

# HESAA'S TOMORROW HERE TODAY



HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

## 2015 ANNUAL REPORT



## **Mission**

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



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## Message from the Board Chairman Anthony J. Falcone, CPA

I have now had the privilege of serving as the Board Chairman of the Higher Education Student Assistance Authority (HESAA) for three years, yet I continue to marvel at the organization's ingenuity and conscientiousness, especially when it comes to resource allocation and efficiency. HESAA's primary focus is making a postsecondary education accessible and affordable for students and families, and our dedicated employees are committed to this important objective. Even when implementing innovative forms of technology, HESAA never loses sight of our critical mission.

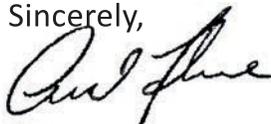
The theme of this year's annual report is "HESAA's Tomorrow, Here Today," highlighting the Authority's continued investment in technology. Across all industries and organizations, there is a push to modernize and remain on the cutting edge with respect to technology. We invest in technology as a means to foster even better service to students, families, and educational institutions. As you will see in our report, HESAA exercises prudence and sound judgement when selecting each new form of technology.

In 2015, HESAA contracted for a new grants and scholarships system, upgraded to electronic student eligibility notices, and began integration of a state-of-the-art phone system. Additionally, an ever increasing number of students and families voluntarily depend upon NJCLASS's online bill presentment system. In this report, you will read about each of these initiatives, as well as other exciting changes, such as HESAA's move to new office space.

All of us involved with HESAA are very proud of the organization's hard work administering TAG, NJ STARS/NJ STARS II, the Governor's Urban Scholarship Program, NJ-GIVS, NJCLASS, and NJBEST college savings. We are also thrilled with HESAA's ongoing dedication to outreach and financial literacy. It is my hope that this report gives you insight into how HESAA administers these programs seamlessly, while operating within our no-frills budget.

Thank you very much for taking the time to read our report. On behalf of the Board, I would like to express our gratitude to the Executive Director and employees of HESAA for another year of resourcefulness, creativity, and excellence. Of course, I also thank the Governor and the people of the State of New Jersey for their continued recognition of the critical importance of HESAA's programs and initiatives.

Sincerely,



Anthony J. Falcone, CPA  
Board Chairman



## Message from the Executive Director Gabrielle Charette, Esq.

The iconic newspaper publisher Joseph Pulitzer once said, “Put it before them briefly so they will read it, clearly so they will appreciate it, picturesquely so they will remember it and, above all, accurately so they will be guided by its light.”

That is what we tried to do with HESAA’s 2015 Annual Report. Throughout this report you will find brief but detailed synopses of the programs we administer and the initiatives we embarked on during 2015. Pictures of students and staff grace the pages that follow because, while 2015 was a year for technology investments, those investments were made for the sole purpose of improving the human experience.

Although a busy and productive year on a number of fronts, two accomplishments in particular stand out for me. The first is the collection of graduation rates of Tuition Aid Grant (TAG) recipients. The TAG program is New Jersey’s premier need-based aid program, but this is the first time in its 37-year history that the State is collecting the graduation rates of TAG students. The second accomplishment is the procurement of a new grants and scholarships system. HESAA’s current system was purchased in 1981 and was desperately in need of replacement. Once fully implemented, our new system will allow us to serve students, families and institutions of higher education more efficiently and cost effectively.

Finally, as you read this report and note the many achievements that occurred during 2015, please know these achievements will not allow us leave to rest but will be the “light” that will propel us to tackle new challenges in 2016. Our work is not done here.

Thank you for your ongoing support of HESAA’s mission.

Sincerely,



Gabrielle Charette, Esq.  
Executive Director

Board Members  
As of December 31, 2015

## Executive Committee

Chairperson  
Anthony J. Falcone  
Public Member

Vice Chairperson  
Christy Van Horn  
Public Member

Secretary-Treasurer  
Gabrielle Charette, Esq.  
Executive Director  
Ex-Officio

Ford M. Scudder  
Acting State Treasurer  
Ex-Officio  
Treasurer's Designee  
Christopher McDonough

James P. Allen, C.F.E.  
Public Member

Dr. Jon Larson  
Representative  
County Colleges

## Members

Michael L. Braden, S.J.  
Representative  
Independent Institutions  
of Higher Education

George Garcia, Esq.  
Public Member

Rochelle Hendricks  
Secretary of Higher  
Education  
Secretary's Designee  
Audrey Bennerson

Vacant  
Representative  
State Colleges

Bader Qarmout  
Representative  
Educational Opportunity Fund  
Ex-Officio

Shyam Sharma\*  
Vice Chair  
Student Advisory Committee

Jean McDonald Rash  
Representative  
Rutgers University

Luis Padilla  
Chair  
Student Advisory Committee

Maria Torres  
Public Member

**\*Member as of July 2015**



**Dr. Jon Larson, President of Ocean County College, serves on the HESAA Board as the sector's representative. He is also the longest serving President of Ocean County College.**

New Jersey Advisory Committee on Student Aid  
2014-2015

## Members

County College Sector  
Karyn Arnold  
Associate Director  
of Financial Aid  
Brookdale Community College

EOF  
Ruben Melendez  
Director of EOF  
Union County College

Graduate Representative  
Cheryl White  
Campus Director  
Student Financial Aid  
Rutgers University - Newark

Independent Sector  
Susan Gross  
Director of Financial Aid  
Stevens Institute of Technology

NJASFAA Representative  
Rabbi Gedalya Green  
Associate Director of  
Financial Aid  
Beth Medrash Govoha

N.J. Bursars Association  
Representative  
Mary Ellen Lister  
Student Accounts Coordinator  
Rowan College at Burlington  
County

NJIT  
Ivon Nunez  
Director of Student Financial  
Aid Services  
New Jersey Institute  
of Technology

Non-Traditional Sector  
Al Cama  
Director of Student Finance  
DeVry University

Rutgers Representative  
Eo Hunt  
Deputy Director of Financial Aid  
Rutgers University -  
New Brunswick

State College Sector  
Jim Anderson  
Director of Financial Aid  
Montclair State University

