



## Table of Contents

Tuition Aid Grants	4
Grants & Scholarships	6
NJCLASS Family Loan Program	9
Supporting Statewide Initiatives	13
Audits and Quality Assurance	18
Financial Statements	20
EO #37 Certification	23

### HESAA's Annual Report 2017: Funding the Future

About Our Cover: HESAA employees voted on the cover design and title "Funding the Future" as the best way to represent the year 2017.



Thank you to all of HESAA's partners for your help in the delivery of financial aid to New Jersey's students and for your work to help students and families navigate and understand their options to make higher education more accessible and affordable. The need for a postsecondary education has never been more crucial – both for the future of our state's economy and for students' success in their lives and careers.

All of us at HESAA appreciate the efforts of everyone in the postsecondary education community, which aligns so closely with HESAA's 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.**

As this year's annual report title suggests, HESAA works to fund the future. This report summarizes information and statistics about how the New Jersey Higher Education Student Assistance Authority worked throughout 2017 to improve access to students who aspire to achieve a postsecondary education.

# Tuition Aid Grants: Funding Future Graduates

The core of HESAA's work continues to be the administration of New Jersey's Tuition Aid Grant (TAG) program. Often recognized as the most generous state financial aid program in the country, TAG is the premier source of need-based funding for college students in New Jersey.

So, how does it work? First and foremost, TAG funding is available to New Jersey residents who attend college in New Jersey. TAG is a grant to each eligible student and it does not need to be repaid. Eligibility is determined through an NJ eligibility index and is also based on the New Jersey institution at which the student will be enrolling. Since financial status should not predetermine a student's aspirations, TAG is awarded based on very specific criteria. The funding structure was designed to support residents to study *what* they want and *where* they want within New Jersey.

Listed below are the maximum TAG Awards for Academic Year 2016-17 by type of institution each student chooses to attend:

Maximum TAG Awards for AY 2016-2017	
County College	\$2,680
State College	\$7,096
Public Research*	\$10,986 (NJIT)
	\$9,468 (Rutgers)
	\$8,080 (Rowan)
Independent Colleges and Universities	\$12,438

\* In July of 2017, Montclair State University was designated as a Public Research institution. The increased funding for Montclair will be reflected in the 2018 annual report on AY 2017-18 figures.

The TAG formula also takes into consideration that many students, including working adults, attend New Jersey's county colleges less than full-time. