workers and Licensed Associate Counselors. N.J.S.A. 18A:71C-87 authorizes the executive director of the Authority to identify professions to include in the program. While administering the pilot Behavioral Healthcare Provider Loan Redemption Program, the request made most often to the Authority was to expand the definition of Eligible Behavioral Healthcare Provider to include Licensed Social Workers and Licensed Associate Counselors. Licensed Social Workers and Licensed Associate Counselors are not required to earn any further degrees to become Licensed Clinical Social Workers and Licensed Professional Counselors respectively, rather they are required to provide a minimum number of hours of direct clinical services to patients/clients to become Licensed Clinical Social Workers and Licensed Professional Counselors, respectively. Since the intent of the Program is to increase the number of providers that can provide direct clinical services to patients/clients, and the daily duties of Licensed Social Workers and Licensed Associate Counselors are to provide direct clinical services, the Authority determined that it will be beneficial to expand the scope of the definition of Behavioral Healthcare Providers to include Licensed Social Workers and Licensed Associate Counselors to provide these services. To ensure that all of the providers receiving loan redemption through the Program actually provide direct services to patients/clients, the proposed amendment also specifies that Behavioral Healthcare Providers must engage in direct clinical practice with patients or clients for a minimum of 20 hours a week.

The proposed amendments to N.J.A.C. 9A:10-9.4 revise the application procedure. For the pilot program the Authority selected participants on a first-come, first-served basis. However, the earliest submitted applications did not necessarily address the areas of the State with the most severe shortages of behavioral healthcare providers. Therefore, the proposed amendments revise the application procedure to provide potential applicants with a date certain as to when the application will be available and a one-month window in which to apply. The proposed amendments also require the Authority to select applicants based on predetermined scoring evaluation criteria, which will be updated annually and posted on the Authority’s website, to address the most severe shortages in the State.

The proposed new rule N.J.A.C. 9A:10-9.6(d) specifies that participants work primarily with children and adolescents if at least 51 percent of their clinical practice is with people under the age of 18.
**Recommendation**

It is recommended that the Board approve Resolution 14:23 Approving the Proposed Readoption with Amendments of Regulations Governing the Student Loans, College Savings Programs, and Loan Redemption Programs, so that the proposed readoption can be published in the New Jersey Register.

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

SUBCHAPTER 2: SOCIAL SERVICES STUDENT LOAN REDEMPTION PROGRAM
9A:10-2.7 [Exclusion from New Jersey gross income for tax purposes

Gross income, for the purposes of the "New Jersey Gross Income Tax Act," N.J.S.A. 54A:1-1 et seq., shall not include amounts received as redemption for eligible student loan expenses under the "Social Services Student Loan Redemption Program," P.L. 2005, c. 157. The SSSLRP loan redemption payments are not excluded from gross income for Federal tax purposes.] Reserved

SUBCHAPTER 6. THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM: POLICIES AND PROCEDURES

9A:10-6.1 Purpose

The purpose of this subchapter is to provide guidance on the implementation of the New Jersey College Loans to Assist State Students (NJCLASS) Program, a State student loan program intended to supplement the [subsidized] Federal Direct [Stafford] Loan Program and make State sponsored student loans available to students who cannot obtain [Federally backed student loans] Federal Direct Loans, either because those loans are not available, because the student does not meet the program eligibility requirements as defined by the Federal government, because the student has additional financial need unmet by [Federally backed student loans] Federal Direct Loans, or because the NJCLASS program [offers] may offer more affordable interest rates and fees then Federal Direct Unsubsidized Loans. In the NJCLASS Program, the Authority issues bonds, notes, or another form of debt instrument, and with the proceeds of that issuance, funds student loans and either directly or through an agent serves as lender and servicer of the loans. Because funding for the NJCLASS Program is not backed by a Federal guarantee, funding sources are safeguarded by requiring as key elements of borrower eligibility for this State program that the borrower either be creditworthy or not have adverse credit.

9A:10-6.3 Definitions

[(a)] The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:
"Annual income" means the applicant's income as reported on the application for a NJCLASS Loan Program Loan, or NJCLASS Consolidation Loan or Refinance Loan [application]. Annual income is subject to verification by the Authority through documentation including, but not limited to, Internal Revenue Service tax return transcripts and pay stubs.

... "Cohort default rate" means the percentage of [Federal Family Education Loan Program (FFELP) and] William D. Ford Federal Direct Loan Program (Direct Loan) borrowers who default by the end of the second Federal fiscal year following the Federal fiscal year in which they entered repayment on their loans, unless otherwise defined by the United States Department of Education.
The United States Department of Education calculates this rate annually to determine the default experience of students who attended a particular school during a particular period of time. ["Commission" or "CHE" means the Office of the Secretary of Higher Education, a State higher education policy-making agency presided over by the Secretary of Higher Education who is a member, ex-officio, of the Authority. The Commission's statutory responsibilities include final administrative decisions over institutional licensure and university status in this State.]

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

"Eligible institution" means a public or private nonprofit institution eligible for Title IV, Higher Education Act of 1965 assistance, approved or licensed by [the New Jersey Commission on Higher Education] OSHE or its equivalent in another state or country and accredited by a nationally recognized accrediting association and having an annual cohort default rate of 25 percent or less. Eligible institution shall also include proprietary institutions eligible for Title IV, Higher Education Act of 1965 assistance and having an annual cohort default rate of 25 percent or less. An eligible institution for purposes of the NJCLASS Graduate/Professional Students Program shall have a lower cohort default rate threshold, as set forth in N.J.A.C. 9A:10-6.4(c)2.

“HIARP” means the Household Income Affordable Repayment Plan, with eligibility requirements established pursuant to N.J.S.A. 18A:71C-31.5 and further set forth in N.J.A.C. 9A:10-6.11(i), which provides repayment relief for Standard NJCLASS Loan borrowers who have exhausted their eligibility for RAP and continue to face economic hardship.

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

“OSHE” means the Office of the Secretary of Higher Education, a State higher education policy-making agency presided over by the Secretary of Higher Education who is a member, ex-officio, of the Authority Board.

“RAP” means the Repayment Assistance Program established pursuant to N.J.S.A. 18A:71C-31.4, with eligibility requirements further set forth in N.J.A.C. 9A:10-6.11(h), which provides two years of repayment relief for Standard NJCLASS Loan borrowers facing economic hardship.
“Refinance Loan” means a new loan that pays off one or more previous NJCLASS Loan Program loans, NJCLASS Consolidation Loans, federal Parent PLUS loans, and qualified private student loans. Refinance Loans enable a borrower with one or more existing loans to obtain one loan with one repayment schedule and one interest rate.

"Rehabilitation" (of a defaulted NJCLASS loan) means a process by which a borrower may bring an NJCLASS Loan Program loan, or a Refinance Loan out of default for the limited purposes of meeting the requirements of Title VI of the federal “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub.L.115-174 by adhering to specified repayment requirements.

