MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

October 21, 2026

The Higher Education Student Assistance Authority (HESAA) Board held a remote teleconference meeting on October 21, 2026, at 10:00 am via Teams. 41 people logged into the meeting.

PRESENT: HESAA Board Members: Angela Bethea, Secretary of Higher Education Designee; Erin Elizabeth Bolger; Beatrice Daggett; Maritza Davila; Lisa Dougherty; Robert Joyce, Treasurer's Designee; Shernelle Pringle; Scott Salmon; Jerry Traino; and Christy Van Horn, Chair.

ABSENT: Isabella Escobar Lopera; Eduardo Valenzuela;

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:00. Jerry Traino 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, Alinna Calorio would conduct a roll call for the resolutions.

Ms. Van Horn welcomed Blair Gerold, Associate Counsel from the Governor's Authorities Unit; and Kevin Milton, Deputy Attorney General from the New Jersey Division of Law.

Ms. Van Horn asked Alinna Calorio to call the roll.

CONSIDERATION OF THE MINUTES OF THE JULY 22, 2026, MEETING

A motion to approve the minutes of the July 22, 2026, meeting was made by Shernelle Pringle and seconded by Robert Joyce. The minutes were approved unanimously with one recusal, Maritza Davila, who were not present at this meeting.

REPORT OF THE AUDIT COMMITTEE AND RESOLUTION 17:26 ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS FOR FISCAL YEAR 2026

Christy Van Horn reported that on October 15, 2026, the members of the Board Audit Committee, which includes Shernelle Pringle, Scott Salmon, Robert Joyce and Chairwoman Van Horn, met with HESAA's Independent Auditors to review and discuss the audited financial statements. Mercadien P.C. presented their findings to the Board.

Digesh Patel from Mercadien P.C. presented the audit findings.

Mr. Patel advised that the audit was for the year ending June 30, 2026. He thanked Jerry Traino and the HESAA team for their cooperation in providing all of the documentation needed to

complete the audit. The auditors met with the Finance, Compliance, and Tech units to learn about HESAA's work and systems. Mercadien audited the NCLASS/FFELP Loan Programs, the World Trade Center (WTC) Scholarship Fund, and other HESAA programs and funds. The audits were performed in compliance with generally accepted auditing standards and generally accepted auditing standards for government entities. However, since the WTC Scholarship Fund is administered as a non-profit instead of government entity the audit was conducted in compliance with generally accepted auditing standards only.

In conducting the audits, as a new auditor for HESAA Mercadien communicated with the prior auditors in addition to evaluating HESAA on their own. Mercadien assigned risk levels of high, medium and low to get an understanding of how things are done and to ensure checks and balances are in place. Mercadien reviewed the financial statements to ensure that they were properly prepared.

Mercadien is providing an unmodified opinion on all three financial statements, which is the highest opinion you can get.

Mr. Patel explained some of the changes in the three financial statements compared to prior years. He stated that NJCLASS/FFELP financial statements showed a decrease in loans, which was due to lower demand in the previous academic year.

With regards to the other HESAA programs and funds financial statement, the only major change reflected was a transfer of funds from the NJCLASS funds to the life of loans servicing funds. As this is a permitted transfer there was no cause of concern.

Mr. Patel also noted that the WTC Scholarship fund received approximately $180,000 from the State which was transferred to other programs, as permitted. He noted that the funds in this program are going down, as expected based on the parameters of the program.

Mr. Patel summarized his meetings with the Audit Committee and advised that there were no changes to the scope of the engagement during the audit process.

Further, Mr. Patel advised that Mercadien received full cooperation from management, which is positive since they do not always get full cooperation, which drags out the audit.

Mr. Patel ended his report to advise that there were no findings to report.

A motion to approve Resolution 17:26 was made by Angela Bethea and seconded by Erin Bolger Elizabeth. The motion passed unanimously.

Chairwoman Van Horn commented that the Committee appreciated the unmodified opinion and thanked both the auditors and HESAA staff for their work on the audit.

RESOLUTION 18:26 ADOPTING A BOARD BUDGET POLICY STATEMENT FOR FISCAL YEAR 2028

Jean Hathaway presented Resolution 18:26 to the Board.

The role of the HESAA Board in the budget process is to advocate policies that advance higher education access, choice, affordability, and academic achievement for New Jersey residents. At the October 9, 2026 meeting, the Board's Budget Committee took a responsible, balanced approach to drafting an FY 2028 Budget Policy Statement, remaining aware of the fiscal realities of the State.

The FY 2028 Budget Policy Statement, which the Committee submits to the full Board for consideration today, prioritizes maintaining the State's existing commitments to need-based financial aid and identifying targeted opportunities to expand access and affordability. The Board recognizes that inflation outpaces increases to families' resources. Therefore, the Board recommends and supports increasing TAG award values across all cells and sectors, expanding TAG eligibility through an additional NJEI cell to the TAG table, safeguarding the Summer TAG program, increasing the income eligibility threshold for CCOG and GSG, and restoring funding for the Grant Opportunity for Thomas Eduson Students (GOTESU).

In addition, The Authority administers several student loan redemption programs funded annually with State appropriations. These programs help pay down outstanding student loan debt of eligible professionals in exchange for service in high-need fields within the state. These programs assist participants in avoiding defaults on their student loans.

The New Jersey Pay It Forward program provides zero-interest loans and supportive services to help residents access high-quality job training in in-demand fields, with repayment based on income after employment. Since its inception, Pay It Forward has committed nearly $5 million toward supporting over 630 participants. The Board recommends providing funding to the innovative Pay It Forward program that is consistent with its need.

While not funded with an annual State line item-appropriation, the Board recognizes the value of the NJBEST 529 Colleges Savings Plan by encouraging young learners to save early for future education expenses. The tax incentives, contribution match grants, and education scholarship opportunities provided through the NJBEST program are key elements of the Authority's overall mission. The Board maintains its recommendation that the Authority continually seek opportunities to enhance benefits to account beneficiaries and expand awareness and long-term participation.

These recommendations are made on behalf of, and in the best interest of, New Jersey students pursuing a degree beyond high school at an institution of higher education in the Garden State.

A motion to approve Resolution 18:26 was made by Maritza Davila and seconded by Scott Salmon.

Chairwoman Van Horn noted the work Ms. Hathaway and her team put into the Board Budget Policy Statement. She discussed how the work of the Board's Ad Hoc committee and TAG subcommittee in previous years helped to build the framework for the recommendations the Board is putting forth today.

Ms. Davila stated that she is happy to see the proposed increases.

The motion passed unanimously.

RESOLUTION 19:26 APPROVING THE ADOPTION OF NEW RULES FOR ADMINISTERING THE AIR TRAFFIC CONTROL LOAN REDEMPTION PROGRAM

Marnie Grodman presented Resolution 19:26 to the Board.

The Air Traffic Controller Loan Redemption Program (ATCLRP) was established via statute on January 12, 2026. In response to a nationwide shortage of air traffic controllers, the program offers student loan relief as an incentive for air traffic controllers serving the region's airspace. Over the course of up to four years, program participants can receive a total of up to $100,000 in student loan redemption.

At its April 15, 2026 meeting, the Board approved the proposed new rules governing the ATCLRP. The proposed new rules, were published in the New Jersey Register, posted on the HESAA website, sent to the Statehouse News Media, emailed to interested parties. As HESAA did not receive any comments during the legislative review or public comment periods, the new rules can be adopted as proposed.

A motion to approve Resolution 19:26 was made by Robert Joyce and seconded by Maritza Davila.

The motion passed unanimously.

RESOLUTION 20:26 APPROVING THE PROPOSED AMENDMENTS TO THE REGULATIONS GOVERNING THE PRIMARY CARE PRACTITIONER LOAN REDEMPTION PROGRAM

Marnie Grodman presented Resolution 20:26 to the Board.

On January 20, 2026 the statute authorizing the Primary Care Loan Redemption Program was amended, extending eligibility to additional health care sites, increasing the loan redemption amount, and changing the name of the program. The program is now called the Health Care Professionals Loan Redemption Program.

Enclosed in the materials are draft rules implementing the statutory amendments. Upon approval by the Board today the proposed amendments will be published in the New Jersey Register for public comment.

A motion to approve Resolution 20:26 was made by Angela Bethea and seconded by Erin Bolger Elizabeth.

The motion passed unanimously.

RESOLUTION 21:26 APPOINTING SPECIAL COUNSEL TO A LIST OF ATTORNEYS TO ASSIGN EDUCATIONAL RECEIVABLE FILES

Christine Paldino presented Resolution 21:26 to the Board.

As stated in the memorandum provided for Resolution 21:26, HESAA contracts with qualified law firms to act as outside counsel to which HESAA can assign defaulted student loans and other

educational receivables for collection or representation in bankruptcy proceedings. HESAA's current contracts are scheduled to expire on December 31, 2026.

On August 17, 2026, HESAA issued a Request for Qualifications (RFQ) seeking proposals from qualified law firms to create a list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection.

HESAA emailed the RFQ to the law firms currently providing these services for HESAA and other entities that reached out to HESAA, posted the RFQ on HESAA's website, and advertised the RFQ in the State's NJ Advance Media and Gannett newspapers.

HESAA received proposals from four law firms, all of which currently provide collection services for HESAA.

An evaluation committee made up of HESAA's Chief Compliance Officer, Assistant Controller, Associate Director of Servicing & Collections, and Servicing & Collections Senior Investigator met and reviewed each of the responsive proposals.

Based on the reviews of the evaluation committee, all of the law firms: Fein, Such, Kahn & Shepard, P.C.; The Grogan Law Group LLC; Portnoy Schneck LLC; and Ratchford Law Group, P.C., met the minimum threshold for appointment. HESAA currently engages all of these law firms and has been satisfied with their performance. Therefore, the evaluation committee recommends that the Board approve the appointment of all four firms to the list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection for a two-year term.

It is recommended that the Board approve Resolution 21:26 appointing Fein, Such, Kahn & Shepard, P.C.; The Grogan Law Group LLC; Portnoy Schneck LLC; and Ratchford Law Group, P.C. to a List of Attorneys to Assign Educational Receivable Files for a two-year term.