### **NJACSA Committee members meet at HESAA headquarters. (left to right)**

**Front row: Jim Anderson, Susan  
Gross, Karyn Arnold, and  
AnnMarie Bouse.**

**Top row: Ruben Melendez,  
Rabbi Gedalya Green, Al Cama,  
Cheryl White, and Steven Harrel.**



New Jersey Advisory Committee on Student Aid  
2014-2015



**Rabbi Gedalya Green is a member of NJACSA and Associate Director of Financial Aid at Beth Medrash Govoha.**

*“HESAA’s mission of making higher education accessible to the students of New Jersey is its guiding principle. They are always looking out for better ways to assist students. As the NJASFAA representative on the NJ Advisory Committee on Student Aid, I see firsthand how HESAA’s caring and devoted staff, under the guidance of Gabrielle Charette, wants to engage, assist, and learn from colleges from all sectors on how to best serve the students of New Jersey. Above all, HESAA never loses sight that by helping a student they are giving that student a chance at a brighter future.”*

~ Rabbi Gedalya Green



## Student Advisory Committee Academic Year 2014-2015

### Committee Chairs

Chair  
Luis Padilla  
Union County College

Vice Chair  
Kathleen Flynn  
Caldwell University

### Members

Tiffany West  
Fairleigh Dickinson University

Vanessa Gonzalez  
New Jersey City University

Brielle Lord  
Stockton University

Robert Elliott  
Rutgers University - New Brunswick

Emily Delgado  
Montclair State University

Mohammad M. Aziza  
New Jersey Institute of Technology

Gema Mendoza  
Rutgers University - Newark

Michelle Perez  
Saint Peter's University

## Student Advisory Committee Academic Year 2015-2016

### Committee Chairs

Chair  
Luis Padilla  
New Jersey City University

Vice Chair  
Shyam Sharma  
Caldwell University

### Members

Dana Yangello  
Salem Community College

Josef Weikl  
Ramapo College of New Jersey

Jessica Rediger  
College of Saint Elizabeth

Edna Antwi  
Rutgers University - New Brunswick

Patience Clinton  
Rowan College at Burlington County

Cristian Moreno-Rodriguez  
Stockton University

Vacant  
New Jersey Institute of Technology

Aaron Yangello  
Rowan University

Justina Olivo  
DeVry University

Nicholas Nowoslawski  
Rutgers University - New Brunswick



## GRANTS AND SCHOLARSHIPS

### Tuition Aid Grant

The National Association of State Student Grant and Aid Programs (NASSGAP) has consistently ranked New Jersey’s premier need-based Tuition Aid Grant (TAG) program as one of the most generous in the nation.

TAG was in demand during the 2014-2015 academic year. HESAA received 544,000 applications for aid and made 73,347 awards.

New Jersey’s investment in this important program has made the dream of higher education a reality for over two million low and moderate-income students. The Pell Institute for the Study of Opportunity in Higher Education published a report in 2013 about college participation rates for students from low-income families between the years 1993 and 2012. The report looked at all 50 states plus the District of Columbia. Only four jurisdictions had college participation rates above 50% for low-income students. The first was New Hampshire, followed by New Jersey, New York, and Massachusetts.

#### Maximum TAG Awards for AY 2014-2015

County College	\$2,590
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State College	\$6,856
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Public Research	\$10,614
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Non-Public	\$12,016
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#### Maximum Part-Time TAG for County Colleges

Half-Time	\$647
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Three-Quarter Time	\$971
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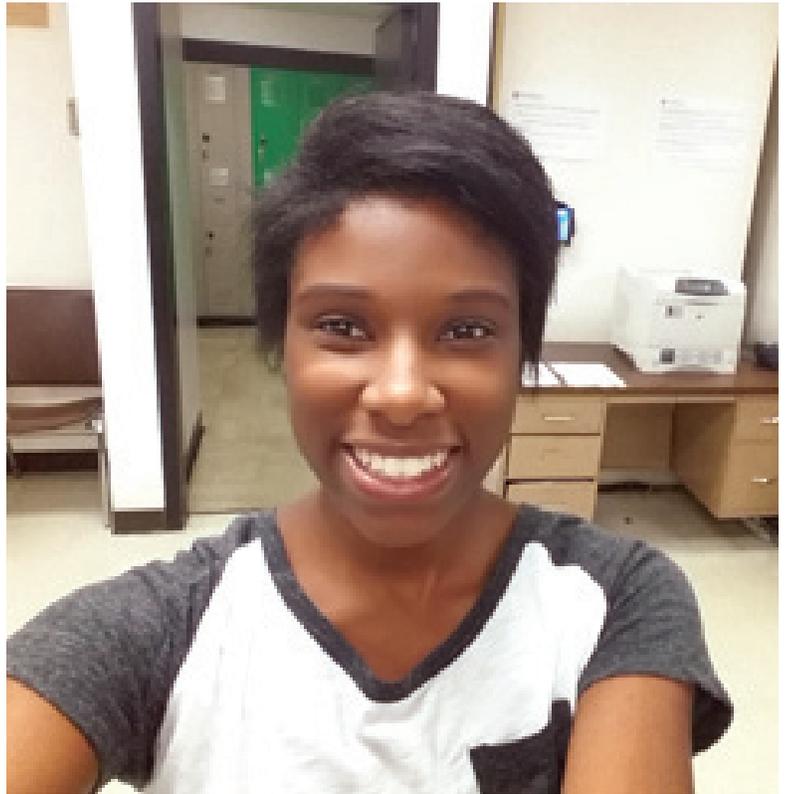
## GRANTS AND SCHOLARSHIPS

### Tuition Aid Grant

Kadira Johnson was a freshman at Saint Peter's University during academic year 2014-2015. A Tuition Aid Grant recipient, Kadira participated in HESAA's "Real Money 101" workshop on Time Management skills.