…

"Totally and permanently disabled" means the condition of any individual who: has been determined by the United States Secretary of Veterans Affairs to be unemployable due to a service-connected disability; is eligible for Social Security Disability Insurance or Supplemental Security Income and whose next scheduled disability review will be five to seven years or more from the date of the individual’s last Social Security Administration disability determination; or is unable to work and earn money or attend school because of [an injury or illness] any medically determinable physical or mental impairment, as certified by a doctor of medicine or a doctor of osteopathy who is legally licensed to practice in the United States, that is expected to [continue indefinitely or] result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months. [Other than a student borrower, an individual is not considered "totally and permanently disabled" if he or she continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved.]

…

[(b) Terms not defined in this section shall be defined in accordance with 34 CFR parts 600, 668, 682 and 685, including all subsequent amendments and supplements thereto.]

9A:10-6.4 Eligibility for the NJCLASS Loan Program

(a) To be eligible for a Standard NJCLASS loan, each applicant must:

1. -2. (No change.)

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

4. (No change.)

(b) (No change.)

(c) To be eligible for an NJCLASS Graduate/Professional Students loan for student borrowers, each student must satisfy the requirements of (b)1, 3, 4, and 6 above, as well as the following:

1. (No change.)

2. Be enrolled in an eligible institution for purposes of this program, which shall mean an eligible institution of higher education under Title IV, Higher Education Act of 1965 and accredited by a nationally recognized accrediting association that is licensed by [the New Jersey Commission on Higher Education] OSHE or its equivalent in another state or country with a cohort default rate of 15 percent or less;

3.-5. (No change.)

(d) (No change.)

9A:10-6.6 Loan amounts

(a) The amount borrowed for an NJCLASS Loan Program loan shall not exceed a student's estimated cost of attendance at the eligible institution minus all other financial assistance for which the student is eligible for the academic period for which the loan is intended. This means that an eligible institution shall determine a student borrower's loan amount eligibility for Federal Direct [Stafford] loans prior to determining a student borrower's loan amount eligibility for an NJCLASS Loan Program loan. This eligibility determination excludes eligibility for Federal Direct PLUS loans.

1. When establishing the maximum annual loan amount for a student borrower, the authority shall deduct the maximum amount of Federal Direct Subsidized Loans available to the student from the available NJCLASS loan amount. If the available interest rate for Federal Direct Unsubsidized Loans is lower than the interest rates available to the student under the NJCLASS Loan Program, the authority shall deduct the maximum amount of Federal Direct Unsubsidized Loans available to the student from the available NJCLASS loan amount. The authority may deduct the maximum amount of Federal Direct Unsubsidized Loans available to the student
from the available NCLASS loan amounts when federal borrower benefits are more advantageous to the student.

(b) In the case of a student who first borrows an NJCLASS Loan Program loan after August 7, 2017, the effective date of P.L.2017, c.198, the maximum total NJCLASS Loan Program loan amount which may be made for the benefit of that student shall not exceed the borrowing cap. The borrowing cap was set at $150,000 in 2017 and shall be increased for each academic year over the prior year by the regression-based index value of the Higher Education Price Index published at https://www.commonfund.org/higher-education-price-index.

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

(a) To borrow under the NJCLASS Loan Program, after the student has applied for Federal financial aid using the approved Federal application, the process shall be as follows:

1. – 2. (No change.)

(b) – (c) (No change.)

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

(e) (No change.)

9A:10-6.11 Repayment of loan

(a) – (c) (No change.)

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

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

(f) – (g) (No change.)

(h) Subject to the limits of funding made available in the applicable bond indentures, borrowers are eligible for RAP if they are facing an economic hardship as defined in N.J.A.C. 9A:10-6.11(h)3.

1. Under RAP monthly Standard NJCLASS Loan payments are reduced to an amount equal to 10 percent of the total of the aggregate household income of all of the parties to the loan that exceeds 150 percent of the federal poverty guidelines, with a minimum monthly payment of $5. The result of this calculation is the “RAP monthly payment amount.”

2. Borrowers are eligible to participate in RAP for a period not to exceed two years, during which the authority shall pay the interest on the NJCLASS loan at the stated loan rate and the payments made by the borrower shall be applied to reduce the principal balance of the loan. At the end of the borrower’s participation in RAP, the new monthly repayment amount shall be recalculated based on the remaining principal balance of the loan, interest accruing thereon at the original stated loan rate, and the remaining length of the original term to repay the loan.

3. For purposes of RAP, borrowers are determined to be facing an economic hardship if the monthly amount required to pay their Standard NJCLASS loans is higher than the RAP monthly payment amount.

(i) Subject to the limits of funding made available in the applicable bond indentures, borrowers are eligible for HIARP if they have exhausted their eligibility for RAP and are facing an economic hardship as defined in N.J.A.C. 9A:10-6.11(i)6.

1. Under HIARP monthly Standard NJCLASS Loan payments are reduced to an amount equal to 15 percent of the total of the aggregate household income of all of the parties to the loan that exceeds 150 percent of the federal poverty guidelines, with a minimum monthly payment of $25. The result of this calculation is the “HIARP monthly payment amount.”

2. When a borrower enters HIARP, the repayment term for a Standard NJCLASS Loan in the plan shall be extended to 25 years from the date of origination. Interest shall continue to accrue on the Standard NJCLASS Loan while in repayment under the plan at the original loan rate. Any remaining balance at the end of 25 years shall be forgiven.

3. To remain enrolled in HIARP, all parties to the Standard NJCLASS Loan shall provide the authority with annual income certification, including documentation necessary to verify income.
4. If the parties to the Standard NJCLASS Loan no longer qualify for participation in HIARP, the repayment term shall remain at 25 years and the monthly repayment amount shall revert to the standard monthly payment. Unpaid interest shall be capitalized upon return to the standard monthly payment.

5. For purposes of HIARP, standard monthly payments are the amount calculated by the authority at the time the parties enter HIARP, by capitalizing all unpaid interest and amortizing the remaining loan balance over the remaining original loan repayment term.

6. For purposes of HIARP, borrowers are determined to be facing an economic hardship if the monthly amount required to pay their Standard NJCLASS loans is higher than the HIARP monthly payment amount.

9A:10-6.13 NJCLASS Consolidation Loan Program

(a) – (b) (No change.)

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

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

1. – 3. (No change.)

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

5. (No change.)

(e) – (h) (No change.)

(i) NJCLASS Consolidation Loan borrowers and/or co-borrowers may be required to pay an application/administrative fee as [proscribed] prescribed by the bond indentures. This fee will be added to the sum of the outstanding principal and interest balance of each underlying NJCLASS
Loan Program loan being consolidated at the time of approval. In addition, borrowers and/or co-borrowers may be required to pay a servicing fee for the NJCLASS Consolidation Loan if provided for by the promissory note.

(j) - (m) (No change.)


9A:10-6.14 Delinquency

(a) (No change.)

(b) Default prevention activities shall include, but not be limited to, letters, electronic communication, and telephone calls to the borrower and cosigner, if any, beginning after the first 10 days of delinquency. Thirty days before sending a letter of default (180 days delinquent, or 240 days delinquent depending on whether payments are due monthly or less frequently than monthly), the Authority shall attempt to telephone the borrower and cosigner and send the borrower and cosigner a final demand letter.

(c) (No change.)