A motion to approve Resolution 21:26 was made by Maritza Davila and seconded by Robert Joyce.

The motion passed unanimously.

RESOLUTION 22:26 APPROVING THE FIRST EXTENSION OF THE CONTRACT WITH SOCIAL FINANCE PROGRAM MANAGER FOR PAY IT FORWARD PROGRAM

David Moffett presented Resolution 22:26 to the Board.

On June 4, 2021, HESAA issued a Request for Proposals from organizations interested in serving as Program Manager to help develop and implement the Pay It Forward Program. The RFP specified that the Program Manager's duties included: creating and administering the Pay It Forward Fund to finance the Program; designating the selected training providers; recruiting the participants; administering the stipends and wraparound services; and administering the Pay It Forward loans.

At its July 21, 2021, meeting the Board appointed Social Finance as program manager to originate Pay It Forward Loans for five years, with an option to extend the origination period for up to two successive terms to originate Pay It Forward Loans for an additional five years per term, with the contract extending until all Pay It Forward Loans issued during each five-year origination period have been paid in full or forgiven.

During the first five years of the program Social Finance successfully assisted the State in creating this innovative program by creating and administering the Pay It Forward Fund to finance the Program; designating the selected training providers; recruiting the participants; administering the stipends and wraparound services; and administering the Pay It Forward loans.

Based on the initial successful term, it is recommended that the Board approve the attached Resolution 22:26 approving the first extension of the contract with Social Finance as the Program Manager for the Pay It Forward Program to originate Pay It Forward Loans for an additional five-year term, with the contract extending until all Pay It Forward Loans issued during each five-year origination period have been paid in full or forgiven.

A motion to approve Resolution 22:26 was made by Robert Joyce and seconded by Scott Salmon.

The motion passed unanimously.

STUDENT ADVISORY COMMITTEE REPORT

The Student Advisory Committee (SAC) Chair, Erin Bolger Elizabeth, reported on the SAC activities to date.

Good morning, and thank you for the opportunity to present today. The 2026-2027 Student Advisory Committee met for the first time in June at our orientation. At that time, we got to know one another and brainstormed several ideas regarding the projects that we would like to work on this academic year. Since June, we have met an additional four times where we have focused on our year-long project, which is to provide HESAA with student input into how undergraduates currently view the HESAA website, and how to make it more user-friendly. Since those who work at HESAA navigate the website on a daily basis, it is undoubtedly very easy for staff. However, we wanted to provide feedback on what the website looks like for those who are navigating it for the first time. At our most recent meeting, the SAC met with both HESAA's Director of Legal and Governmental Affairs as well as HESAA's SAC Liaison and began to give input on HESAA's home page and its *Apply for Aid* page. The SAC will continue to provide student input throughout the course of the year.

In addition to our year-long project, the SAC has also created subcommittees so that students can use their specific interests and talents to help advance awareness of HESAA and what the State of New Jersey offers in terms of financial assistance. One of our subcommittees, for example, is dedicated to social media and has recently created a LinkedIn page. Also, several of our members are very involved with campus programming and/or have maintained a connection with their former high schools. As such, last week, on October 14th, one of our SAC members returned to his alma mater, Rancocas Valley Regional High School, to table a college fair. There, he provided graduating seniors and their families with information on HESAA, the Tuition Aid Grant, and NJCLASS loans. Additionally, on November 19th, another SAC member will table an event at

Brookdale Community College to continue spreading awareness of HESAA. Thank you, and we look forward to reporting again at the April 2027 Board meeting.

Bea Daggett commented that the SAC members are very capable, smart, and involved. She further stated that it is a pleasure working with this committee.

Chairwoman Van Horn asked how the tabling event went and Ms. Bolger Elizabeth responded that the SAC member who took part in that tabling said it went well. She further advised that the SAC created a goal where they each take part in tabling events to get the word out about HESAA and the programs HESAA offers.

EXECUTIVE DIRECTOR'S REPORT

Thank you to Chair Van Horn and our Board members for your actions taken today. Also, special thanks to Board members Erin Bolger Elizabeth and Isabella Escobar Lopera for your report on behalf of the Student Advisory Committee.

I recently had the opportunity to speak with the Student Advisory Committee, and I found them to be extremely enthusiastic and thoroughly engaged in their charge as committee members. I look forward to hearing about their progress later this academic year.

I greatly appreciate all this Board and HESAA staff put into moving financial aid forward on a consistent basis while also looking ahead to identify innovative ways to extend affordability to even more New Jersey families. Thanks in particular to the members of the Board Budget Committee whose input and insight helped craft the Budget Policy Statement for Fiscal Year 2028 which this entire Board approved today. These recommendations not only protect Higher Education affordability in New Jersey but also seek to expand opportunities for more of our students.

Grants and Scholarships

Since our last full board meeting, HESAA finalized the processing for Summer 2026 TAG awards. I am pleased to report that, in total, HESAA disbursed $20 million in aid across all sectors and supported nearly 15,000 eligible students for the summer term.

HESAA also helped usher in the 2026-2027 Academic Year by processing a record number of documents needed to verify financial aid applications. While the work continues, the number of applications received is an encouraging indication of increased participation in the financial aid process. The more families who complete an application, the more families that are aware of State financial aid and how affordable a higher education can be. As we are in the third year of the pilot program which requires high school seniors to file their financial aid application as one of their graduation requirements, Assembly Bill 2470 and Senate Bill 3245 are working their way through the Legislature to make this requirement permanent. In the meantime, HESAA continues to support the Department of Education and New Jersey's high school students in getting these applications filed.

Also, looking ahead to next year, we have already received just over 41,000 financial aid applications for Academic Year 2027-2028 from a mix of new applicants and renewal students. This is a 4.3% increase over last year's applications received at this same time.

Outreach and Communications

In an annual effort to reach next year's college-bound students, HESAA distributed the latest edition of *Going to College in New Jersey* to New Jersey high schools by the first week of September. This comprehensive college resource guide is available online as well. In addition to student financial aid details, each State aid-eligible institution is featured along with a helpful career directory.

This academic year, our Outreach team has already visited all 21 counties. Through high school financial aid nights, school counselor workshops, application completion webinars, and legislator-hosted events, the Outreach team is ensuring that all stakeholders not only understand the value of financial literacy but also the importance of completing a financial aid application.

NJCLASS Loans

For the families who don't qualify for full funding through grants and scholarships, HESAA continues to offer a competitive option for student loans. Our NJCLASS loan program once again offers a lower interest rate than the Parent PLUS loan. We continue to work diligently to prevent any overborrowing and provide several repayment options. Since June of this year, our Originations Unit has processed nearly 6,300 NJCLASS loan applications for the 2026-27 Academic Year.

As we continue to monitor the federal student loan changes, we are also keeping an eye on how New Jersey graduate students are making use of NJCLASS. Ongoing data indicates that we will originate nearly 400 new NJCLASS loans for graduate students attending New Jersey institutions of higher education, including but not limited to, Rutgers, Seton Hall, and Rowan University.

Loan Redemption Programs

To help support our workforce needs, HESAA recently increased access to student loan debt relief through our loan redemption program, historically known as the Primary Care Practitioner Loan Redemption Program. The program, now known as the Health Care Professional Loan Redemption Program, opened for applications in July, offering up to $200,000 in student loan relief to eligible healthcare professionals, serving underserved areas, including physicians, dentists, physician assistants, certified nurse practitioners, certified nurse midwives, and psychiatrists. This year's changes to the program, including an expansion of eligible locations throughout the State, were well received. Our Loan Redemption Unit is currently reviewing a record number of applications, as we received more applications this year than the total number of health care professionals currently participating in the program. Thank you to the Board for your action today proposing rules to codify the modifications expanding this program.

HESAA is also currently accepting applications for our Behavioral Healthcare Provider Loan Redemption Program. Program participants receive up to $50,000 towards their eligible student loan balance in exchange for every two years of full-time service at an approved site. This current

funding provides a maximum of $150,000 in exchange for up to six years of service. Additional incentive grants of up to $5,000 annually are available for program participants who work primarily with children or adolescents. Applications will be accepted through October 31.

Staff Update

Finally, since the Board last met in July, HESAA has bid a fond farewell to some remarkable employees whose quiet but dedicated service through the years helped this Authority continue its mission of helping students and families with their higher education goals.

Thomas Dudek served in HESAA's Loan Redemption Unit for the past 4 years, where he reviewed applications and supported applicants and program participants throughout the annual redemption process. He also ensured redemption checks were accurately prepared and sent to participants' student lenders and servicers. We congratulate Tom on his well-deserved retirement and wish him all the best as he spends time with his family and explores flea markets in search of classic records.

Carla Donegan served as an Outreach Officer in HESAA's Outreach & Communications Unit for nearly 4 years. Her strong background in supporting healthcare providers made her particularly well-suited to promoting HESAA's loan redemption programs to the State's workforce. Carla brought enthusiasm to her work and enjoyed connecting with employers and employees across the State. She described her time at HESAA as the best job she ever had. We congratulate Carla on her retirement and wish her all the best in this next chapter.

For almost 20 years, Rob Pierro was a valuable team member in our Finance Unit, serving as an Accounts Receivable Analyst. Rob was responsible for daily bank deposits as well as daily reconciliations for thousands of transactions. He was accurate and reliable and will be missed here at HESAA. Rob is a huge fan of all of the Philadelphia's sport franchises and brought balance to the office Philadelphia/New York sports team debates. We congratulate Rob on his retirement and wish him all the best.

Linda Suen served as an Accounts Payable Coordinator in our Finance and Accounting Unit and was an integral part of HESAA's Accounts Payable team for the past 25 years. She ensured invoices were processed, transactions were accurately recorded, and payments were made on time. Linda was a knowledgeable, dedicated and reliable colleague whose contributions will be missed. We congratulate Linda on her retirement and wish her all the best as she looks forward to spending more time with her grandchildren, traveling, and enjoying new adventures.