***"TAG has helped me to pay for my education, and the presentation on Time Management has helped me learn more on how to manage my time more efficiently."***

**~ Kadira Johnson, TAG student at Saint Peter's University**



**Kadira Johnson expresses her appreciation for TAG and HESAA's counseling.**



## GRANTS AND SCHOLARSHIPS

### **Part-Time TAG for County Colleges**

The Part-Time TAG for County Colleges program allows students who attend a New Jersey county college and demonstrate financial need to receive a grant. Students must be enrolled for at least six, but no more than 11 credits. The amount of an individual award varies based upon the student's need, the cost of tuition, and available funding.

### **Part-Time TAG for Educational Opportunity Fund (EOF) Students**

The Part-Time TAG for EOF Students program provides prorated TAG awards to eligible EOF students who have been counseled by institutional EOF staff to attend college part-time to address personal, financial, and/or academic concerns that impede their ability to pursue a full-time course of study. This program is open to students enrolled for at least six credits, but no more than 11 credits, at two and four-year institutions approved by the EOF Board to award part-time EOF grants.

### **New Jersey Governor's Industry Vocations Scholarship (NJ-GIVS)**

In the summer of 2013, Governor Christie announced the creation of NJ-GIVS to assist individuals interested in pursuing a career in construction trades.

NJ-GIVS is administered by HESAA and funded by the Schools Development Authority (SDA). The award benefits women and minority students pursuing a certificate or degree program in a construction related field. NJ-GIVS pays up to \$2,000 per year for the cost of enrollment in an eligible program at one of New Jersey's community colleges or county vocational/technical schools. The scholarship can be renewed for one year.

## GRANTS AND SCHOLARSHIPS

### Governor's Urban Scholarship

Created in 2012, this merit-based award contributes up to \$1,000 annually for students ranked within the top five percent of their high school class and who have a minimum GPA of 3.0 at the end of their junior year. The award is renewable for up to four years and provides students with a persistency bonus in their last semester before degree completion. To be eligible for this award, students must attend a TAG participating institution and must reside, but not necessarily attend high school, in one of the following communities:

- Asbury Park
- City of Camden
- East Orange
- Irvington
- Jersey City
- Lakewood
- Millville
- Newark
- New Brunswick
- Paterson
- Plainfield
- Roselle
- Trenton
- Vineland



**Gira Grullon is a Governor's Urban Scholarship recipient at Saint Peter's University.**

## GRANTS AND SCHOLARSHIPS

### NJ STARS and NJ STARS II

Created in 2004, the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) is a merit program providing New Jersey students ranking in the top 15.0% of their high school junior or senior year class with a scholarship to attend the community college in their county of residence free of tuition charges.

The success of NJ STARS prompted the creation of the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) program. NJ STARS II provides successful NJ STARS scholars with a \$2,500 award to continue their undergraduate studies at a four-year public or private institution of higher education in New Jersey.



***“Learning about NJ STARS made me want to work hard and accomplish my hopes and dreams. Ever since I could remember, I wanted to attend The College of New Jersey to become a mathematics teacher. I am thrilled to say that I will be transferring there in the fall, and I could not have done it without NJ STARS.”***

**~ Kelsey Mancuso**

**Kelsey Mancuso was an NJ STARS student at Mercer County Community College and graduated in May 2015. She is now attending The College of New Jersey where she is studying to become a mathematics teacher.**

## STUDENT LOANS

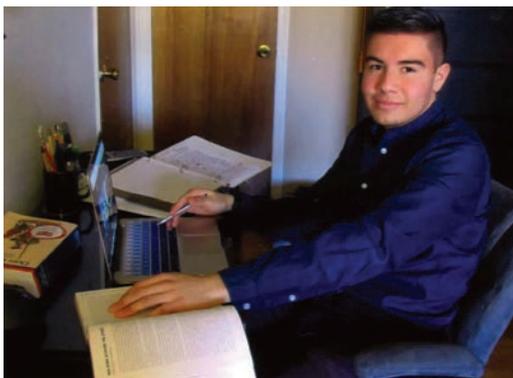
### NJCLASS

In 2015, the Authority successfully negotiated the sale of \$180 million in tax exempt bonds to fund the NJCLASS Loan Program for the 2015-2016 academic cycle and succeeded in procuring lower interest rates on all of the fixed rate loan products. The initial interest rate on the 10-year fixed rate option fell from 5.99% to 4.99%, while the initial interest rate for the 15-year repayment term fell from 6.95% to 6.20%. The initial interest rate for the deferred repayment option with a 20-year term also decreased to 7.85% from an 8.40% rate in 2014. Through these more competitive interest rates on its NJCLASS loan products, the Authority provides students and families with more affordable options for meeting the cost of a higher education.

From June through October 2015, HESAA approved over \$147 million in loans, excluding NJCLASS consolidation loan volume, with over \$9.6 million still in processing for AY 2015-2016.

HESAA continues to offer the 10-year variable rate repayment option with monthly principal and interest payments. This option allows many families to take advantage of no origination fee and an interest rate based on the three-month LIBOR rate plus a 4.25% margin, with an interest rate cap of 9.50%. As of November 1, 2015, the variable rate loan provides a 4.58% interest rate.

From January through November 2015, HESAA responded to forty complaints registered by NJCLASS borrowers through the federal government's Consumer Financial Protection Bureau's private student loan portal. The number of complaints received in 2015 increased slightly over the number filed in 2014 and is evidence of the growing awareness and ongoing discussions nationwide about student loan indebtedness. While the NJCLASS program parameters do not permit the income-based repayment options available under the federal Stafford and Graduate PLUS student loan programs, HESAA continues to respond to all inquiries providing detailed summaries of the servicing of the loans and offering suggestions to borrowers to address student loan debt, loan consolidation, and repayment responsibility. HESAA continues to take an active role in counseling borrowers about student loan debt and being proactive in managing their loans to avoid default.