9A:10-6.15 Credit bureau reporting

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

9A:10-6.16 Default, [and] consequences of default, and Rehabilitation

(a) Default occurs when a borrower fails to make an installment payment when due, or to meet other terms of the Promissory Note under circumstances where the Authority finds it reasonable to conclude that the borrower no longer intends, or is no longer able, to honor the obligation to repay, or when the borrower fails to make installment payments when due, provided failure to repay persists for:

1. – 2. (No change.)

(b) Upon default, the borrower and/or cosigner, if any, are liable for the entire balance of the loan. Upon default, the Authority shall notify credit bureaus of this negative information. Default may result in any or all of the following: expedited increase of interest rate, loss of State income tax refunds or State tax rebates, legal action, assessment of collection charges, including attorney fees of up to 30 percent of the debt collected, loss of eligibility for other student aid, negative credit
reports, administrative wage garnishment, and offset of lottery prize winnings, and suspension of New Jersey occupational and professional license.

(c) To facilitate recovery on a defaulted NJCLASS Loan Program loan, Refinance Loan, or NJCLASS Consolidation Loan, the Authority shall offer parties to the defaulted loan the opportunity to enter into a settlement agreement, either pre- or post-judgement, based on the terms of the loan and the ability of the parties to the loan to make payments.

1. The Authority’s counsel shall respond to a request for a settlement agreement within 15 business days of the request.

2. The Authority’s counsel shall provide parties with a proposed written settlement agreement within 30 business days of reaching an oral agreement with the parties reflecting the agreed upon terms.

3. For an NJCLASS Loan Program loan, Refinance Loan, or NJCLASS Consolidation Loan financed in whole or in part by bonds issued by the Authority pursuant to N.J.S.18A:71A-8, the terms of the settlement agreement shall not violate the terms of the applicable bond indentures.

(d) If parties to a defaulted NJCLASS Loan Program loan, Refinance Loan, or NJCLASS Consolidation Loan can demonstrate to the Authority an ability and willingness to repay the loan by making nine on-time monthly payments over the course of ten consecutive months pursuant to the settlement agreement, the loan shall be considered rehabilitated for the limited purposes of meeting the requirements of Title VI of the federal “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub.L.115-174.

1. If subsequent to rehabilitating the loan the parties fail to continue to honor the obligations of the settlement agreement for at least 180 days, the loan may no longer be considered rehabilitated.

2. A defaulted NJCLASS Loan Program loan, Refinance Loan, or NJCLASS Consolidation Loan may only be rehabilitated one time.

(e) The Authority shall accurately report the status of defaulted loans to the credit bureaus pursuant to the federal “Fair Credit Reporting Act” (15 U.S.C., s.1681s-2) and Title VI of the federal “Economic Growth, Regulatory Relief, and Consumer Protection Act,” Pub.L.115-174.

(f) In the event a borrower with a defaulted NJCLASS Loan Program loan, Refinance Loan, or Consolidation Loan has entered into a settlement agreement with the Authority and is not in breach of such agreement, the Authority shall not refer the borrower to the Department of the Treasury, Division of Taxation for Set-off of Individual Liability or notify the Department of Treasury, Division of the State Lottery to withhold the borrower’s winnings.

9A:10-6.17 Discharge
(a) Rules governing the discharge of loans based on filing for relief in bankruptcy, and discharge of loans due to death or total and permanent disability are set forth in this section. If an NJCLASS Loan Program loan was obtained by two borrowers as co-makers or by a borrower and one or more cosigners, and only one of the borrowers dies, becomes totally and permanently disabled, has collection of his or her loan obligation stayed by a bankruptcy filing, or has that obligation discharged in bankruptcy, the other borrower or cosigner remains obligated to repay the loan, beginning with NJCLASS Loan Program loans, Refinance Loans, or NJCLASS Consolidation Loans using promissory notes dated 1994 or later. If the student for whom the loan was obtained dies or becomes permanently disabled, the obligation of all parties to the loan to make any further payments on the loan is discharged, beginning with requests for discharge received on or after June 1, 2017.

(b) (No change.)

(c) If the Authority determines that an individual borrower is totally and permanently disabled, the obligation of the borrower to make any further payments on the loan is discharged. [Other than a student borrower, a] A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time he or she applied for the loan, unless the borrower's condition has substantially deteriorated later, so as to render the borrower totally and permanently disabled. [A borrower is not considered totally and permanently disabled if he or she continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved.] After being notified by the borrower, or the borrower's representative, that the borrower claims to be totally and permanently disabled, the Authority shall request that the borrower, or the borrower's representative, submit the discharge application provided by the Authority. The application must contain documentation [a certification by a physician, who is a doctor of medicine or osteopathy and legally authorized to practice in a state,] that the borrower is totally and permanently disabled as defined in N.J.A.C. 9A:10-6.3.

(d) The following pertain to borrower bankruptcy;

1. -2. (No change.)

3. [In general, the ]The Authority shall [follow the Federal regulations governing guaranty agency participation in bankruptcy proceedings, set forth in 34 CFR 682.402, except that the Authority in its discretion may choose to differ from Federal] conduct a cost benefit analysis in deciding whether to oppose an undue hardship discharge petition, to oppose a plan proposed under Chapters 11, 12, or 13 of the Federal Bankruptcy Code, or to oppose a discharge pursuant to a plan under Chapters 11, 12, or 13 of the Federal Bankruptcy Code.

9A:10-6.18 [Rehabilitation] Refinance Loans

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

(b) An NJCLASS Loan Program loan or NJCLASS Consolidation Loan is considered to be rehabilitated only after the borrower has made one voluntary full payment each month and the payment is received by the Authority within 15 days of the scheduled due date for 12 consecutive months, with no deferments or forbearances permitted during the 12-month period.
(c) An NJCLASS borrower may request the rehabilitation of the borrower's defaulted NJCLASS Loan Program loan or NJCLASS Consolidation Loan held by the Authority. The borrower shall make one voluntary full payment each month for 12 consecutive months to be eligible to have the defaulted loans rehabilitated. For purposes of this section, "full payment" means the minimum acceptable monthly payment as defined in N.J.A.C. 9A:10-6.11(d). "Voluntary payments" are those made directly by the borrower regardless of whether there is a judgment against the borrower, and do not include payments obtained by income tax offset, garnishment, or income or asset execution.

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

(e) The Authority shall report to a national credit bureau within 30 days of the date the loan was rehabilitated that the loan is no longer in a default status, and is now in a "current was collection account" status.

(f) The Authority may elect to hold the rehabilitated loan directly, or transfer the loan to another lender, including, but not limited to, the trustee of the trust estate held for the benefit of NJCLASS Loan Program and NJCLASS Consolidation Loan bondholders.] Subject to the availability of funds with sufficiently low interest rates the Authority may offer Refinance Loans. The purpose of such Refinance Loans is to assist qualified borrowers by lowering the total finance charges associated with repaying their student loans, by paying off one or more existing NJCLASS Loan Program loans, other Refinance Loans, NJCLASS Consolidation Loans, Federal Parent PLUS loans, and/or school-certified private education loans, and replacing such obligations with one single loan that charges a lower interest rate than that of the original loan or loans.