Finally, JoAnn Kurtz-Paladino recently retired after more than 41 years of service with the State of New Jersey, including nearly 36 at HESAA as a Data Processing Scheduler in our HTECH Unit. Throughout her tenure, JoAnn played an important role in supporting HESAA's daily computer operations, helping ensure critical processing activities were completed accurately and on schedule. Since retiring, JoAnn has been busy preparing for her daughter's fall wedding. Once those celebrations are over, she looks forward to spending more time with her mother and family, along with her favorite Disney character, Mickey Mouse. We congratulate JoAnn on her retirement and thank her for her many years of dedicated service.

As always, I extend my gratitude to the HESAA staff for their dedication to championing student success here in New Jersey and I offer my appreciation to the HESAA Board for their valuable policy insights and their continued support of the HESAA staff.

Chairwoman Van Horn commented on the years of institutional knowledge HESAA is losing through these retirements but commended HESAA for implementing shadowing of jobs so that the successors in these positions are well-prepared.

Ms. Elizabeth added kudos for the number of years HESAA employees stay in their positions. She also commented on how important the shadowing is and how encouraging it is that HESAA seeks input from both current employees and from students in moving forward.

NEW BUSINESS

Christy Van Horn reminded Board members that they are required to complete their ethics training by November 13, 2026.
Ms. Davila introduced herself to the HESAA Board as this is her first meeting as the EOF representative. She thanked everyone for their work on this Board. She told the Board that she is a product of EOF that she came from the classroom to now serving as the EOF Board Chair.

ADJOURNMENT

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, January 27, 2027, at 10:00 am.

A motion to adjourn was made by Maritza Davila and seconded by Erin Elizabeth. The motion passed unanimously.

The meeting adjourned at 10:53 am.

MIKIE SHERRILL
Governor

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

JERRY TRAINO
Acting Executive Director

M E M O R A N D U M

TO: Members, Higher Education Student Assistance Authority Board

FROM: HESAA Board Audit Committee

SUBJECT: Report of the Audit Committee and Resolution 17:26 Accepting and Adopting the Financial Statements and Independent Auditors' Reports for Fiscal Year 2026

DATE: October 21, 2026

Summary

Attached for review, comment and approval is Resolution 17:26 Accepting and Adopting the Financial Statements and Independent Auditor Reports for Fiscal Year 2026.

Background

The Higher Education Student Assistance Authority (HESAA) Audit Committee is comprised of Christy Van Horn, Chair; Shernelle Pringle, Vice-Chair; Scott Salmon, Public Member; and Treasurer's Designee, Robert Joyce as the member of the Board having accounting or related financial experience.

The Committee met with representatives of Mercadien P.C., HESAA's independent auditor, on October 15, 2026, to review and discuss the 2026 Financial Statements and Mercadien's unmodified reports.

Recommendation

The Audit Committee recommends that the HESAA Board accept and adopt the Financial Statements and Independent Auditors' Reports for Fiscal Year 2026.

Attachments

RESOLUTION 17:26

ACCEPTING AND ADOPTING THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR REPORTS FOR FISCAL YEAR 2026

Moved by: Angela Bethea
Seconded by: Erin Bolger Elizabeth

WHEREAS: The Higher Education Student Assistance Authority (HESAA) prepared three separate financial statements for Fiscal Year 2026 ("2026 Financial Statements") that were audited by the independent auditor Mercadien P.C.; and

WHEREAS: The members of the Board Audit Committee met with Mercadien P.C. on October 15, 2026, prior to the commencement of the audit; and

WHEREAS: The members of the Board Audit Committee received and reviewed the Financial Statements and the unmodified reports of Mercadien P.C. dated for the year ending June 30, 2026; and

WHEREAS: The members of the Board Audit Committee met with representatives of Mercadien P.C. on October 15, 2026, to discuss the 2026 Financial Statements and Mercadien's unmodified reports; and

WHEREAS: The members of the Board Audit Committee recommend that the HESAA Board accept and adopt the Financial Statements and Independent Auditor Reports for Fiscal Year 2026.

NOW THEREFORE, BE IT:

RESOLVED: That the HESAA Board accepts and adopts the Fiscal Year 2026 Financial Statements and Independent Auditor Reports as attached hereto; and be it further

RESOLVED: That the attached Fiscal Year 2026 Financial Statements and Independent Auditor Reports shall be posted on the HESAA website at www.HESAA.org and submitted to the State Treasurer and the Governor's Authorities Unit.

October 21, 2026

MIKIE SHERRILL
Governor

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

JERRY TRAINO
Acting Executive Director

M E M O R A N D U M

TO: Members, Higher Education Student Assistance Authority Board

FROM: HESAA Board Budget Committee

SUBJECT: Report of the Budget Committee and Resolution 18:26 Adopting a Board Budget Policy Statement for Fiscal Year 2028

DATE: October 21, 2026

Summary

Attached for review, comment, and approval is Resolution 18:26 Adopting a Board Budget Policy Statement for Fiscal Year 2028.

Background

The members of the Budget Committee of the Authority are Christy Van Horn, Chair, Shernelle Pringle, Vice-Chair, Scott Salmon, Public Member, Lisa Dougherty, County College Representative, and Jerry Traino, Acting Executive Director.

The Committee met with HESAA staff on October 9, 2026, to develop the attached Board Budget Policy Statement for Fiscal Year 2028. The Budget Committee endeavored to balance the HESAA Board's role in the budget process, which is to advocate policies that advance higher education access, choice, and affordability, for New Jersey residents, with the fiscal realities of the State. We believe the statement included in the materials achieves that goal.

Recommendations

The Budget Committee recommends approving Resolution 18:26 adopting the attached Budget Policy Statement.

Attachments

RESOLUTION 18:26
ADOPTING A BOARD BUDGET POLICY STATEMENT FOR
STATE FISCAL YEAR 2028

Moved by: Maritza Davila
Seconded by: Scott Salmon

WHEREAS: The Higher Education Student Assistance Authority (HESAA) Board is responsible for recommending budget policies in support of New Jersey's student financial aid programs; and

WHEREAS: On October 9, 2026, the Board's Budget Committee met with staff to review background information and to draft a FY 2028 budget policy statement for consideration by the full Board; and

NOW THEREFORE, LET IT BE:

RESOLVED: That the HESAA Board strongly affirms the importance of preserving education access and affordability for all residents of the State of New Jersey and recognizing academic achievement; and be it further

RESOLVED: That the Board hereby adopts the budget policy statement for FY 2028 as advanced by the budget committee and described in the attachment to this resolution; and be it further

RESOLVED: That HESAA shall endeavor to maximize FY 2028 resources available for State-funded student assistance programs in keeping with the attached budget policy statement, subject to refinement of underlying projections.

October 21, 2026

Fiscal Year 2028 Budget Policy Statement of
The Higher Education Student Assistance Authority Board

Pursuant to N.J.S.A. 18A:71A-9f., the Higher Education Student Assistance Authority (HESAA) is the lead State agency in determining policy on student financial assistance issues. Consequently, the HESAA Board is charged with developing budget recommendations for all postsecondary financial aid programs administered by the Authority. These recommendations are submitted to the Executive Director for review and submission to the Office of Management and Budget.

The Board, on behalf of the students and families served, thanks Governor Sherill and the Legislature for the continued support and investment in higher education During this current 2026-2027 academic year, the State's financial aid programs are projected to provide more than 112,000 awards to State residents to pursue a postsecondary education, contributing to these students' individual success and strengthening New Jersey's economy and society.

This Fiscal Year 2028 (FY28) Budget Policy Statement reflects the Board's fundamental principles of promoting access to, and affordability of, postsecondary education for New Jersey residents through need-based student financial aid and merit-based scholarship programs. Student loan redemption programs offer incentives to skilled professionals who agree to serve in critically needed occupations. The Board's FY28 recommendations prioritize maintaining the State's existing commitments to need-based financial aid and identify targeted opportunities to expand access and affordability. These recommendations include increasing TAG award values, expanding TAG eligibility through an additional NJEI cell, increasing the income eligibility threshold for CCOG and GSG, and restoring funding for GOTESU.

Policy Recommendations for Fiscal Year 2028

- The Board supports, as its funding priority, protection of the State's historic commitment to all eligible full-time students under the need-based Tuition Aid Grant (TAG) Program. The Board recognizes that inflation outpaces increases to families' resources. Therefore, the Board supports the creation of an additional award level to expand access to TAG. It also supports increasing the award values for all eligible students.

- Consistent with the foregoing, the Board supports ensuring the protection of the Summer TAG Program, which helps students maintain momentum and/or accelerate time to degree completion, while mitigating the need for student debt to cover summer course work.
- The Board supports continued funding of the Part-Time TAG Program for County College Students.

- The Board supports the continuation of HESAA's College Promise programs, the Community College Opportunity Grant (CCOG) and the Garden State Guarantee (GSG), at funding levels no less than sufficient to maintain the current eligibility criteria for last-dollar CCOG and GSG awards that cover the full cost of tuition and approved educational fees for students with family adjusted gross incomes (AGIs) between $0 and $65,000. To expand access to these critical last-dollar programs, the Board supports increasing the maximum income eligibility threshold to $75,000.

To provide higher education access and affordability for New Jersey families, it is important to maintain the predictability and stability of need-based State grant programs for students and their families. With this

goal in mind, the Board presents the following funding policy recommendations for specific HESAA programs:

TAG, Part-Time TAG EOF, and Part-Time TAG County College

Serving nearly 85,000 full-time and part-time students annually (roughly one-third of undergraduates), this need-based financial aid program leads the nation in per-student award amounts.

The following are the Board policy recommendations for FY28:

Increase TAG Award Values

Increasing TAG award values for all schools, in all cells by 3%

Program	Increase	Total Expenditures	Full-Year Equivalent Awards
Full-Time TAG*	$15.8M	$541.9M	66,562
Part-Time TAG	$425,000	$13.1M	7,551
Summer TAG	$600,000	$20.6M	14,918

*Includes Part-Time TAG for EOF

Summer TAG

Safeguarding the Summer TAG Program is vital to student success. By helping students maintain academic momentum and shorten their time to degree completion, Summer TAG directly prevents students from taking on additional debt for summer coursework.