**Jose Vargas-Torres wrote to HESAA to compliment the NJCLASS loan program.**

***“It was easy to apply and Claudia Willingham [HESAA Supervisor] showed us the way, giving us advice to obtain the best benefit plan, amounts, and interest rates appropriate to our expectations and budget.”***

**~ Jose Vargas-Torres, a freshman at Rider University during academic year 2014-2015**



## STUDENT LOANS

### FFELP Loans

In September 2015, the U.S. Department of Education released the annual three-year cohort default rate calculations for institutions, lenders, and guaranty agencies. While the national cohort default rates fell nearly two percentage points from 13.7% to 11.8%, HESAA's three-year cohort rate fell from 7.5% to 6.3%. While the FFELP portfolio of outstanding loans continues to decline since the program's elimination in July 2010, HESAA remains responsive in performing its guarantor functions by actively counseling FFELP borrowers on how to manage their FFELP debt and working with schools, lenders, and servicers in monitoring loans in their portfolio, updating enrollment information, and processing default claims for payment.

New federal regulations for Loan Rehabilitation became effective in July 2014, requiring a reasonable and affordable payment arrangement using a 15% formula that is based upon the defaulted borrower's family size and 15% of adjusted gross income above federal poverty levels. While HESAA experienced an initial decline in the number of accounts eligible for rehabilitation due to document filing requirements associated with the change to the 15% formula, many borrowers filed a subsequent financial disclosure form requesting their payment amount be lower than the amount generated by the 15% calculation. Recent months show that the number of borrowers making monthly payments or successfully completing the required nine out of ten consecutive payments is increasing. Borrowers are only permitted to rehabilitate a defaulted federal student loan one time, so borrowers who re-default following rehabilitation are not eligible for the benefits of this program a second time.

## COLLEGE SAVINGS

### NJBEST

As the cost of college increases, HESAA and Franklin Templeton, our State's 529 College Savings Plan investment manager, continue to encourage families to save rather than borrow for the cost of higher education. New Jersey's college savings opportunities offer both a plan sold directly to New Jersey residents only, NJBEST, and a national plan sold through an advisor, FT 529. During 2015, a total of 6,416 new NJBEST accounts and 35,291 new FT 529 accounts were opened.

**During the holidays, HESAA and Franklin Templeton ran a gift card promotion to encourage friends and family to give the gift of higher education rather than a toy.**



FRANKLIN TEMPLETON INVESTMENTS

Happy Holidays! [PRINT](#)

Gift Contribution For

Message

In the Amount of      From

\$

This is an informational notice only and is not a certificate for fund shares or units purchased, and does not create or evidence any right or interest of, or ownership or control by, the recipient of this certificate. The Account Owner of a 529 college savings plan may change the beneficiary of the plan to a person other than the recipient of this certificate in accordance with plan rules. The value of the investment will fluctuate with market conditions. © 2014 Franklin Templeton Investments. All rights reserved.



**(left to right) - Dan & Nancy Reffner; Lyndi, Laurie, & Joe Giangrosso**

***“When we started this account for Lyndi, we wanted to have something to give her upon her high school graduation and to assist with her college tuition expenses; however, we never anticipated such an amazing return on our investment in NJBEST. When taking into account the scholarship benefit, our money almost doubled over 13 years with a minimal monthly deposit.”***

**~ Nancy Reffner, Aunt**

## OUTREACH / FINANCIAL LITERACY

### Real Money 101 Workshops

In academic year 2014-2015, 51 high schools and 111 colleges took advantage of HESAA's Real Money 101 program. Real Money 101 is designed to help students understand financial concepts, distinguish wants versus needs, and develop and adhere to budgets. Samantha Benson, Training Facilitator, oversees Real Money 101 and all of HESAA's financial literacy outreach initiatives.



**Samantha Benson poses with Ana Quintero, an alumna of Montclair State University and former TAG student, who is now employed at Reckitt Benckiser as a researcher for the R&D Consumer Innovation Science Team. In addition, Ana is now pursuing a Master of Public Health Degree in Epidemiology at Rutgers University.**

## OUTREACH / FINANCIAL LITERACY

### EverFi Workshops

In May 2013, HESAA contracted with EverFi to provide a Financial Literacy online curriculum to high school students in underserved areas. Students who complete ten modules receive certificates of completion. Since its inception, 4,358 students have benefited from the program. Students who complete the entire program participate in an awards ceremony and receive a certificate designating them as a Certified Financial Scholar. In 2014-2015, EverFi - Financial Literacy™ impacted 3,065 students and 28 schools.



**Rayquan Davis, a student at Dickinson High School in Jersey City, successfully completed the EverFi program in its entirety and proudly displayed his certificate at the award ceremony.**

## OUTREACH / FINANCIAL LITERACY

In addition to the Real Money 101 workshops, FAFSA days, and financial aid nights that HESAA sponsors, the Authority is always willing to participate in outreach events sponsored by other organizations committed to advancing access to higher education. On June 18, 2015, HESAA had a table at Senator Stack's State Government night at the José Martí Freshman Academy in Union City.



**Senator Brian Stack visits with Executive Director Gabrielle Charette, Esq., in front of the HESAA banner.**

### Outreach Statistics for 2014-2015

HESAA-Hosted Outreach Event	Number of Events Hosted
<b>Real Money 101 Presentations</b>	<b>184</b>
<b>Financial Aid Sessions</b>	<b>178</b>
<b>Financial Literacy Presentations</b>	<b>105</b>
<b>FAFSA Workshops</b>	<b>121</b>