(b) The borrower of a Refinance Loan must be the borrower on all of the underlying loans being refinanced by the Refinance Loan.

(c) All underlying loans must be in monthly repayment of principal and interest in order to be refinanced by a Refinance Loan.
(d) To be eligible for a Refinance Loan, the borrower and/or co-borrower shall:

1. Be a citizen, national or legal resident of the United States or be in the United States for other than temporary purposes and intend to become a permanent resident (as evidenced by United States Citizenship and Immigration Services, or its successor agency, documentation);

2. Be at least 18 years old;

3. Not owe a grant refund, be in default on a student loan, have a student loan written off as uncollectible, or be in violation of any of the other criteria for determining creditworthiness as outlined in (f) below;

4. Provide an acceptable cosigner if the Authority determines that one is required;

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

6. Provide at least two references for the borrower, and co-borrower if applicable, and at least two references for the cosigner, and joint cosigner if applicable.

(e) The Authority shall have final decision-making authority concerning the eligibility of a borrower, co-borrower and/or cosigner to participate in the Refinance Loan Program.

(f) A Refinance Loan borrower and/or co-borrower shall meet minimum income requirements and be determined creditworthy by the Authority in order to be eligible for a Refinance Loan. Cosigners shall be required to meet the minimum income and creditworthy determination by the Authority if the borrower or co-borrower are unable to do so.

1. To be approved for a Refinance loan, a creditworthy borrower, co-borrower or cosigner shall have documentable annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services. The amount by which income must exceed Federal poverty guidelines is determined by the indentures for the bonds or notes whose proceeds are funding the loan.

2. A borrower with one or more of the items listed below in his or her credit history may be denied a Refinance Loan for not being creditworthy. These items include delinquent accounts, paid and unpaid collection accounts, paid and unpaid charged
off accounts, foreclosure, repossession, bankruptcy, a paid or unpaid judgment. However, a borrower in the Refinance Loan Program may be eligible if the borrower is able to secure a creditworthy cosigner.

(g) The student beneficiary of each of the underlying loans that make up the Refinance Loan must meet the New Jersey nexus requirement with respect to either the underlying loan or the Refinance Loan. The student beneficiary meets the New Jersey nexus requirement if:

1. At the time the original loan was originated the student beneficiary was a resident of New Jersey; or

2. The proceeds of the original loan were used to attend an eligible institution located in New Jersey; or

3. At the time the Refinance Loan is originated the student beneficiary is a resident of New Jersey.

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

1. The borrower shall complete the Refinance Loan application and promissory note. All parts of the application and promissory note shall be completed and all requested documentation shall be submitted to the Authority.

2. The Authority shall process the application and upon approval will provide the applicant(s) a Refinance Loan offer. Borrowers will have 30 days to accept the loan. Borrowers will not receive the Refinance Loan unless they accept the offer.

3. Once the borrower accepts the loan offer the borrower shall contact the lenders for the underlying loans to request a payoff amount that is accurate for at least 15 days and shall provide that information to the Authority.

4. The Refinance Loan amount will be calculated based upon the sum of the payoff amounts for each underlying loan being refinanced.

5. The Authority shall provide the borrower, co-borrower and cosigner, if any, with a completed Refinance Loan Pre-Disbursement Disclosure Statement or other disclosures as required by Federal law.

6. Refinance Loan proceeds will be applied to satisfy the outstanding underlying loans included in the Refinance Loan.

(i) Refinance Loan borrowers and/or co-borrowers may be required to pay an application/administrative fee as prescribed by the bond indentures. This fee will be added to the sum of the outstanding principal and interest balance of each underlying loan being refinanced at the time of approval. In addition, borrowers and/or co-borrowers may be required to pay a servicing fee for the Refinance Loan if provided for by the promissory note.
(j) The interest rate on the Refinance Loan will be a fixed rate based upon a calculation or rate defined in the bond indentures.

(k) Late fees may be charged on a Refinance Loan in accordance with N.J.A.C. 9A:10-6.10.

(l) Refinance Loan borrowers shall begin to pay the principal and interest of the Refinance Loan on a monthly basis. The first payment of principal and interest is due within 60 days after the loan is disbursed. Notwithstanding any periods of deferment and/or forbearance Refinance Loans shall be paid in full within the amount of years from the date of disbursement as specified in the Application, Promissory Note, and disclosures. The amount of years in which a Refinance Loan is to be repaid is determined by the indentures for the bonds or notes whose proceeds are funding the loan. The borrower and/or co-borrower have the right to repay the entire loan or any portion of the loan at any time without penalty.

(m) The Authority may, at its discretion, grant borrowers periods of deferments or forbearance in the repayment of the Refinance Loan(s). Forbearance will only be granted if the ability of both the borrower and co-borrower to make scheduled payments has been impaired based on the same or differing conditions. Forbearance may be granted for situations including, but not limited to, financial hardship, which means situations where the overall financial circumstances of the individual seeking relief are such that he or she is unable to maintain a basic standard of living and still make Refinance Loan debt payments. During periods of forbearance, the Refinance Loan will revert to quarterly or monthly payments of interest only. The maximum allowable time period for financial hardship forbearance set forth in N.J.A.C. 9A:10-6.12(d) pertains to Refinance Loans. Deferments will be granted in the event of temporary total disability of an eligible student borrower on the underlying loans. To qualify for this deferment, the student borrower shall submit a request in a form prescribed by the Authority and provide the Authority with a statement from a physician, who is a doctor of medicine or osteopathy and is legally authorized to practice, certifying that the student borrower is temporarily totally disabled. If an eligible student borrower qualifies for this deferment, it will be granted regardless of whether the other parties to the loan qualify for a deferment.


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

(a) To assess the administrative and financial capability of a school participating in the NJCLASS Loan Program, the Authority may either conduct a management review solely dedicated to the NJCLASS Loan Program or may expand the scope of [either an FFEL Program review or] a
State scholarship and Tuition Aid Grant management review to cover the NJCLASS Loan Program.

(b) In the event a school is selected for review, the Authority shall provide the school at least 30 days notice of the date of the on-site or virtual review. The Authority shall also notify the school of the financial and administrative information required for the on-site or virtual visit.

(c) The school shall be required to cooperate with Authority reviewers by making staff available to reviewers at entrance and exit interviews and by supplying additional material to reviewers if requested during the on-site or virtual visit.

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

1. The reviewer shall issue a program review report to the school being reviewed.

2. The program review ends when all required actions are completed and any required refunds are made to the Authority by the school being reviewed.

3. When the program review ends, the reviewer shall notify the school in writing that the program review is closed.

4. The Authority may pursue a limitation, suspension, or termination action regarding participation in NJCLASS as a result of a program review or if the Authority is unable to close a program review because the school is uncooperative in taking the required corrective action.

5. If the institution disagrees with any of the program review report findings or required actions, the institution may submit a written appeal to the Authority’s Chief Compliance Officer within 30 days of receipt of the report. The written appeal must explain in detail why the institution is appealing the program review findings or required actions, including any supporting documentation. The Authority’s Chief Compliance Officer will provide the institution with a written response within 60 days of receipt of the appeal.