The Board recommends maintaining funding Summer TAG at 50% of 2027-2028 award level values. The recommended 3% increase to TAG award values will increase projected Summer TAG expenditure by $600,000, for a total of $20.6M

Create an additional NJEI cell to the TAG table for each sector.

The Board also recommends adding an additional NJEI cell to the TAG table.

Adding an additional cell for each sector supports students with an NJEI just above the current eligibility cutoffs, recognizing that inflation outpaces the financial resources available to New Jersey families. An additional NJEI cell would extend TAG eligibility to approximately 3,000 additional students all while maintaining funding for currently eligible students. This investment expands higher education access and strengthens the State's future workforce.

This recommendation supports Governor Sherrill's goal to increase affordability for New Jersey's families. In its nearly six decades of TAG funding, the State of New Jersey has never extended TAG awards to families with slightly higher NJEI scores. This option of adding just one more cell to the TAG award table

would be historic. It will help approximately 3,000 more families still struggling with affordability. Moreover, it will not reduce the TAG award amounts for already eligible families.

Program	Additional Increase Over the 3%	Total Expenditures Including 3% & Adding New Cell	Additional Full-Year Equivalent Awards
Full-Time TAG*	$4.1M	$546.0M	2,865
Part-Time TAG	$355,000	$13.4M	1,157
Summer TAG	$110,000	$20.7M	491

*Includes Part-Time TAG for EOF

Community College Opportunity Grant (CCOG) and Garden State Guarantee (GSG)

CCOG and GSG provide last-dollar support after all other federal, state, and institutional aid is applied. CCOG, covers the full cost of tuition and approved educational fees for students with family adjusted gross incomes (AGIs) between $0 and $65,000. The annual Fiscal Year Appropriations Act extends CCOG to guarantee reduced net prices of tuition and approved educational fees for prior award recipients with AGIs between $65,001 and $100,000.

The annual Fiscal Year Appropriations Act also authorizes GSG, which guarantees a net price for tuition and fees of $0 for students with family AGIs between $0 and $65,000. GSG also guarantees reduced net prices of tuition and fees for prior award recipients with AGIs between $65,001 and $100,000. The Board recommends sufficient FY28 funding for CCOG and GSG to maintain the current program parameters in place for Academic Year 2026-2027.

The Board further recommends the following policies for CCOG and GSG:

- Consistent with adding an additional cell to TAG, increase the AGI eligibility cap from $65,000 to $75,000 for both CCOG and GSG to extend financial support to more students who do not otherwise qualify for other financial aid programs and therefore may forego pursuing a degree after high school.

  This increase in the cap also assists continuing students who originally qualified for CCOG or GSG at an AGI of $65,000, and whose adjusted gross income may have increased slightly, making them no longer eligible for these awards. This increase to the AGI eligibility cap supports a student's effort towards degree completion.

- Expanding the AGI eligibility cap for CCOG would assist an additional 1,770 students and cost an additional $4.4M.

- Expanding the AGI eligibility cap for GSG would assist an additional 1,200 students and cost an additional $6.4M.

Other Grants & Scholarships

Continue funding through direct appropriation to HESAA at sufficient levels to support the following need-based and merit programs:

- NJ Student Tuition Assistance Reward Scholarship (NJSTARS/II) – New Jersey's merit-based scholarship that supports New Jersey high school graduates who rank in the top 15.0% of their class during their junior or senior years of high school and choose to enroll in their local community college after high school graduation. Qualifying students are eligible for NJ STARS awards that cover the cost of tuition only at their community college.

- Governor's Urban Scholarship (GUS) – New Jersey's merit-based scholarship awarded to the top 5.0% of high school classes who also have a minimum grade point average of 3.0 at the end of their junior year and reside in one of 33 designated municipalities in New Jersey.

- World Trade Center Scholarship Program - supports the dependent children and surviving spouses of New Jersey residents who were victims of the terrorist attacks on September 11, 2001.

In addition, the Board recommends the restoration of funding in FY28 for Tuition Assistance for Thomas Edison State University students.

- Students at Thomas Edison State University, by and large, do not enroll in full-time course loads and are therefore ineligible for TAG. The Grant Opportunity for TESU students, or "GOTESU," was created through the FY 23 Appropriations Act and provided financial aid to roughly 300 students. The FY27 Appropriations Act does not contain funding for GOTESU. The Board recommends an appropriation of $600,000 which would assist approximately 300 students in FY28.

Continue funding the following programs which are administered by HESAA but not funded through the annual State appropriations act:

- Law Enforcement Officers Memorial (LEOM) Scholarship. Funding source: sales of commemorative license plates

- New Jersey Governor's Industry Vocations Scholarship for Women and Minorities (NJGIVS). Funding source: Schools Development Authority.

Student Loan Redemption Programs

The Authority administers the following six (6) student loan redemption programs (LRP) funded by State appropriations to pay down outstanding student loan debt of eligible practitioners in exchange for service in high-need fields within the Garden State. These programs assist participants in avoiding defaults on their student loans. The Board, on behalf of the program participants, thanks the Governor and Legislature for ongoing support of these significant workforce pipeline programs:

- New Jersey Teacher Loan Redemption Program
- Behavioral Healthcare Provider Loan Redemption Program
- New Jersey STEM Loan Redemption Program
- Nursing Faculty Loan Redemption Program
- Health Care Professionals Loan Redemption Program

- Air Traffic Controllers Loan Redemption Program

The Board recommends funding each of the LRPs at the following levels:

- New Jersey Teacher Loan Redemption Program - $500,000 which would provide a maximum $20,000 loan redemption amount to approximately 25 participants, if they all qualify for the maximum redemption amount.

- Behavioral Healthcare Provider Loan Redemption Program - $3.5M which would provide a maximum $180,000 loan redemption and stipend amount to approximately 19 participants, if they all qualify for the maximum redemption amount.

- New Jersey STEM Loan Redemption Program - $100,000 which would provide a maximum $4,000 loan redemption amount to approximately 25 participants, if they all qualify for the maximum redemption amount.

- Nursing Faculty Loan Redemption Program - $500,000 which would provide a maximum $50,000 loan redemption amount to approximately 10 participants, if they all qualify for the maximum redemption amount.

- Health Care Professionals Loan Redemption Program - $850,000 which would provide a maximum $200,000 loan redemption amount to approximately 4 participants, if they all qualify for the maximum redemption amount.

- Air Traffic Controllers Loan Redemption Program – Due to the unique certification process to become an Air Traffic Controller there currently are no eligible participants for this redemption program. While the Board recognizes the value of this program, it recommends no additional funding at this time.

Pay It Forward

In collaboration with the New Jersey Economic Development Authority (EDA), the Office of the Secretary of Higher Education (OSHE), and the Department of Labor and Workforce Development (DOL), the Authority administers the Pay It Forward program, which currently is available in multiple high-demand career fields including nursing, respiratory care, radiography, radiologic technology, HVAC, and welding. Several institutions of higher education in the Garden State offer programs eligible for Pay It Forward, which consists of student loans with zero-interest, zero-fees and income-based repayment plans as well as wrap around services, including hardship grants, to eligible students. The Board recommends funding consistent with program demand. Since its inception, Pay It Forward has committed nearly $ 5 million toward zero-interest loans to support over 630 participants. To date 378 Pay It Forward participants have successfully completed the program.

NJBEST 529 College Savings Program

The New Jersey Better Educational Savings Trust (NJBEST) 529 Colleges Savings Plan encourages young learners to save early and often for future education expenses. The College Affordability Act, P.L. 2021, c.128, established (1) a tax deduction for up to $10,000 in contributions to an NJBEST account for New

Jersey income tax filers with household incomes up to $200,000 and (2) a one-time dollar-for-dollar matching grant of up to $750 on the initial deposit into an NJBEST account for new beneficiaries. NJBEST beneficiaries may also be eligible for a scholarship if they attend college in New Jersey, depending on how long the account has been open and how much is deposited into it over the life of the plan. For a student beneficiary to be eligible for this one-time scholarship, the plan must have been open for at least 4 years and received at least $1,200 in total aggregate contributions before the first withdrawal. As the administrative fees for the NJBEST program are sufficient to fund the matching grants and scholarships, the Board does not recommend any additional appropriations for this program.

Conclusion

The foregoing recommendations are made on behalf of, and in the best interest of, New Jersey students pursuing a degree beyond high school at an institution of higher education in the Garden State.

MIKIE SHERRILL
Governor

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

JERRY TRAINO
Acting Executive Director

M E M O R A N D U M

TO: Members, Higher Education Student Assistance Authority

THROUGH: Jerry Traino
Acting Executive Director

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

SUBJECT: Resolution 19:26 Approving the Adoption of New Rules for Administering the Air Traffic Control Loan Redemption Program

DATE: October 21, 2026

Background

On January 12, 2026, Governor Murphy signed P.L. 2025, c. 269, which establishes an Air Traffic Controller Loan Redemption Program, supports partnerships between public institutions of higher education and the Federal Air Traffic-Collegiate Training Initiative, and establishes a Center for Study of Unidentified Aerial Phenomena (Act). The Act provides that the Higher Education Student Assistance Authority (HESAA) shall adopt rules necessary to implement the Air Traffic Controller Loan Redemption Program (ATCLRP).

At its April 15, 2026 meeting, the Board approved the proposed new rules governing the ATCLRP. The proposed new rules, PRN 2026-029, were published in the June 15, 2026 New Jersey Register at 58 N.J.R. 1645, posted on the HESAA website at HESAA.org and sent to the Statehouse News Media. Secondary notice was emailed to interested parties. The 60-day legislative review period for this rule expired on July 19, 2026 with no comments received, and the public comment period for this rule expired on August 14, 2026 with no comments received. Therefore, the amendments can be adopted as proposed.

Recommendation

It is recommended that the Board approve Resolution 19:26 Approving the Adoption of New Rules for Administering the Air Traffic Control Loan Redemption Program.