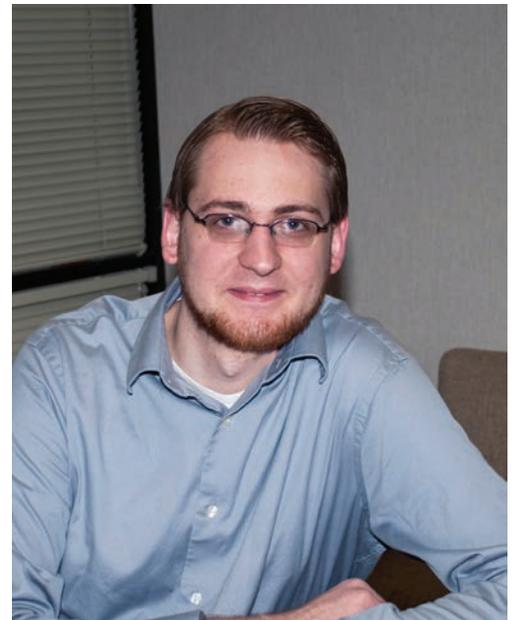
## COMPLIANCE DEPARTMENT

The Compliance Department is responsible for ensuring HESAA’s compliance with all federal and State laws and regulations, as well as industry best practices that govern the financial aid sector. In 2015, Michael McCulley, Esq., HESAA’s Chief Compliance Officer & Ombudsman, followed through with a plan to increase HESAA’s Compliance Training. HESAA staff attended “Brown Bag Lunch” training sessions to learn more about compliance related issues impacting HESAA. The HESAA Board received valuable training and updates regarding Board of Directors expectations under Federal law. In conjunction with the State Ethics Commission, the Compliance Department worked to ensure that each HESAA employee and Board member received updated training on responsibilities in 2015 under the State Ethics Code and Conflicts Law. Finally, in keeping with HESAA’s community outreach mission, Mr. McCulley was featured as a speaker at the Educational Accounts Receivable Management Association (EARMA) Summer Conference and provided training on the new Consumer Financial Protection Bureau (CFPB) Safe Student Account Scorecard to the attendees.

### Audits & Quality Assurance (A&QA)

To ensure compliance with federal and State statutes, regulations, policies, and procedures, HESAA’s A&QA is tasked with conducting internal reviews of HESAA’s own processes as well as reviews of external parties with whom HESAA conducts business. A&QA had a very successful year in 2015, highlighted by the following:

- completed the annual internal control evaluation which included the development and implementation of an Enterprise Risk Management framework,
- completed three FFELP lender reviews through participation in the Common Review Initiative,
- reviewed two law firms engaged in the collection of defaulted FFELP and NJCLASS loans,
- worked with the Chief Compliance Officer to complete a Consumer Risk Assessment of HESAA operations,
- tested HESAA’s revised loan disclosures for compliance with applicable legal requirements,
- reviewed State grant and scholarship processing by four New Jersey colleges and universities resulting in \$505,531 being returned to the General State Fund, and
- joined with several members of HESAA’s Grants & Scholarships and Legal departments to develop an in-depth NJ STARS/NJ STARS II Policy & Procedures Manual as well as enhanced verification guidance for the institutions.



**Shortly after graduating from college with a bachelor’s degree in accounting, Corey Charzewski joined HESAA as a temporary employee. His work ethic and skill set impressed his supervisors, and he was hired in 2015 as a full-time employee.**



## COMPLIANCE DEPARTMENT

### Office of the Ombudsman

HESAA's Ombudsman is responsible for conducting comprehensive investigations responding to borrower requests for Administrative Review, Closed School Discharges, False Certification Discharges, Unpaid Refunds, Ombudsman Inquiries, FMS Offset Appeals, CFPB Complaint Portal and Fraud & Forgery Claims.

In 2015, the Office of the Ombudsman reviewed and closed 30 Fraud & Forgery cases for NJCLASS and FFELP loans, completed 3 Closed School reviews, and reviewed 5 False Certification claims. In addition, the Office of the Ombudsman coordinated HESAA's responses to 45 CFPB inquiries throughout the year.

HESAA Ombudsman Michael McCulley, Esq., attended the National Council of Higher Education Resources (NCHER) Student Loan Ombudsman Caucus in May. At the May caucus, the membership focused on the upcoming changes included in the federal Student Aid Bill of Rights, including the development of a complaint portal system for Title IV student loans. In addition, updates were given by representatives from the U.S. Department of Education and the CFPB, and there were sessions on the efficacy of financial literacy, a borrower panel and discussion on case studies, all of which provided valuable insight on how HESAA operates its loan programs.

### Chief Security Officer

HESAA's Chief Security Officer (CSO), Paula Luther, is responsible for oversight of both the physical and cyber security of the Authority, including providing information and support to staff, reviewing security concerns, and consulting on various project teams with regard to security issues.

In 2015, as part of the renovations that fall under HESAA's new lease, the CSO worked with HESAA's Facilities Manager, Michael Ladines, and vendors on changes and upgrades to HESAA's physical security systems, including items such as identifying locations for new video cameras, locations for access card readers, and additional requirements for the building security system.

During 2015, the CSO coordinated the completion of an agency security self-assessment. Enhancements were identified, and we continually work to ensure HESAA's systems remain safe and secure, now and for the future.

## HESAA ON THE MOVE!

### Initiatives

In 2015, HESAA negotiated a new lease with its landlord to reduce square footage, improve its working environment and save costs. The Authority expects to save \$1.2 million over the life of the new lease, while securing extensive renovations to its physical space.

Under the terms of the new lease, HESAA staff will completely vacate Building 6, occupy brand new space in Building 1 (December 2015), and will continue occupying space in Buildings 2 and 4, but with significant renovations in both buildings.

Greg Myer, former HESAA Chief of Staff, oversaw lease negotiations and moving logistics. In addition to the cost savings and the boost to employee morale that will result from the renovations, HESAA sees the move as the perfect time to make the switch from paper-based document storage to electronic storage using scanned documents. “We are asking staff to take advantage of this occasion to conduct a big purge of files and things they do not need,” reported Greg, “and they have been very cooperative!”



**HESAA Board members participated in a hard hat tour of the new space in Building 1 following the October 2015 Board meeting.**

## TECHNOLOGY INITIATIVES

### New Grants and Scholarships System & Electronic Student Eligibility Notices (SENs)

Larry Sharp, Director of Grants and Scholarships, and his staff members had a busy year upgrading their processing systems and student communications to ensure faster and smoother methods of sharing information both internally and externally. Their major project involved contracting for a new grants and scholarships system which is expected to launch in 2017. Additionally, in the summer of 2015, they began contacting students via electronic notices, eliminating much of the need for paper mailings.

**Grants and Scholarships System:** HESAA's current grants and scholarships system has been in use for over three decades; therefore, this new modern system will provide a myriad of benefits for HESAA employees, as well as for students, families, colleges and universities. The design of this system is another example of HESAA's responsiveness to customer needs. Mr. Sharp indicates, "Our students and families requested that we make more data available for them to see." Any changes will be posted instantaneously under the new system. "Everything is live," explains Mr. Sharp, "and we can create reports on the fly." Added advantages include a crisper layout, clear formatting, simplified language, an email generation feature, and the ability to view all desired information on one screen. This user-friendly system will require a smaller learning curve, thus enabling HESAA to help customers more quickly.