6. If potential fraud or abuse with respect to NJCLASS participation is identified during a program review, the reviewers shall notify and forward all supporting documentation to the Office of the Attorney General and the appropriate prosecuting authorities for further action.

SUBCHAPTER 7. POLICY GOVERNING NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST (NJBEST) PROGRAM

9A:10-7.3 Definitions
The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

…

"Cash" means cash, check, money order or [wire] electronic transfer.

"Contributor" or “Account Owner” means the person or organization who opens the account and maintains the account and has the right to withdraw monies from the account before the account is disbursed to the designated beneficiary.

…

"Higher education institution" means an eligible educational institution as defined in or for purposes of section 529 of the Federal Internal Revenue Code of 1986, 26 U.S.C. § 529, except that with respect to proprietary institutions, only degree granting programs licensed or approved by the [Commission on Higher Education] Office of the Secretary of Higher Education (OSHE) shall be included in the definition of higher education institution for purposes of N.J.A.C. 9A:10-7.15, and only proprietary institutions participating in a Title IV, Higher Education Act of 1965 program shall be included in the definition of higher education institution for all other purposes of this subchapter.

…

"NJBEST scholarship" means a scholarship [funded] provided by the State of New Jersey for a designated beneficiary's undergraduate attendance at a higher education institution in New Jersey, as more fully described in N.J.A.C. 9A:10-7.15.

…

9A:10-7.5 Contributions

(a) – (e) (No change.)

(f) No contributor, person making contributions to, or designated beneficiary under the NJBEST program may directly or indirectly direct the investment of any contributions to the program (or the earnings thereon).

9A:10-7.15 Eligibility for NJBEST scholarship

(a) An additional amount of [$1,000]$2,000, subject to funding available therefor, shall be credited toward the qualified higher education expenses of a designated beneficiary at the time of a qualified withdrawal provided:

1. -3. (No change.)
(b) For every two additional years in which the minimum annual contribution of $300.00 is deposited in the account of a designated beneficiary and not withdrawn, an additional amount of [($500.00)x$1,000], up to a maximum scholarship of [($3,000)x$6,000], subject to funding available therefor, shall be credited toward the qualified higher education expenses of a designated beneficiary at the time of a qualified withdrawal provided the requirements of (a)2 and 3 above are met.

(c) – (e) (No change.)

9A:10-7.22 Eligibility for NJBEST Matching Grant Program

(a) For accounts opened on or after June 29, 2021, the Authority will provide a one-time grant of up to $750.00 in a dollar-for-dollar match of an account owner's initial deposit into an NJBEST 529 College Savings Plan account provided:

1. The account owner's household adjusted gross income is equal to or greater than $0 and does not exceed $75,000;

2. – 3. (No change.)

(b) – (e) (No change.)

SUBCHAPTER 9. BEHAVIORAL HEALTHCARE PROVIDER LOAN REDEMPTION PROGRAM

9A:10-9.2 Definitions

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

…

“Clinical practice” means assessment, diagnosis, treatment and prevention of mental illness, emotional and behavioral disturbances, including but not limited to providing individual, group, or family therapy or counseling services; and developing and implementing treatment and modification plans.

…

“Eligible behavioral healthcare providers” means psychiatrists; licensed psychologists; licensed social workers; licensed clinical social workers; psychiatric nurse mental health clinical specialists; board certified behavior analysts; licensed clinical alcohol and drug counselors; licensed associate counselors; and licensed professional counselors. Providers shall engage in direct clinical practice with patients or clients for a minimum of 20 hours a week.

…
9A:10-9.4 Application procedures

(a) In order to apply for participation in the Program, an applicant must complete a Program application and submit the complete application to the Authority by October 31 each year. The Program application will be available on the Authority’s website beginning on October 1 each year.

1. (No change.)

(b) [The Authority will consider applications for approval of Program participation in the date order they are received, subject to available funding.

(c) The Authority will determine the applicant’s eligibility for the Program based upon the information submitted on the application and will provide notification to the applicant of their acceptance into the Program.] The Authority will select Program participants from among those applicants who meet the eligibility criteria established pursuant to N.J.A.C. 9A:10-9.3.

(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 to reflect the most severe shortages of behavioral healthcare providers in the State, and posted on the Authority’s website no later than September 1, each year.

9A:10-9.6 Incentive grants

(a) – (c) (No change.)

(d) Program participants work primarily with children and adolescents if at least 51 percent of their clinical practice is with people under the age of 18.
RESOLUTION 14:23

APPROVING PROPOSED READOPTION WITH AMENDMENTS OF REGULATIONS GOVERNING THE STUDENT LOANS, COLLEGE SAVINGS PROGRAMS, AND LOAN REDEMPTION PROGRAMS

Moved By: Ms. Beatrice Daggett
Seconded By: Mr. Byron Ward

WHEREAS: The Higher Education Student Assistance Authority (HESAA) is statutorily responsible for the administration of the State’s student loan, college savings programs, and loan redemption programs and for the promulgation of all rules to that effect; and

WHEREAS: The rules governing the State’s student loan, college savings programs, and loan redemption programs are scheduled to expire October 26, 2023; and

WHEREAS: HESAA has reviewed the rules and determined that they continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated; and

WHEREAS: To ensure the continued efficient administration and operation of these programs, HESAA is proposing the readoption of these rules with amendments, and the repeal of certain rules no longer applicable to program operations, to provide additional clarity in the eligibility requirements for participation and application, enrollment criteria, and continued payment of loans and loan redemptions.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves publishing the Proposed Readoption with Amendments of the Regulations Governing the Student Loans, College Savings Programs, and Loan Redemption Programs in the New Jersey Register.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director

FROM: Arthur Quaranta
Controller

SUBJECT: Resolution 15:23 Approving the Second Extension of the Contract with BLX Group, Arbitrage Calculation Consultant

DATE: July 26, 2023

Background

Under the federal tax code, municipal bond issuers, including the issuers of student loan revenue bonds, are required to produce two types of arbitrage reports on a periodic basis, and remit any liability determined as a result of the calculations to the Internal Revenue Service (IRS). These reports are required at specific intervals during the life of a bond issue, including as of the date of final retirement. In the case of HESAA, these arbitrage compliance computation services are required for its student loan bond issues used to establish and maintain the New Jersey College Loans to Assist State Students (NJCLASS) Program and the Federal Family Education Loan Program (FFELP) Portfolio of Loans owned by the NJCLASS/FFELP Trust Estate. Due to the complexity of the federal tax code as it relates to arbitrage calculations for the structures of HESAA asset-backed bonds, which include variable rate bonds and interest rate exchange agreements, the services of a specialist in this area of accounting are required to ensure compliance. The responsibilities of the provider of these services include, but may not necessarily be limited to, those on the following list:

- Calculate applicable bond yield and student loan-yield for each of the Authority’s respective issues as requested by the Authority. Identify, and separately account for, all “Gross Proceeds” (as that term is defined in the Arbitrage Requirements) and “Acquired Program Investments” (i.e., the loans) allocable to each bond issue,
including those requiring allocation analyses due to circumstances such as refunding, “transferred proceeds” and/or “commingled funds.”