Attachments

RESOLUTION 19:26
APPROVING THE ADOPTION OF NEW RULES FOR ADMINISTERING THE AIR TRAFFIC CONTROL LOAN REDEMPTION PROGRAM

Moved by: Robert Joyce
Seconded by: Maritza Davila

WHEREAS: On January 12, 2026, Governor Murphy signed P.L. 2025, c. 269, which establishes an Air Traffic Controller Loan Redemption Program, supports partnerships between public institutions of higher education and the Federal Air Traffic-Collegiate Training Initiative, and establishes a Center for Study of Unidentified Aerial Phenomena (Act); and

WHEREAS: The Act provides that the Higher Education Student Assistance Authority (HESAA) shall adopt rules necessary to implement the Air Traffic Controller Loan Redemption Program (ATCLRP); and

WHEREAS: At its April 15, 2026 meeting, the Board approved the proposed new rules governing the ATCLRP; and

WHEREAS: The proposed new rules, PRN 2026-029, were published in the June 15, 2026 New Jersey Register at 58 N.J.R. 1645, posted on the HESAA website at HESAA.org and sent to the Statehouse News Media. Secondary notice was emailed to interested parties; and

WHEREAS: The 60-day legislative review period for this rule expired on July 19, 2026 with no comments received; and

WHEREAS: The public comment period for this rule expired on August 14, 2026 with no comments received.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the adoption of new rules governing the Air Traffic Controller Loan Redemption Program.

October 21, 2026

RULE PROPOSALS

INTERESTED PERSONS

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

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

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

HIGHER EDUCATION

(a)

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Loan and College Savings Programs
Air Traffic Controller Loan Redemption Program
Proposed New Rules: N.J.A.C. 9A:10-10

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

Authority: P.L. 2025, c. 269.

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

Proposal Number: PRN 2026-029.

Submit written comments by August 14, 2026, to:

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

The agency proposal follows:

Summary

On January 12, 2026, Governor Murphy signed P.L. 2025, c. 269, which establishes an Air Traffic Controller Loan Redemption Program, supports partnerships between public institutions of higher education and the Federal Air Traffic-Collegiate Training Initiative, and establishes a Center for Study of Unidentified Aerial Phenomena (Act). The Act provides that the Higher Education Student Assistance Authority (Authority) shall adopt rules necessary to implement the Air Traffic Controller Loan Redemption Program (Program).

The Act authorizes the redemption of qualifying student loans in an amount of 16 percent of the Program participant's qualifying student loan amounts in return for one full year of service at an approved site, up to $16,000, an additional 26 percent for a second full year of service, up to $26,000, an additional 28 percent for a third full year of service, up to $28,000, and an additional 30 percent for a fourth full year of service, up to $30,000. Pursuant to the Act, total redemption of qualifying student loan amounts pursuant to the Program shall not exceed $100,000.

The proposed new rules govern the policy, administration, and procedures of the Air Traffic Controller Loan Redemption Program, and are summarized below.

The subchapter heading establishes the name of the program for which these proposed new rules will be promulgated, as the Air Traffic Controller Loan Redemption Program.

Pursuant to the Act, proposed new N.J.A.C. 9A:10-10.1 provides that the purpose of the proposed new subchapter is to provide redemptions not to exceed $100,000 of principal and interest of eligible student loan expenses for up to four years of service.

Proposed new N.J.A.C. 9A:10-10.2 provides the definitions for words and terms used within this subchapter, which include "approved site," "Authority," "eligible air traffic controller," "Executive Director," "Program," "Program participant," "qualified physician," "qualifying student loan amounts," and "total and permanent disability."

Proposed new N.J.A.C. 9A:10-10.3 provides the eligibility requirements that an applicant must meet in order to participate in the Program pursuant to subparagraph 2.b of the Act.

Proposed new N.J.A.C. 9A:10-10.4 establishes the application procedures that an applicant must follow to participate in the Program. Proposed new N.J.A.C. 9A:10-10.4(a) provides the minimum information required by the application, specifically, the applicant's identification and contact information, certification of employment as an air traffic controller at an approved site from the Federal Aviation Administration, and documentation evidencing qualifying student loan amounts.

Proposed new N.J.A.C. 9A:10-10.4(b) establishes that applications will be considered in the order they are received, subject to available funding.

Proposed new N.J.A.C. 9A:10-10.4(c) provides that eligibility is based solely on the information submitted on the application and that the Authority will notify applicants of their acceptance into the Program.

Proposed new N.J.A.C. 9A:10-10.5 provides the terms that participants must meet in order for the Authority to release funds for loan redemption. Pursuant to subparagraph 2.d of the Act, proposed new N.J.A.C. 9A:10-10.5(a) provides that applicants selected for Program participation must enter into a contract with the Authority. The contract specifies the duration of the participant's approved employment service obligation, not to exceed four years, and the total amount of qualifying loans to be redeemed by the Authority in return for service.

Pursuant to subparagraph 2.e of the Act, proposed new N.J.A.C. 9A:10-10.5(b) specifies that the loan redemption under the Program shall amount to 16 percent of the Program participant's qualifying student loan amounts in return for one full year of service at an approved site, up to $16,000, an additional 26 percent for a second full year of service, up to $26,000, an additional 28 percent for a third full year of service, up to $28,000, and an additional 30 percent for a fourth full year of service, up to $30,000. Total loan redemption for a Program participant shall not exceed $100,000. Proposed new N.J.A.C. 9A:10-10.5(b)1 provides that the Authority will encumber up to $100,000 of Program funds, as necessary, to provide for the redemption of the participant's outstanding qualifying loans upon the applicant's acceptance into the Program and execution of the written contract with the Authority.

To verify that Program participants meet the employment requirements for loan redemption, proposed new N.J.A.C. 9A:10-10.5(c) requires

participants to submit to the Authority certification, in the form approved by the Authority, of employment.

Proposed new N.J.A.C. 9A:10-10.5(d) establishes that Program participants are not eligible for any benefits through the Program for less than a full year of service pursuant to subparagraph 2.g of the Act.

Pursuant to subparagraph 3.a of the Act, proposed new N.J.A.C. 9A:10-10.6 outlines the conditions for termination or suspension of the participant's participation contract. Proposed new N.J.A.C. 9A:10-10.6(a) provides that the Authority will terminate a participant's contract if: the participant is totally and permanently disabled; the participant is deceased; continued enforcement of the employment service obligation may result in an extreme hardship for the participant; the participant is no longer employed as an air traffic controller at an approved site; or the participant has not provided the documentation required prior to annual redemption of loan indebtedness within 60 days of written request for the required documents by the Authority.

Proposed new N.J.A.C. 9A:10-10.6(b) provides that the Authority will suspend the participant's participation contract if continued enforcement of the employment service obligation may result in extreme hardship for the participant. The proposed new subsection defines extreme hardship to include temporary disability, active duty military service, or temporary suspension of the participant's professional license, pending medical clearance or the outcome of an investigation. The subsection further provides that the contract may be suspended for up to two years, but that it may be extended in exceptional circumstances.

Proposed new N.J.A.C. 9A:10-10.6(c) provides that the participant can nullify the participation contract by notifying the Authority, in writing. Proposed new N.J.A.C. 9A:10-10.6(d) establishes that the Authority has final decision-making authority to terminate a participation contract when a participant violates the eligibility requirements. Proposed new N.J.A.C. 9A:10-10.6(e) advises participants that, if a participation contract is terminated or nullified, the participant is not eligible to reapply to participate in the Program.

Proposed new N.J.A.C. 9A:10-10.7 sets forth the procedures that an applicant must follow in order to appeal a notification of ineligibility for Program participation from the Authority and also requires the Authority to be responsible for providing the Authority's final decision on the appeal to the applicant within 30 days of receipt of the appeal.

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

Social Impact

The proposed new rules are intended to address the need for qualified air traffic controllers. Providing student loan redemption in exchange for up to four years of service will encourage people to enter the profession, thereby increasing the number of qualified air traffic controllers supporting New Jersey's airspace.

Economic Impact

The Act appropriates $1 million to fund the Program, five percent of which is dedicated to Program administration. Additionally, the fiscal year 2026 Appropriations Act, P.L. 2025, c. 74, appropriated an additional $1 million for the Program. The costs to administer the Program following the first year is scalable because the number of participants accepted into the Program will be determined annually to fit within the appropriation.

Federal Standards Statement

A Federal standards analysis is not required since the proposed new rules are not subject to any Federal requirements or standards.

Jobs Impact

The proposed new rules will not result in the loss or generation of jobs but will encourage people to pursue a career as an air traffic controller.

Agriculture Industry Impact

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

Regulatory Flexibility Statement

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

Housing Affordability Impact Analysis

The proposed new rules will have an insignificant impact on the affordability of housing in New Jersey and there is an extreme unlikelihood that the proposed new rules would evoke a change in the average costs associated with housing because the proposed new rules concern loan redemptions for air traffic controllers.

Smart Growth Development Impact Analysis

The proposed new rules will have an insignificant impact on smart growth and there is an extreme unlikelihood that the proposed new rules would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan in New Jersey because the proposed new rules concern loan redemptions for air traffic controllers.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Authority has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposed new rules follows:

SUBCHAPTER 10. AIR TRAFFIC CONTROLLER LOAN REDEMPTION PROGRAM

9A:10-10.1 Purpose and scope

The rules established by this subchapter provide the policies and procedures for participation in the Air Traffic Controller Loan Redemption Program administered by the Higher Education Student Assistance Authority. This Program shall provide redemptions not to exceed $100,000 of principal and interest of eligible student loan expenses, for up to four years of service.

9A:10-10.2 Definitions

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

"Approved site" means an airport located within the State or operated by a multi-State agency serving the State or a Terminal Radar Approach Control, Air Route Control Center, or any other similar Federal Aviation Administration facility serving an airport located within the State or operated by a multi-State agency serving the State.

"Authority" means the Higher Education Student Assistance Authority.

"Eligible air traffic controller" means an air traffic controller holding an appropriate degree who commences employment with the Federal Aviation Administration on or after January 12, 2026.

"Executive Director" means the Executive Director of the Higher Education Student Assistance Authority.

"Program" means the Air Traffic Controller Loan Redemption Program established pursuant to section 3 at P.L. 2025, c. 269.

"Program participant" means an eligible air traffic controller who contracts with the Authority to be an air traffic controller at an approved site in exchange for the redemption of qualifying student loan amounts.

"Qualified physician" means a doctor of medicine or a doctor of osteopathy who is legally licensed to practice in the United States.