**Electronic SENs:** By sending electronic notices instructing students to log in and view their electronic SENs, HESAA is able to communicate with students efficiently, thereby reducing turnaround time, as well as lowering the postage cost incurred when mailing tens of thousands of documents. HESAA now uses email to steer students to an online portal. Student privacy is well protected under the new system; the emails do not contain any personally identifiable information. According to Mr. Sharp, "Families seem to appreciate the SENs, and we are getting great feedback from the colleges and universities!"



**(left to right) Jason Chavez, Larry Sharp, Ruth Odom, and Pilar Sanchez led the search for the new system.**

## TECHNOLOGY INITIATIVES

### New Phone System



**Amy Pezzimenti, Systems Administrator, coordinated the new phone system acquisition and installation.**

When HESAA decided to upgrade the phone system for the call center, the project was intended to be rather limited in scope. Options appeared to be quite pricey until the budget-savvy HESAA team discovered ShoreTel, a company that enabled a high-quality upgrade for the entire organization at the same price approved by the HESAA Board to spend on the call center alone. Amy Pezzimenti, HESAA Systems Administrator, was delighted with the opportunity to provide her colleagues with the new phone system, which she describes as “streamlined, straightforward, and intuitive.”

Before the introduction of ShoreTel in the spring of 2015, HESAA was operating five different phone systems and paying for separate phone lines. With the new IP-based phones, HESAA will operate under one system and be able to rely on in-house management. Ms. Pezzimenti raves about the additional benefits, such as full integration of the call center and the administrative system, easy transfers, quicker voicemail access, caller ID, a red message indicator light, etc. Users can even forward their calls to other phones within HESAA. Each phone also features an interactive screen that allows callers to access an up-to-date directory.

What makes the new system really unique, however, is its computer compatibility. According to Ms. Pezzimenti, “Most anything you can do on your phone you can do on ShoreTel Communicator, and vice versa.” HESAA employees can dial/answer calls via computer, view their call history on their computer screens, and also use drag and click options to greatly improve call flow. The computer version provides the added benefit of allowing users to type notes in real time, and these notes can be transferred to colleagues.

Ms. Pezzimenti is busy training employees one-on-one and in groups. She has found that staff members are ecstatic with the new phones. This innovative system is another example of HESAA aligning with modern technology in a thoughtful and useful way.

## TECHNOLOGY INITIATIVES

### Online Bill Presentment



**David Gillespie, Director of Servicing and Collections, spearheaded the online bill presentment initiative.**

Throughout the organization, HESAA diligently strives to implement new forms of technology to increase customer satisfaction. Our popular online bill presentment lives up to these expectations. David Gillespie, Director of Servicing and Collections, enthuses over the online system, “The entire portal is designed with the customer in mind!”

HESAA launched online bill presentment in 2015, and already nearly 7,000 participants (about 10% of all customers) have signed up. This system suppresses the generation of paper bills, instead sending emails that direct users to an online portal where they can view, download, and print their bills. Online bill presentment provides significant cost savings for HESAA, saving about \$36,000 in mailing costs annually. Moreover, electronic billing eliminates four or five days of postal mail transit time, allowing customers to receive notifications earlier.

Online bill presentment is the latest addition to HESAA’s online bill payment system. In the past several years, NJCLASS borrowers have embraced this elective e-payment option. In July 2015, over 43,694 individuals (75.6%) chose to pay online, compared to 24.4% who continued to mail their payments. HESAA’s secure online bill payment system, designed and managed internally, differs from others used in industry. Mr. Gillespie explains, “We wanted to give the customers as much flexibility as possible when making a payment.” Users can tailor payments, apply specific amounts to designated loans, schedule future payments, and even edit scheduled payments. Overall, online bill payment and presentment have been a tremendous success. “Our NJCLASS customers are very responsible,” Mr. Gillespie indicates, and HESAA’s online system gives these borrowers the tools they need to make smart financial decisions and manage their loans punctually and with ease.

## TAG GRADUATION RATE DATA COLLECTION

In November 2014, the Higher Education Student Assistance Authority readopted with amendments its regulations governing the administration of the Tuition Aid Grant (TAG) program. N.J.A.C. 9A:9-2.1 (b)5 requires institutions participating in the TAG program to annually provide HESAA with detailed information on the graduation rates of TAG recipients and, in the case of county colleges, provide information on the transfer rates of TAG recipients, in the format provided by the Authority.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
# of first-time, full-time students who began in AY 2007/2008 and received one or more TAG payments	# from Column A who graduated within 100% of normal time	% (Program will calculate)	# from Column A who graduated within 150% of normal time	% (Program will calculate)	# from Column A who transferred out within 150% of normal time	% (Program will calculate)	Combined outcome rate (Program will calculate Column E plus Column G)
XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

Prior to adopting these regulations, HESAA held three information sessions across the State to present its plans for the data collection reports and to solicit input on those plans from the higher education community. Following those sessions, HESAA made a number of changes to its proposed reports. HESAA University then hosted a training session in August of 2015 to share the final report structure and process with representatives from both the financial aid and institutional research offices.

In September, the data collection portal was opened to the colleges and universities. HESAA is pleased to report that all TAG participating institutions reported their data which can be viewed on the HESAA website.