- Calculate each issue’s excess yield, if any, on student loans.
- Calculate each issue’s excess earnings, if any, on non-purpose investments, taking into account any available temporary periods, spending exceptions and exceptions for funds on deposit in a qualified reserve fund.
- Prepare clear and concise reports for each issue.
- Deliver appropriate documentation required to support calculations.
- Provide an executive summary identifying the methodology employed, major assumptions, conclusions, and any recommendations for changes in the Authority’s record keeping.
- Assist the Authority as necessary in the event of an IRS inquiry.
- Provide assistance and consultation as necessary to retain records and documentation at least six years after the issue's final maturity.
- Provide a professional opinion or certificate on the mathematical accuracy of all calculations performed. Such opinion or certificate is to include a statement that the calculation results are consistent with the Arbitrage Requirements.
- Provide a legal opinion that the arbitrage calculations are completed in a manner that is consistent with the Arbitrage Requirements or an explanation as to why such is not necessary.
- Perform the required yield reduction or yield adjustment calculations and provide documentation to support such calculations.
- Prepare the necessary forms, if any, which need to be filed by the Authority with the IRS in connection with making yield reduction or arbitrage payments.
- Consult with Authority staff and provide such other incidental advice and assistance as the Authority may deem necessary to ensure full compliance with the arbitrage restrictions imposed by the Arbitrage Requirements.

As a result of the RFP issued on March 4, 2019, HESAA engaged BLX Group (BLX) to provide arbitrage calculation compliance services for an initial contract period of three years, with up to three one-year extensions. At its July 20, 2022 meeting, the HESAA Board approved the first one-year extension to the contract with BLX Group, which is set to expire on July 31, 2023.

BLX is a wholly-owned subsidiary of Orrick Herrington & Sutcliffe, LLP, a leading national firm with recognized expertise in arbitrage compliance. This provides HESAA access to unlimited tax expertise and resources at no additional charge. Additionally, BLX maintains an experienced professional staff with the requisite skills to perform the services HESAA requires. BLX has established a track record of quality service at reasonable rates, as well as prompt and helpful responses to questions at no additional cost.

**Recommendation**

It is recommended that the Board approve Resolution 15:23 Approving the Second Extension of the Agreement with BLX Group as Arbitrage Calculation Consultant.

Attachments
RESOLUTION 15:23

APPROVING THE SECOND EXTENSION OF THE AGREEMENT WITH BLX GROUP AS ARBITRAGE CALCULATION CONSULTANT

Moved By: Mr. Anthony Longo
Seconded By: Ms. Beatrice Daggett

WHEREAS: Under the federal tax code, issuers of tax-exempt municipal bonds, which include the student loan revenue bonds issued by the Higher Education Student Assistance Authority ("HESAA"), are required to produce two types of arbitrage reports on a periodic basis, and remit any liability determined as a result of the calculations to the Internal Revenue Service (IRS); and

WHEREAS: Due to the complexity of the code as it relates to arbitrage calculations for asset-backed bonds such as those issued by HESAA, the services of a specialist in this area of tax accounting are required in order to ensure compliance; and

WHEREAS: Pursuant to the responses to a Request for Proposals, at its April 17, 2019 meeting the HESAA Board appointed BLX Group as arbitrage calculation consultant for a term of three years with two possible one-year extensions; and

WHEREAS: HESAA has been satisfied with the service provided by BLX Group.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the second one-year extension of the agreement with BLX Group as its arbitrage calculation consultant.

July 26, 2023
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Board Budget Committee

FROM: Jerry Traino JT
Chief Financial Officer

SUBJECT: Resolution 16:23 Approval of HESAA’s FY 2024 Administrative and Capital Budgets

DATE: July 26, 2023

As part of the Higher Education Student Assistance Authority’s (“HESAA” or the “Authority”) annual budget process, and to ensure the Board’s continued oversight of the programmatic and administrative activities of the Authority, on June 14, 2023 staff presented the Fiscal Year 2024 (FY 24) administrative and capital budgets to the Board Budget Committee for its review and approval. The Budget Committee approved the budgets and is now recommending that the full Board approve these budgets through the attached resolution.

Background

HESAA structures its administrative expenditure and capital budgets in a summary presentation since the majority of HESAA’s operations have shared staffing and integrated services to maximize efficiency.

Revenue Budgets

In FY 24 HESAA revenues and appropriated reserves will fully provide the resources required to pay for the expenditure and capital budgets outlined below. These revenues include earnings from the administration of the NJCLASS and NJBEST programs and certain other state loan redemption programs, proceeds from the equity distribution from refinanced prior year bond issues, as well as funding from unallocated cash reserves.
HESAA administrative revenues projected for FY 24 total $38.6 million, which is a $3.6 million increase over the FY 23 budgeted levels, as detailed in attached Schedule I. The revenues are broken down as follows:

$1.3 million for the Administration of Loan Redemption Programs – In FY 24 HESAA will be reimbursed for the costs of administering several loan redemption programs that were expanded over the past three fiscal years, including the State-funded loan redemption program for behavioral healthcare providers; the State-funded loan redemption program for New Jersey teachers; the State- and employer-funded loan redemption program for employees in high-growth STEM occupations; the State- and federally-funded Primary Care Practitioner loan redemption program; and the federally-funded John R. Justice loan redemption program for prosecutors and public defenders.

$4.8 million from NJBEST Net Revenues – NJBEST revenue for FY 24 is projected to total $7.8 million from fees and interest earnings related to the NJBEST trust for administration of the program. HESAA will set aside $3 million for NJBEST scholarship obligations, resulting in net revenues of $4.8 million.

- Note: during FY 24 HESAA anticipates increasing the one-time NJBEST scholarship award amounts from the current range of $1,000 to $3,000 per student beneficiary to $2,000 to $6,000 per student (depending on the number of years in which the account holder made contributions).

$32.2 million from NJCLASS Program Revenues and Appropriated Reserves – It is anticipated that HESAA will receive $32.2 million for the origination and servicing of NJCLASS loans in FY 24, a net increase of $2.8 million from the FY 23 budget.

Under the NJCLASS loan program HESAA retains a 1% origination fee charged to Consolidation loan borrowers. HESAA also earns servicing and administrative fees from the Bond Trusts, which are paid from the spread between the cost of capital and the loan rate. In addition, HESAA retains revenue from a portion of the recovery of NJCLASS loans.

Included in NJCLASS program revenues for FY 24 are:

- $11.9 million in Origination, Servicing, and Administrative Fees;
- $9.5 million in Equity Distribution from the refunding of the 2012-1 and 2013-1 Series bonds, which was a component of the 2023 Series bond transaction that closed in May 2023;
- $5.9 million in Cash Receipts on HESAA-owned NJCLASS loans: HESAA anticipates a slight decrease in collection revenue from defaulted NJCLASS loans that are not assets of any of the Bond Trusts in FY 24, compared with the level of such revenues in FY 23; and
$3.1 Million from Unallocated Cash Reserves including funds available from prior years’ net earnings.

**Operating Expenditure and Capital Budgets**

**Operating Expenditures** – HESAA’s administrative expenditure budget for FY 24 totals $38.3 million, which is a net increase of $3.6 million over the FY 23 budget as detailed in attached Schedule I.