"Qualifying student loan amounts" means the cumulative outstanding balance of Federal, State, or commercial student loans at the time an applicant is selected for the Program, which an applicant has borrowed to pay for the cost of attendance for undergraduate or graduate education at an institution of higher education. Interest paid or due on qualifying student loan amounts shall be considered eligible for redemption pursuant to the Program.

"Total and permanent disability" means a physical or mental disability that is expected to continue indefinitely or result in death and renders a Program participant unable to perform that person's service obligation, as determined by the Executive Director, or the Executive Director's designee.

9A:10-10.3 Eligibility requirements for Program participation

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

1. Be a New Jersey resident and maintain residency in the State during Program participation;

2. Be employed as an eligible air traffic controller at an approved site;

3. Agree to remain employed as an air traffic controller at an eligible site pursuant to the terms specified at N.J.A.C. 9A:10-10.5;

4. Not be in default on any eligible qualifying loan; and

5. Not previously have been selected for participation in the Program.

9A:10-10.4 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.

1. The Program application includes, but is not limited to:

i. The applicant's identification and contact information;

ii. Certification from the Federal Aviation Administration of employment as an air traffic controller at an approved site; and

iii. Documentation evidencing qualifying student loan amounts.

(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.

9A:10-10.5 Terms for loan redemption

(a) An applicant who has been selected for participation in the Program shall enter into a written contract with the Authority. The contract shall specify the start date of the Program participant's service obligation, the duration of the participant's employment obligation, not to exceed four years, and the total amount of qualifying student loans to be redeemed by the Authority in return for service.

(b) Loan redemption pursuant to the Program shall amount to 16 percent of the Program participant's qualifying student loan amounts in return for one full year of service at an approved site, up to $16,000, an additional 26 percent for a second full year of service, up to $26,000, an additional 28 percent for a third full year of service, up to $28,000, and an additional 30 percent for a fourth full year of service, up to $30,000. Total loan redemption for a Program participant shall not exceed $100,000.

1. At the time an applicant is accepted as a Program participant and has entered into a written contract with the Authority, the Authority will encumber up to $100,000 of Program funds, as necessary, to provide for the redemption of the participant's outstanding qualifying student loan amounts.

(c) In order for a participant to qualify for a redemption payment, the Program participant shall submit to the Authority certification, in the form approved by the Authority, of employment as an eligible air traffic controller at an approved site for the previous year.

(d) No amount of loan redemption shall be provided for service performed for less than one full year.

9A:10-10.6 Termination or suspension of the Program participant's participation contract

(a) The Authority shall terminate the Program participant's participation contract if it determines:

1. On the basis of a sworn affidavit of a qualified physician, that the participant has a total and permanent disability;

2. On the basis of a death certificate, or other evidence of death that is conclusive pursuant to State law, that the participant has died;

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

4. That the participant is no longer employed as an eligible air traffic controller at an approved site; or

5. The participant has not submitted the certification required pursuant to N.J.A.C. 9A:10-10.5(c) to receive the loan redemption within 60 days of the written request for the required documents by the Authority.

(b) The Authority may suspend the Program participant's participation contract if the Authority determines, on the basis of substantiating documentation, as may be deemed necessary by the Authority upon specific case review, that continued enforcement of the employment service obligation may result in extreme hardship for the participant. Extreme hardships include, but are not limited to, temporary disability, active duty military service, or temporary suspension of the participant's qualifications, pending medical clearance or the outcome of an investigation, as applicable.

1. The Authority may suspend the participant's participation contract for a period of up to two calendar years from the date the suspension commences. At the end of the first year of suspension, the participant must provide the Authority with substantiating documentation, as defined in this subsection, to renew the suspension for a second year.

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

(c) A participant may nullify the participation contract by notifying the Authority, in writing.

(d) The Authority shall have final decision-making authority to terminate a participant's participation contract when a participant violates the eligibility requirements.

(e) Participants who nullify their participation contract, or whose participation contracts are terminated by the Authority, are not eligible to reapply to participate in the Program.

9A:10-10.7 Appeals process

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

1. A copy of the notification of ineligibility received by the applicant from the Authority; and

2. The reasons why the applicant believes the applicant is eligible to participate in the Program, along with any documentation that the applicant has obtained to support the appeal, if applicable.

(b) Within 30 days of the receipt of the appeal, the Authority shall provide the applicant with the Authority's final determination of the appeal. Final decisions of the Authority can be appealed to the Appellate Division of the Superior Court.

MIKIE SHERRILL
Governor

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

JERRY TRAINO
Acting Executive Director

M E M O R A N D U M

TO: Members, Higher Education Student Assistance Authority

THROUGH: Jerry Traino
Acting Executive Director

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

SUBJECT: Resolution 20:26 Approving the Proposed Amendments to the Regulations Governing the Primary Care Practitioner Loan Redemption Program

DATE: October 21, 2026

Background

The Higher Education Student Assistance Authority ("Authority" or "HESAA") is statutorily responsible for the administration of New Jersey's Primary Care Practitioner Loan Redemption Program and for the promulgation of all rules to that effect, pursuant to N.J.S.A. 18A:71C-48. On January 20, 2026, Governor Murphy signed P.L. 2025, c. 345 (Act), which extends eligibility, and makes various other changes to Primary Care Practitioner Loan Redemption Program, including changing the name to Health Care Professionals Loan Redemption Program (Program). The Act provides that the Higher Education Student Assistance Authority shall adopt rules necessary for the administration of the Act.

The proposed amended rules govern the policy, administration, and procedures of the Program, and are summarized below.

Pursuant to Section 2. of the Act, the Chapter 16 title is proposed for amendment to reflect the change in the name of the Program from "Primary Care Practitioner Loan Redemption Program" to "Health Care Professional Loan Redemption Program."

N.J.A.C. 9A:16-1.1, and the definition of "Program" in N.J.A.C. 9A:16-1.2, are also proposed for amendment to reflect the change in the name of the Program.

Section 17 of the Act provides that a site is automatically deemed an approved site if it participates in the Medicaid and Medicare programs, with the caveat that the Authority shall not require participation in more than one Medicaid managed care organization. The Act also provides that in a county in which less than 30 percent of the population are Medicaid enrollees, the site shall serve medically underserved populations at a rate equal to or greater than the percentage of residents of the county who are Medicaid enrollees, and in a county in which 30 percent or more of the population are Medicaid enrollees, the site shall serve medically underserved populations at a rate equal to or greater than 80 percent of the percentage of residents of the county who are Medicaid enrollees. The proposed amendments to N.J.A.C. 9A:16-1.2 revise the definition of "Approved site" to incorporate the statutory requirements.

Section one of the Act revises the definition of "Eligible qualifying loan expenses" to delete the word "undergraduate." The term is now defined to mean the "cumulative outstanding balance of student loans covering the cost of attendance at an institution of medical, dental , or other primary care professional education at the time an applicant is selected for the program…" and the interest on such loans. The proposed amendments to N.J.A.C. 9A:16-1.2 revise the definition of "Eligible qualifying loan expenses, " and "Primary care practitioner," to reflect the statutory amendment. Additionally, the proposed amendments to N.J.A.C. 16:1-2 reflect the statutory amendment by replacing the defined term, "Undergraduate medical, dental, or other primary care professional education" with "Medical, dental, or other primary care professional education."

Further, proposed amendments to N.J.A.C. 9A:16-1.2 revise the definitions of "Executive Director" and "Total and permanent disability" to make all references to "executive director" gender neutral.

The proposed amendment to N.J.A.C. 9A:16-1.2 revises the definition of "State designated medically underserved area" to reflect the statutory changes to the term in Section 1 of the Act.

The proposed amendments to 9A:16-2.1 6.(ii) articulate the current policy requirements for participants to meet minimum annual productivity standards to remain in the Program.

Section 11 of the Act revises the priority measures that the Executive Director shall use to select applicants if there are insufficient funds or approved sites to select all applicants who meet the eligibility criteria. The proposed amendments to N.J.A.C. 9A:16-2.2(c) implement these measures. The proposed amendments to N.J.A.C. 9A:16-2.2(d) implement the Section 10 of the Act which require the Executive Director, in consultation with the Commissioner, to assist eligible applicants in identifying an approved site, instead of matching eligible applicants with approved sites. The proposed amendment also implements the statutory requirement that an applicant may identify a proposed site for designation as an approved site, provided that the site meets the definition of an approved site.

Recommendation

It is recommended that the Board approve Resolution 20:26 Approving the Proposed Amendments to the Regulations Governing the Primary Care Practitioner Loan Redemption Program so that the proposed amendments can be published in the New Jersey Register.

Attachments

RESOLUTION 20:26
APPROVING THE PROPOSED AMENDMENTS TO THE REGULATIONS GOVERNING THE PRIMARY CARE PRACTIONER LOAN REDEMPTION PROGRAM

Moved by: Angela Bethea
Seconded by: Erin Bolger Elizabeth

WHEREAS: On January 20, 2026, Governor Murphy signed P.L. 2025, c. 345 (Act); and

WHEREAS: The Act extends eligibility, and makes various other changes to Primary Care Practitioner Loan Redemption Program, including changing the name to Health Care Professionals Loan Redemption Program (Program); and

WHEREAS: The Act provides that the Higher Education Student Assistance Authority shall adopt rules necessary for the administration of the Act.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the proposed amendments to the regulations governing the Primary Care Practitioner Loan Redemption Program so that the proposed amendments can be published in the New Jersey Register.

October 21, 2026

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

CHAPTER 16. [PRIMARY CARE PRACTITIONER] **HEALTH CARE PROFESSIONAL** LOAN REDEMPTION PROGRAM
SUBCHAPTER 1. GENERAL PROVISIONS

9A:16-1.1 Purpose and scope

The purpose of this chapter is to prescribe rules and procedures for the [Primary Care Practitioner] **Health Care Professional** Loan Redemption Program which is intended to promote access to primary care services in medically underserved areas of the State by improving the distribution of primary care health personnel. This program provides for the redemption of eligible student loan expenses of its participants in exchange for a specified period of service in such medically underserved areas.