**Magda Torres, Solutions Team Technical Manager, served as the point of contact for institutions as they were reporting their data in the event they experienced any technical issues or had any questions.**

## TAG GRADUATION RATE DATA COLLECTION

### Feedback from the Institutional Financial Aid and Research Professionals



***“Measuring TAG graduation rates demonstrates to New Jersey and its legislature the impact and the value of this vital program. For Georgian Court University, this survey proves that TAG helps needy students get a college education.”***

**~ Wayne Arndt, Director of Institutional Research,  
Georgian Court University**



***“I never doubted that TAG was a successful program. However, I do believe that this reporting process helped us empirically demonstrate just how successful the TAG program is at our institutions!”***

**~ J.J. Belle, Associate Director of Financial Aid, Ramapo  
College of NJ**



***“By providing institutions with the opportunity to look at our bona fide transfers, HESAA’s reporting format and methodology shed additional light on our students’ significant success rates.”***

**~ Wil Casaine, Executive Director of Financial Aid,  
Tutoring & The Center for Student Success, Division of  
Enrollment Management, The College of New Jersey**

## TAG GRADUATION RATE DATA COLLECTION

### Feedback from the Institutional Financial Aid and Research Professionals



*“Union County College is delighted to collaborate with HESAA in measuring student outcomes. We are driven to transform our community one student at a time, and we welcome the opportunity to respond to such accountability measures.”*

**~Elizabeth Cooner, MPA, Executive Director of Institutional Research in the Assessment, Planning & Research Department, Union County College**



*“By including traditional and non-traditional students and reporting both graduation and transfer to another institution, the TAG Graduation Rate Report provides New Jerseyans with comprehensive data about student success.”*

**~ Louise Murray, Ph.D., Director, Office of Institutional Research, College of Saint Elizabeth**



*“I was impressed by the data showing that TAG recipients at the majority of institutions in the four-year sector have a slightly higher six-year graduation rate than the general population. This seems to me to indicate the importance of TAG grants in helping students overcome financial obstacles to graduate from their college or university of choice. It also speaks to the drive and determination of TAG recipients to succeed.”*

**~ Eleanor Swanson, Ph.D., Director of Institutional Research, Monmouth University**

## STATE ECONOMIC AND GROWTH STRATEGIES



**Michele Siekerka, President and CEO of the New Jersey Business and Industry Association (NJBIA)**

***“New Jersey businesses need a well-trained and well-educated workforce. NJBIA—whose 20,000 members now provide 1.2 million jobs in NJ—is partnering with colleges, universities, and government on programs to provide students with the technical training and the necessary writing, public speaking, critical thinking, and time management skills required in today’s job market. Our ongoing collaboration with academia helps ensure college graduates have the skills they need, and our efforts aimed at improving the State’s economic climate will ensure that more of our high school students attend college in New Jersey and enter our workforce after they graduate. Hence we applaud the efforts of the Higher Education Student Assistance Authority and its significant contribution to promoting the State’s economic and growth strategies.”***

~ Michele Siekerka

The Great Recession and the escalating cost of tuition have led some to question the value of higher education. At HESAA, we believe students and families need to make wise choices about how best to finance higher education, comparison shop when selecting an institution of higher learning, and research academic majors and the concomitant earnings of graduates within those majors. However, we continue to fervently believe in the power and promise of higher education.

Both academic and industry research validate our belief. While there are many relevant analyses, we point to two studies.

1) In November of 2015, the Georgetown University Center on Education and the Workforce published a study which found that college graduates were less likely to be underemployed than individuals with only a high school diploma. Although the Great Recession did not leave college graduates unscathed, five years into the recovery the rate of college graduate underemployment has declined from 10.2% to 6.2%. That is much lower than the 13% underemployment rate that persists for high school graduates.



## STATE ECONOMIC AND GROWTH STRATEGIES

2) For over a decade, the Society for Human Resource Management (SHRM) has surveyed human resource professionals about what they believe will affect their workplace in the coming years. More recent surveys show a shift in concern among HR professionals about being able to fill knowledge-based positions. In fact, 43% of HR professionals see human capital as their company's biggest investment challenge. Conversely, only 22% think financial capital and a mere 19% think technological capital will be their biggest investment challenge in the future. In addition, the majority of responders, 55%, believe their organization's need for employees with a baccalaureate degree will increase.

While national studies are informative, as a State Authority we look to serve the needs of New Jersey residents and New Jersey economic interests. Business and industry leaders in New Jersey continue to tell us that a highly educated workforce is paramount to the success of individual businesses as well as the State's overall economy. Michele Siekerka, President and CEO of the New Jersey Business and Industry Association (NJBIA), often provides testimony to the importance of access to a skilled workforce for her membership of over 20,000 companies.



## HESAA Staff

### Executive Staff

Executive Director  
Gabrielle Charette, Esq.

Chief Financial Officer  
Eugene Hutchins

Chief of Staff  
Greg Myer\*  
Marcia Karrow\*\*

Chief Compliance Officer and Ombudsman  
Michael McCulley, Esq.

Chief Information Officer  
Ruth Odom

Director of Legal and Government Affairs  
Marnie Grodman, Esq.

### Senior Staff

Director of Student Loans  
Teresa Gervasio

Director of Grants and Scholarships  
Larry Sharp

Acting Director, Client Services  
André Maglione

Director, Audits and Quality Assurance  
Gena Carapezza, CPA

Director of Human Resources  
Patricia Maske

Controller  
Robert Clark, CPA

\* Greg Myer departed HESAA in November 2015 to become Chief of Staff at the NJ Department of Health.

\*\* Marcia Karrow was appointed Chief of Staff on November 30, 2015.

## HESAA'S TOMORROW, HERE TODAY

HESAA's tomorrow is only as bright as our students' futures. Students like Specialist Nambareamey (Nam) Dy, U.S. Army Reserve, give us great hope for a brilliant future. Nam emigrated from Cambodia to the United States in 2002. In addition to serving in the Army Reserve, Nam is a student at Rutgers University-Camden where he is majoring in Management Finance.

Nam, pictured here on September 14, 2015, with First Lady Mary Pat Christie, received one of ten Heart of a Hero Scholarships awarded to deserving servicemen and women.

In addition to the Heart of a Hero Scholarship, Nam also participates in the TAG program and the Educational Opportunity Fund (EOF) program.