This proposed budget funds 174 HESAA positions and all non-salary costs associated with delivering State student assistance funds and services to nearly one million New Jersey residents each year. Four (4) employees retired from the Authority during FY 23.

The Authority utilizes its resources across all programs to increase efficiency and create flexibility to meet program peak demands. A review of operating expenditures for FY 24 compared with FY 23 shows:

- $2.6 million in anticipated bond-related transaction and trustee costs, which is relatively flat to FY 23 costs;
- $8.8 million in Services Other than Personnel, which is relatively flat to FY 23. This expense is attributable to temporary agency service contractors, software & software maintenance costs, legal, audit, and postage costs.
- $24.9 million in Salary and Benefits, which is an increase of $3.2 million in employee salary compensation and benefit costs due to:
  - Contractually obligated cost-of-living increases as well as increases in the State Health Benefits Program costs; and
  - An anticipated net increase of 18 employees. Of these, five (5) vacant positions were previously authorized for funding in FY 23 and posted, but remain unfilled to date. A net of 14 new positions are budgeted to be posted for recruitment and hiring in FY 24.

Over the past few budget cycles HESAA has taken proactive measures to counter the continued loss of experienced staff through retirement; and to right-size the agency through unit realignments and targeted new hires across department staff. In FY 24 HESAA will continue to fill only mission-critical positions necessary to continue to meet statutorily mandated program administration duties, launch several newly enacted initiatives, and further reduce the Authority’s reliance on temporary agency services.

**Capital Budget** – The Authority maintains a capital fund that is utilized for investments towards the improvement of HESAA’s technological infrastructure, FISMA compliance, and physical improvements. The major expenditures for FY 24 include technology infrastructure and facilities upgrades and project implementation funding.
As the Board has consistently recognized in recent years, the increasing volume of data and business conducted through the internet makes it mission critical for HESAA to annually maintain and upgrade appropriate infrastructure investments to adequately serve students, families, and institutions, as well as provide Authority staff the ability to safely and efficiently fulfill their responsibilities either onsite or from a remote setting with minimal impact to the quality of service to New Jersey students and their families. This proposed capital spending plan reaffirms the Board’s commitment to funding the Authority’s long-term capital investment strategy.

The FY 24 Capital Budget is $2.485 million, an increase of $548,000 over the FY 23 Capital Budget, as detailed in attached Schedule II. The Capital spending plan will be funded through current cash reserves which includes $1.367 million of unspent FY 23 capital resources.

The major capital expenditures for FY 24 include:

- **$374,000 for Technology Infrastructure**, which includes increasing data storage capacity; licensing Microsoft SQL Server database to transition from the mainframe to a server-based environment; and technology enhancements to improve teleconferencing capacity.

- **$245,000 for Technology Equipment Environment** upgrades to the HVAC system dedicated to maintaining safe operating temperatures within HESAA’s data center.

- **$175,000 for Data Center Facilities**, including replacement of outdated, noncompliant fire suppression system and flooring.

- **$1 million in Project Contingency funding** for the completion and full implementation of HESAA’s modernized back-end loan servicing platform, the Collections, Loan Accounting, and Servicing System (CLASS).

**Summary**

FY 24 administrative resources of $38.3 million will fund budgeted expenditures of $38.3 million. The $2.5 million FY 24 Capital Budget will be funded through current cash reserves (including nearly $1.4 million in unspent capital funds carried over from FY 23). HESAA has continued to contain administrative costs wherever possible while making needed investments in infrastructure and facilities in support of its higher education financial information and services mission; to better serve constituents; and to continue improving staff productivity and information security. The FY 24 Administrative and Capital Budgets are recommended for your approval.

Attachments
### Schedule I

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**  
*Appropriated Administrative Revenues, Expenses & Funding FY 2022 - 2024*  
($ in 000's)

#### NJCLASS:

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2022 Actual</th>
<th>FY 2023 Budget</th>
<th>FY 2023 Forecast</th>
<th>FY 2024 Budget</th>
<th>Inc/(Dec) FY 2024 Budget vs FY 2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Fees</td>
<td>$1,444</td>
<td>$1,587</td>
<td>$1,665</td>
<td>$180</td>
<td>$(1,407) -88.7%</td>
</tr>
<tr>
<td>Servicing Fees</td>
<td>4,467</td>
<td>4,203</td>
<td>4,423</td>
<td>4,825</td>
<td>622 14.8%</td>
</tr>
<tr>
<td>Administrative Fees</td>
<td>4,775</td>
<td>4,558</td>
<td>5,092</td>
<td>5,326</td>
<td>767 16.8%</td>
</tr>
<tr>
<td>Net Collection Revenue</td>
<td>1,586</td>
<td>1,535</td>
<td>1,371</td>
<td>1,546</td>
<td>11 0.7%</td>
</tr>
<tr>
<td>2010-1 FFELP Admin Fee from Servicer</td>
<td>58</td>
<td>0</td>
<td>42</td>
<td>48</td>
<td>48 N/M</td>
</tr>
<tr>
<td>Equity Distribution from Bond Refunding</td>
<td>5,288</td>
<td>0</td>
<td>12,138</td>
<td>0</td>
<td>N/M</td>
</tr>
<tr>
<td>FY21-22 Carryforward of Remaining Equity Distribution</td>
<td>8,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/M</td>
</tr>
<tr>
<td>FY22-23 Carryforward of Remaining Equity Distribution</td>
<td>(2,527)</td>
<td>2,527</td>
<td>2,527</td>
<td>0</td>
<td>(2,527) -100.0%</td>
</tr>
<tr>
<td>Cash Receipts on HESAA Loans</td>
<td>9,132</td>
<td>7,504</td>
<td>6,601</td>
<td>5,870</td>
<td>(1,634) -21.8%</td>
</tr>
<tr>
<td>Funding from Unallocated Cash Reserves</td>
<td>0</td>
<td>7,258</td>
<td>0</td>
<td>3,101</td>
<td>(4,157) -57.3%</td>
</tr>
<tr>
<td>Post FFELP Servicing Agreement</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/M</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>72</td>
<td>228</td>
<td>1,426</td>
<td>1,817</td>
<td>1,589 698.4%</td>
</tr>
</tbody>
</table>

**Total NJCLASS Program**

| $32,296 | $29,399 | $25,805 | $32,191 | $2,792 | 9.5% |

#### NJBEST:

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2022 Actual</th>
<th>FY 2023 Budget</th>
<th>FY 2023 Forecast</th>
<th>FY 2024 Budget</th>
<th>Inc/(Dec) FY 2024 Budget vs FY 2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Income From Provider</td>
<td>$5,541</td>
<td>$5,688</td>
<td>$4,845</td>
<td>$5,192</td>
<td>$(496) -8.7%</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>124</td>
<td>366</td>
<td>1,955</td>
<td>2,643</td>
<td>2,277 622.0%</td>
</tr>
<tr>
<td>Scholarship Awards</td>
<td>(1,545)</td>
<td>(1,900)</td>
<td>(1,500)</td>
<td>(3,000)</td>
<td>(1,100) 57.9%</td>
</tr>
</tbody>
</table>