9A:16-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meaning unless the context clearly indicates otherwise.

"Approved site" means a site located within a State-designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the Rutgers School of Dental Medicine of the Rutgers Biomedical and Health Sciences, or a site that has been determined by the Higher Education Student Assistance Authority, in consultation with the Department of Health, to serve medically underserved populations according to criteria determined by the Authority, including:

1.-2. (No change.)
3. **Unless they provide services free of charge, [**Sites] **sites** must [accept] **participate in the** Medicare, **and** Medicaid **programs. Sites are not required to participate in more than one Medicaid managed care organization** [Medicaid Managed Care plans, unless they provide services free of charge];
4. (No change.)
5. Sites must demonstrate that they provide services to an underserved population based on the percentage of medically underserved patients served in the county;
i. in a county in which less than 30 percent of the population are Medicaid enrollees, the site must serve medically underserved populations at a rate equal to or greater than the percentage of residents of the county who are Medicaid enrollees; and
ii. in a county in which 30 percent or more of the population are Medicaid enrollees, the site must serve medically underserved populations at a rate equal to or greater than 80 percent of the percentage of residents of the county who are Medicaid enrollees; and
6. (No change.)

…

“Eligible qualifying loan expenses” means qualifying student loans, including interest paid or due on such loans, that a program participant has obtained to cover his or her cost of attendance at an institution of [undergraduate] medical, dental, or other primary care professional education.

“Executive Director” means the Executive Director of the Higher Education Student Assistance Authority or [his or her] **a** designee.

…

“Medical, dental, or other primary care professional education” means the period of time between entry into medical school, dental school, or other primary care or medical professional training program and the award of a degree in allopathic or osteopathic medicine, dentistry, or another primary care profession, respectively.

...

"Primary care practitioner" means a New Jersey State-licensed or certified health care professional who has obtained a degree in allopathic or osteopathic medicine, dentistry, or another primary care profession at an [undergraduate] institution of medical, dental, or other primary care professional education, as applicable.

"Program" means the [Primary Care Practitioner] **Health Care Professional** Loan Redemption Program established pursuant to N.J.S.A. 18A:71C-33.

"Program participant" means a [primary care] practitioner who contracts with the authority to engage in the clinical practice of primary care**, psychiatry or other qualifying health care field** at an approved site in exchange for the redemption of eligible qualifying loan expenses provided under the program.

…

"State designated **medically** underserved area" means a geographic area in this State which has been ranked by the Commissioner of Health**, in consultation with the Commissioner of Human Services,** on the basis of health status and economic indicators as reflecting a health professional shortage pursuant to the criteria established in N.J.S.A. 18A:71C-35**, or a municipality with a medically underserved population designation reflecting health status and economic indicators as determined by the United States Health Resources and Services Administration**.

"Total and permanent disability" means a physical or mental disability that is expected to continue indefinitely or result in death and renders a participant in the program unable to perform the person's service obligation, as determined by the Executive Director or [his or her] **a** designee.

["Undergraduate medical, dental, or other professional primary care professional education" means the period of time between entry into medical school, dental school, or other primary care professional training program and the award of a degree in allopathic or osteopathic medicine, dentistry, or another primary care profession, respectively.]

SUBCHAPTER 2. PROGRAM REQUIREMENTS

9A:16-2.1 Eligibility

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

1. – 5. (No change.)

6. Adhere to the following performance standards:

i. (No change.)

ii. Report to the Authority, on the form provided by the Authority, on the program participant's performance of services rendered at an approved site**, as well as the program participant's ability to meet the minimum annual productivity standards, as defined by the Commissioner and posted on the Authority's website,** prior to the repayment of the annual amount of eligible redemption; and

iii. (No change.)

9A:16-2.2 Application and selection procedures

(a) – (b) (No change.)

(c) In the event that there are insufficient funds or approved sites to select all of the applicants who meet the eligibility criteria, the Executive Director shall accord priority to applicants in the following manner:

1. First, to any applicant who [is completing a fourth, third or second year of a loan redemption contract] **is employed by or has an offer of employment at an approved site**;

2. Second, to any applicant according to the severity of the [physician dentist, or other primary] **health** care provider shortage in the area selected by the applicants as ranked by the Commissioner pursuant to the criteria established in N.J.S.A. 18A:71C-35;

3. Third, to any applicant whose residence in the State at [the time of entry into postsecondary education] **any time prior to initiating an application** was within a State designated underserved area, as determined at the time of the applicant's entry into postsecondary education; and

4. **Fourth, to any applicant whose approved site is a community-based ambulatory healthcare practice, which includes practices operated by a private entity that provides comprehensive pediatric care, behavioral health care, preventative care, or primary care health services;**

5. Fifth, to any applicant whose approved site is a hospital-affiliated practice or clinic that provides comprehensive pediatric care, behavioral health care, preventative care, or primary care services;

6. Sixth, to any applicant who graduated from a high school or institution of higher education in the State, or completed a medical residency in the State; and

7. (No change in text.)

(d) The Executive Director, in consultation with the Commissioner, shall [match] **assist** eligible applicants [to State-designated underserved areas] **in identifying an approved site. An applicant may identify a proposed site for designation as an approved site, provided that the site meets the definition of an approved site**. If an applicant is the owner of the approved site at which the applicant requests to be placed, the site must have operated for a minimum of two years prior to the program participant's application for the program.

(e) – (h) (No change.)

9A:16-2.3 Terms of contract and loan redemption

(a) (No change.)

(b) Total maximum loan redemption under the program shall be the amount of each participant's eligible qualifying loan expenses up to, but in no event exceeding, [$120,000] **$200,000**, or the maximum amount authorized by the Federal government, whichever is greater either in State funds or the sum of Federal, State, and other non-Federal funds pursuant to section 338I of the Public Health Service Act (42 U.S.C. § 254q-1), whichever is applicable. A participant who enters a contract to fulfill service in a State designated underserved area that is also a Federal Health Professional Shortage Area shall be permitted a total redemption of eligible qualifying loan expenses for four years of service up to, but not to exceed, the sum of Federal, State and other non-Federal matching funds provided pursuant to section 338I of the Public Health Service Act (42 U.S.C. § 254q-1). A participant who enters a contract to fulfill service in a State designated underserved area that is not also a Federal Health Professional Shortage Area shall be permitted a total redemption of eligible qualifying loan expenses for four years of service up to, but not to exceed, [$120,000] **$200,000**, or the maximum amount authorized by the Federal government, whichever is greater, in State funds.

(c) – (e) (No change.)

(f) If the program participant's total loan amounts equal less than [$120,000] **$200,000**, or the maximum amount authorized by the Federal government, whichever is greater, a prorated amount of interest costs for the loan will be added to each annual payment. Other than the prorated interest costs, loan repayments cannot exceed the outstanding balance on qualifying educational loans at the time of payment.

MIKIE SHERRILL
Governor

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

JERRY TRAINO
Acting Executive Director

M E M O R A N D U M

TO: Members, Higher Education Student Assistance Authority

THROUGH: Jerry Traino
Acting Executive Director

FROM: Christine Paldino
Senior Investigator, Servicing & Collections

SUBJECT: Resolution 21:26 Appointing Special Counsel to a List of Attorneys to Assign Educational Receivables Files

DATE: October 21, 2026

Background

On August 17, 2026, the Higher Education Student Assistance Authority (HESAA) issued a Request for Qualifications (RFQ) seeking proposals from qualified law firms to create a list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection. Additionally, the firms on the list will represent HESAA in contesting the dischargeability of a debtor from bankruptcy, in Administrative Wage Garnishment hearings, and in collection-related appellate work. The term of the appointment for the placement of new files will be two years.

HESAA emailed the RFQ to the law firms currently providing these services for HESAA and other entities that reached out to HESAA, and posted the RFQ on HESAA's website.

HESAA received proposals from four law firms, all of which currently provide collection services for HESAA. They are: Fein, Such, Kahn &Shepard, P.C.; The Grogan Law Group, LLC; Portnoy, Schneck, LLC; and Ratchford Law Group, P.C.

Selection Process

An evaluation committee made up of HESAA's Chief Compliance Officer, Assistant Controller, Associate Director of Servicing & Collections, and Servicing & Collections Senior Investigator met and reviewed each of the responsive proposals.

The selection criteria for reviewing Collection Counsel proposals were as follows:

- Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and administrative hearings and appellate work;
- The firm's recovery performance/average time it takes the firm to liquidate debt;
- Resources of the firm;
- Approach to, and effective results of, settlements with borrowers;
- Timely and accurate reporting;
- Approach to communication with HESAA/responsiveness to HESAA directives and other initiatives; and
- HESAA's previous experience with the firm and/or attorneys (if applicable).

Based on the reviews of the evaluation committee, the proposals submitted by all four of the firms were satisfactory in meeting the evaluation criteria. HESAA currently engages all of these firms and has been satisfied with their performance. Therefore, the evaluation committee recommends that the Board approve the appointment of all four firms to the list of outside counsel to which HESAA can assign defaulted student loans and other educational receivables for collection for a two-year term. Specific comments about each firm can be found on the attached Evaluation Score Sheets.

HESAA staff will assign files to the firms based on the following criteria, as was specified in the RFQ:

- The background, qualifications, skills, and experience of the firm and its staff with specific reference to educational receivables collections practice;
- The firm's degree of expertise in all facets of providing legal services relating to educational receivables collections;
- The Authority's prior experiences with the firm, if applicable;
- The firm's recovery performance;
- The average time it takes the firm to liquidate debt;
- The firm's handling of customer service issues;
- The firm's familiarity with the work, requirements, and systems of New Jersey State Authorities and those of the Higher Education Student Assistance Authority; and
- Geographical location of the firm's office.

Recommendation

It is recommended that the Board approve Resolution 21:26 Appointing Fein, Such, Kahn & Shepard, P.C.; The Grogan Law Group, LLC; Portnoy, Schneck, LLC; and Ratchford Law Group, P.C. to a List of Attorneys to Assign Educational Receivables Files for a two-year term.