**First Lady Mary Pat Christie congratulates U.S. Army Specialist Nam Dy at the Heart of a Hero Scholarship award ceremony.**



## STUDENT AID AWARDS AND FUNDS DISTRIBUTED BY HESAA IN FY 2015 BY PROGRAM AND BY SECTOR

County College Sector							
Program	TAG	Part-Time TAG for County Colleges	NJ STARS	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	22,492	9,803	1,763	72	124	171	34,425
Amount	\$37,899,881	\$8,406,536	\$4,675,020	\$57,000	\$143,250	\$851,059	\$52,032,746
Senior Public Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	17,646		394	139	153	1,964	20,296
Amount	\$83,207,034		\$815,140	\$134,500	\$177,750	\$22,900,787	\$107,235,211
Research Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	18,982		402	231	193	2,151	21,959
Amount	\$125,059,736		\$840,209	\$227,000	\$225,250	\$25,358,890	\$151,711,085
Non-Profit Independent Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	12,629		116	89	90	1,282	14,206
Amount	\$103,076,330		\$252,239	\$86,000	\$103,000	\$19,825,433	\$123,343,002
Proprietary Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	2,683		4	3	1	123	2,814
Amount	\$18,697,432		\$7,500	\$2,000	\$750	\$1,109,096	\$19,816,778
Out-of-State							
Program						NJCLASS	Total
Awards						4,995	4,995
Amount						\$93,120,805	\$93,120,805
<b>In-State Total</b>							<b>\$454,138,822</b>
<b>Out-of-State Total</b>							<b>\$93,120,805</b>
<b>Grand Total</b>							<b>\$547,259,627</b>



## Credits

Gabrielle Charette, Esq., - Editor-in-Chief

Jennifer Ann Short, Ph.D., - Managing and Features Editor

Jules Cornelious - Associate and Creative Editor

Robert Clark - Financial Editor

Carol Muka - Assistant Financial Editor

Karen Chamberlin - Chief Photographer

Samantha Benson - Student Spotlight Editor



## Financial Statements

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

	As of June 30,	
	2015	2014
<b>Assets</b>		
<b>Cash and Cash Equivalents</b>		
NJBEST	\$ 3,398,960	\$ 1,410,186
NJCLASS/FFELP	578,507,885	541,228,144
Other	3,372,567	9,594,299
<b>Investments</b>		
NJBEST	4,712,858,238	4,497,624,765
NJCLASS/FFELP	549,574	5,545,661
Other	39,765,611	43,272,484
<b>Receivables</b>		
Federal government	6,118,751	7,876,690
Loans	2,030,867,748	2,105,286,391
Other	53,122,504	47,170,152
<b>Fixed Assets, Net</b>	<u>1,949,654</u>	<u>944,263</u>
<b>Total Assets</b>	<u>\$ 7,430,511,492</u>	<u>\$ 7,259,953,035</u>
<b>Deferred Outflow - Interest Rate Swaps</b>	4,814,943	6,666,303
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 48,040,162	\$ 53,192,508
Due to federal government	4,410,330	5,411,935
Revenue bonds payable	<u>2,403,460,000</u>	<u>2,469,075,000</u>
<b>Total Liabilities</b>	2,455,910,492	2,527,679,443
<b>Financial Instrument Liability - Interest Rate Swaps</b>	4,814,943	6,666,303
<b>Fund Balances</b>		
Reserved for loan servicing	197,080,316	172,458,047
Restricted	<u>4,777,520,684</u>	<u>4,559,815,545</u>
<b>Total Fund Balances</b>	<u>4,974,601,000</u>	<u>4,732,273,592</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,430,511,492</u>	<u>\$ 7,259,953,035</u>



## Financial Statements

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

	<b>For the Years ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
State grant & scholarship appropriations	\$ 388,199,588	\$ 374,624,400
Federal and other grants	69,206,411	28,014,002
Fees	21,468,176	30,890,453
Investment earnings		
NJBEST	103,606,470	70,382,662
NJCLASS	150,477,156	150,593,971
Other	278,260	366,875
NJBEST subscriptions	1,352,722,257	1,145,137,776
Net realized and unrealized gain (loss) on NJBEST investments	(5,956,192)	606,943,119
Other	607,129	725,475
<b>Total Revenues</b>	<b>2,080,609,255</b>	<b>2,407,678,733</b>
<b>Expenditures</b>		
Direct grant aid to students	384,856,174	367,988,344
NJBEST redemptions	1,208,473,515	991,257,400
Program expenses	124,203,669	94,701,149
Administrative expenses	14,000,970	16,242,870
Debt service interest	100,839,060	105,587,917
<b>Total Expenditures</b>	<b>1,832,373,388</b>	<b>1,575,777,680</b>
<b>Excess of Revenues over Expenditures</b>	<b>248,235,867</b>	<b>831,901,053</b>
<b>Less:</b>		
Year-end Lapsed Funds	(5,908,459)	(7,319,285)
Cumulative Effect of Accounting Change	-	-
<b>Net Assets - Beginning of Year</b>	<b>4,732,273,592</b>	<b>3,907,691,824</b>
<b>Net Assets - End of Year</b>	<b>\$ 4,974,601,000</b>	<b>\$ 4,732,273,592</b>



## Certification of Compliance with Executive Order #37 (Corzine)

We jointly certify that in compliance with Paragraph 2 of Executive Order #37, HESAA has, to the best of our knowledge, followed all of the Authority's standards, procedures, and internal controls. We further jointly certify that HESAA fully participated in the prescribed Internal Control Assessment as directed by the Office of Management and Budget and no internal control weaknesses were revealed.

We hereby certify that the foregoing statements are true to the best of our knowledge. We understand that if any of the foregoing statements are willfully false, we are subject to punishment.

By: 

Gabrielle Charette, Esq.  
Executive Director

By: 

Eugene Hutchins  
Chief Financial Officer

## In Memoriam



### **HESAA and NJ Higher Education Lose Friend**

Paul Shelly, Director of Communications and Marketing for the New Jersey Association of State Colleges and Universities (NJASCU) for 26 years, passed away on June 2, 2015. Paul, NJASCU's inaugural communications officer, was highly regarded by the New Jersey and national media for his knowledge of higher education policy issues. He was a much loved and dedicated colleague throughout New Jersey's higher education community, and he was highly regarded as a passionate and progressive advocate for environmental and social causes in the Trenton area.