**Total NJBEST Program**

| $4,121 | $4,154 | $5,301 | $4,835 | $680 | 16.4% |

#### Administration of Loan Redemption & Other Programs:

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2022 Actual</th>
<th>FY 2023 Budget</th>
<th>FY 2023 Forecast</th>
<th>FY 2024 Budget</th>
<th>Inc/(Dec) FY 2024 Budget vs FY 2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Redemption Program Revenue</td>
<td>$0</td>
<td>$700</td>
<td>$624</td>
<td>$1,284</td>
<td>$584 83.4%</td>
</tr>
<tr>
<td>Pay It Forward Program Revenue</td>
<td>0</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>(500) -100.0%</td>
</tr>
</tbody>
</table>

**Total Loan Redemption & Other Programs**

| $0 | $1,200 | $624 | $1,284 | $84 | 7.0% |

**Total All Funds**

| $36,417 | $34,754 | $31,729 | $38,309 | $3,556 | 10.2% |

#### HESAA Program Administrative Expenditures:

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2022 Actual</th>
<th>FY 2023 Budget</th>
<th>FY 2023 Forecast</th>
<th>FY 2024 Budget</th>
<th>Inc/(Dec) FY 2024 Budget vs FY 2023 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Wages</td>
<td>$9,840</td>
<td>$13,459</td>
<td>$11,815</td>
<td>$14,785</td>
<td>$1,326 9.9%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$5,968</td>
<td>$8,216</td>
<td>$8,087</td>
<td>$10,120</td>
<td>1,904 23.2%</td>
</tr>
<tr>
<td>Materials/Supplies</td>
<td>$323</td>
<td>$468</td>
<td>$228</td>
<td>$507</td>
<td>39 8.4%</td>
</tr>
<tr>
<td>Services Other Than Personnel</td>
<td>$8,046</td>
<td>$8,711</td>
<td>$7,866</td>
<td>$8,830</td>
<td>119 1.4%</td>
</tr>
<tr>
<td>Maintenance and Fixed Charges</td>
<td>$1,153</td>
<td>$1,354</td>
<td>$1,247</td>
<td>$1,373</td>
<td>19 1.4%</td>
</tr>
<tr>
<td>Special Purpose/Indirect Cost</td>
<td>$197</td>
<td>$125</td>
<td>$43</td>
<td>$125</td>
<td>0 N/M</td>
</tr>
<tr>
<td>Bond Transaction &amp; Trustee Costs</td>
<td>$2,583</td>
<td>$2,420</td>
<td>$2,442</td>
<td>$2,570</td>
<td>149 6.2%</td>
</tr>
</tbody>
</table>

**Total Program Expenditures**

| $28,110 | $34,753 | $31,729 | $38,309 | $3,556 | 10.2% |

**Net Earnings & Fundings**

| (1) Net Earnings & Fundings are used to fund current and future operational costs. |

| $8,307 | $0 | $0 | $0 | $(0) |
### NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
FY 2023 and FY 2024
($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>FY 2023 Budget</th>
<th>FY 2023 Forecast</th>
<th>FY 2024 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone Systems</td>
<td>114</td>
<td>23</td>
<td>173</td>
</tr>
<tr>
<td>Technology Infrastructure</td>
<td>865</td>
<td>459</td>
<td>374</td>
</tr>
<tr>
<td>Transportation</td>
<td>30</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>Desktop Replacement</td>
<td>119</td>
<td>103</td>
<td>68</td>
</tr>
<tr>
<td>Security Compliance</td>
<td>50</td>
<td>-</td>
<td>120</td>
</tr>
<tr>
<td>Technology Equipment Replacement</td>
<td>100</td>
<td>-</td>
<td>245</td>
</tr>
<tr>
<td>Data Storage and Back-up</td>
<td>70</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Grant System Development</td>
<td>60</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>E-Mail and Text</td>
<td>50</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Network Infrastructure</td>
<td>67</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>Physical Security</td>
<td>8</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Data Center Flooring/Generator</td>
<td>265</td>
<td>-</td>
<td>175</td>
</tr>
<tr>
<td>Customer Database Management Tools</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Construction</td>
<td>225</td>
<td>131</td>
<td>110</td>
</tr>
<tr>
<td>HESAA Loan Servicing Platform Replacement Project</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

**Total Capital Spend**<sup>(1)</sup>                      $3,033            $1,813            $2,485

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<sup>(1)</sup> Total FY24 capital spend of $2.485 million will be funded through current cash reserves. The capital carryover from FY23 is estimated to be $1.367 million.
RESOLUTION 16:23

APPROVING HESAA’s FY 2024 ADMINISTRATIVE AND CAPITAL BUDGETS

Moved by: Ms. Beatrice Daggett
Seconded by: Ms. Jean McDonald Rash

WHEREAS: As part of the Higher Education Student Assistance Authority’s (HESAA) annual budget process, to ensure the Board’s oversight of the programmatic and administrative activities of the Authority, staff presents the FY 2024 administrative and capital budgets to the Board for its review and approval; and

WHEREAS: On June 14, 2023 the Board’s Budget Committee met with staff to review and approve the FY 2024 administrative and capital budgets for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the Board hereby approves the FY 2024 administrative and capital budgets as advanced by the Board’s Budget Committee and described in the attachment to this resolution.

July 26, 2023
A Resolution Expressing Appreciation to Ms. Isabella Berdugo-Hernandez

WHEREAS: Ms. Isabella Berdugo-Hernandez has served with distinction on the Student Advisory Committee (SAC) and was elected chairperson for 2021-2022 and vice-chair for 2022-2023; and

WHEREAS: In her role as an officer of the SAC, Ms. Berdugo-Hernandez served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and

WHEREAS: Ms. Berdugo-Hernandez has proven herself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and

WHEREAS: Her contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and

WHEREAS: The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Ms. Berdugo-Hernandez’ fine service and contributions in providing an effective program of student financial assistance; now therefore be it

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Ms. Berdugo-Hernandez’ service and dedication; and be it further

RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Ms. Berdugo-Hernandez for her outstanding leadership and dedication on behalf of New Jersey students; and be it further

RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Ms. Berdugo-Hernandez for success in all of her future endeavors; and be it further

RESOLVED: That a copy of this resolution be noted in the official records of the Authority and the original be presented to Ms. Berdugo-Hernandez.

July 26, 2023
A Resolution Expressing Appreciation to Ms. Nicolette Carpenter

WHEREAS: Ms. Nicolette Carpenter has served with distinction on the Student Advisory Committee (SAC) and was elected chairperson for 2022-2023; and

WHEREAS: In her role as an officer of the SAC, Ms. Carpenter served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and

WHEREAS: Ms. Carpenter has proven herself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and

WHEREAS: Her contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and

WHEREAS: The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Ms. Carpenter’s fine service and contributions in providing an effective program of student financial assistance; now therefore be it

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Ms. Carpenter’s service and dedication; and be it further

RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Ms. Carpenter for her outstanding leadership and dedication on behalf of New Jersey students; and be it further

RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Ms. Carpenter for success in all of her future endeavors; and be it further

RESOLVED: That a copy of this resolution be noted in the official records of the Authority and the original be presented to Ms. Carpenter.

July 26, 2023