Attachments

RESOLUTION 21:26

APPOINTING SPECIAL COUNSEL TO A LIST OF ATTORNEYS TO ASSIGN EDUCATIONAL RECEIVABLES FILES

Moved by: Maritza Davila
Seconded by: Robert Joyce

WHEREAS: On August 17, 2026, the Higher Education Student Assistance Authority (HESAA) issued a Request for Qualifications (RFQ) seeking proposals from qualified law firms to create a list to which HESAA can assign defaulted student loans and other educational receivables for collection; and

WHEREAS: Four law firms provided proposals in response to the RFQ; and

WHEREAS: An evaluation committee made up of HESAA's Chief Compliance Officer, Assistant Controller, Associate Director of Servicing & Collections, and Servicing & Collections Senior Investigator met and reviewed each of the proposals; and

WHEREAS: All four proposals submitted in response to the RFQ were found by the evaluation committee to have satisfactorily met the evaluation criteria to be on the list of attorneys to which HESAA assigns educational receivable files.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board hereby appoints Fein, Such, Kahn & Shephard, P.C.; The Grogan Law Group LLC; Portnoy, Schneck, LLC; and Ratchford Law Group, P.C. as Special Counsel to be placed on a List of Attorneys to Assign Educational Receivables Files for a two-year term.

October 21, 2026

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER Fein, Such, Kahn & Shepard, P.C.	DATE 09/30/2026

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Fein, Such, Kahn & Shepard P.C. (FSKS) is a large firm with extensive resources and a strong reputation. When working with FSKS, HESAA has not experienced any audit issues. However, HESAA finds that the firm's communication could improve as well as its approach to settlements as the firm relies on HESAA, as the client, to complete tasks that should be completed by FSKS, as a contractor.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	Score 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	7	8	7	7	15	435
The firm’s recovery performance/average time it takes the firm to liquidate debt	5	6	7	7	15	375
Resources of the firm	6	6	8	8	15	420
Approach to, and effective results of, settlements with borrowers	6	5	5	5	15	315
Timely and accurate reporting	4	5	5	5	15	285
Approach to communication with HESAA/responsiveness to HESAA directives and other initiatives	7	7	7	6	15	405
Past experience of HESAA with the firm and/or attorneys (if applicable)	7	8	7	6	10	280
Total	42	45	46	44	100	2515

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER The Grogan Law Group, LLC	DATE 09/30/2026

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Grogan Law Group has proven to be very workable, consistent, and pro-active. The firm's RFP illustrates a significant amount of experience (over 15 years) as well as weekly compliance meetings and annual compliance training. HESAA has never encountered a serious issue when working with Grogan Law Group, though would like to see the firm's financial reporting to be more prompt.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	8	9	7	7	15	465
The firm's recovery performance/average time it takes the firm to liquidate debt	7	8	6	7	15	420
Resources of the firm	9	7	7	7	15	450
Approach to, and effective results of, settlements with borrowers	8	8	5	8	15	435
Timely and accurate reporting	9	9	6	8	15	480
Approach to communication with HESAA/responsiveness to HESAA directives and other initiatives	8	9	7	8	15	480
Past experience of HESAA with the firm and/or attorneys (if applicable)	7	9	7	8	10	310
Total	56	59	45	53	100	3040

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER Portnoy, Schneck, L.L.C.	DATE 09/30/2026

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Portnoy, Schneck, LLC has a long, successful history with HESAA and has proven to be very easy to work with. The attorneys are quite responsive. The firm is self-sufficient and its work consistent, with its documentation requiring very little correction from HESAA. However, while attorney correspondance is quick, balance breakdowns are slower than what HESAA would like.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	7	9	7	7	15	450
The firm's recovery performance/average time it takes the firm to liquidate debt	7	8	6	7	15	420
Resources of the firm	6	8	7	7	15	420
Approach to, and effective results of, settlements with borrowers	5	7	5	8	15	375
Timely and accurate reporting	7	7	7	7	15	420
Approach to communication with HESAA/responsiveness to HESAA directives and other initiatives	7	7	7	8	15	435
Past experience of HESAA with the firm and/or attorneys (if applicable)	8	9	7	8	10	320
Total	47	55	46	52	100	2840

EVALUATION SCORE SHEET	HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (Special Counsel: Student Loan Collections)
BIDDER Ratchford Law Group, P.C.	DATE 09/30/2026

SUMMARY OF EVALUATION TEAM'S COMMENTS:

Ratchford Law has a large out-of-state network and is able to handle more complex cases. The firm is very experienced in working with higher education loans. It is also eager to learn and regularly holds classroom training for its staff. However, HESAA would like to see the accuracy in its reporting improve. Additionally, since its attorneys are in a different location than its staff, HESAA would like to see better communication between the two so that paid-in-full memos contain less errors. Communicatin with HESAA needs improvement as HESAA does not always get notified of bankruptcies.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	SCORE 4	WEIGHT	TOTAL
Knowledge and experience of firm and attorneys in educational receivables, collections, bankruptcy, and Administrative hearings and appellate work	8	8	7	8	15	465
The firm's recovery performance/average time it takes the firm to liquidate debt	6	6	7	7	15	390
Resources of the firm	7	7	6	8	15	420
Approach to, and effective results of, settlements with borrowers	6	8	5	8	15	405
Timely and accurate reporting	6	4	3	6	15	285
Approach to communication with HESAA/responsiveness to HESAA directives and other initiatives	7	6	4	7	15	360
Past experience of HESAA with the firm and/or attorneys (if applicable)	7	8	5	7	10	270
Total	47	47	37	51	100	2595

Firm	Score
Fein, Such, Kahn & Shepard, P.C.	2515
The Grogan Law Group, LLC	3040
Portnoy Schneck, L.L.C.	2840
Ratchford Law Group, P.C.	2595

MIKIE SHERRILL
Governor

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

JERRY TRAINO
Acting Executive Director

M E M O R A N D U M

TO: Members, Higher Education Student Assistance Authority

THROUGH: Jerry Traino
Acting Executive Director

FROM: David Moffett
Assistant Controller

SUBJECT: Resolution 22:26 Approving the 1st Extension of the Contract with Social Finance, Program Manager for Pay It Forward Program

DATE: October 21, 2026

Introduction

The Higher Education Student Assistance Authority (HESAA) worked with Governor Murphy's office and an interagency team from the Division of Consumer Affairs (DCA), the Department of Banking and Insurance (DOBI), the Department of Labor and Workforce Development (DOL), the Economic Development Authority (EDA), and the Office of the Secretary of Higher Education (OSHE) to develop the New Jersey Pay It Forward Program. The Pay It Forward Program provides zero-interest loans for participants to enroll in high-quality job training, especially those who may not have the savings to pay for training or the credit history for a loan. Participants may also receive living stipends and supportive services including access to one-time financial assistance and mental health counseling to help them while enrolled in the program.

After successfully exiting training, participants only repay their loan if they secure employment with wages that meet a minimum income threshold as determined based on the median income level for professionals in their field. Participants who do not find employment at this wage level have no repayment obligation.to pay. Loan repayments

are calculated at 10% of their discretionary income for up to five years. All loan repayments are recycled back into the program fund to support future learners.

Background

On June 4, 2021 HESAA issued a Request for Proposals (RFP) seeking proposals from organizations interested in serving as Program Manager to help develop and implement the Pay It Forward Program. The RFP specified that the Program Manager's duties included: creating and administering the Pay It Forward Fund to finance the Program; designating the selected training providers; recruiting the participants; administering the stipends and wraparound services; and administering the Pay It Forward loans.

At its July 21, 2021 meeting the Board appointed Social Finance as program manager to originate Pay It Forward Loans for five years, with an option to extend the origination period for up to two successive terms to originate Pay It Forward Loans for an additional five years per term, with the contract extending until all Pay It Forward Loans issued during each five-year origination period have been paid in full or forgiven.

During the first five years of the program Social Finance successfully assisted the State in creating this innovative program by creating and administering the Pay It Forward Fund to finance the Program; designating the selected training providers; recruiting the participants; administering the stipends and wraparound services; and administering the Pay It Forward loans.

The program is currently available in five high-demand career fields including nursing, radiography, radiological technology, healthcare services, HVAC and welding at multiple institutions of higher education throughout the Garden State. Since its inception, Pay It Forward has committed nearly $ 5 million toward zero-interest loans to support over 630 participants. To date 378 Pay It Forward participants have successfully completed the program.

Recommendation

Based on the initial successful term, it is recommended that the Board approve the attached Resolution 22:26 approving the first extension of the contract with Social Finance as the Program Manager for the Pay It Forward Program to originate Pay It Forward Loans for an additional five-year term, with the contract extending until all Pay It Forward Loans issued during each five-year origination period have been paid in full or forgiven.

Attachment

RESOLUTION 22:26
APPROVING THE 1ST EXTENSION OF THE CONTRACT
WITH SOCIAL FINANCE
PROGRAM MANAGER FOR PAY IT FORWARD PROGRAM

Moved by: Robert Joyce
Seconded by: Scott Salmon

WHEREAS: On June 4, 2021, HESAA issued a Request for Proposals (RFP) seeking proposals from organizations interested in serving as Program Manager to help develop and implement the Pay It Forward Program; and

WHEREAS: The Program Manager's duties included: creating and administering the Pay It Forward Fund to finance the Program; designating the selected training providers; recruiting the participants; administering the stipends and wraparound services; and administering the Pay It Forward loans; and

WHEREAS: At its July 21, 2021 meeting the Board appointed Social Finance as program manager to originate Pay It Forward Loans for five years, with an option to extend the origination period for up to two successive terms to originate Pay It Forward Loans for an additional five years per term, with the contract extending until all Pay It Forward Loans issued during each five-year origination period have been paid in full or forgiven; and

WHEREAS: During the first five years of the program Social Finance successfully assisted the State in creating this innovative program by creating and administering the Pay It Forward Fund to finance the Program; designating the selected training providers; recruiting the participants; administering the stipends and wraparound services; and administering the Pay It Forward loans.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the first extension of the contract with Social Finance as the Program Manager for the Pay It Forward Program to originate Pay It Forward Loans for an additional five-year term, with the contract extending until all Pay It Forward Loans issued during each five-year origination period have been paid in full or forgiven.

October 21, 2026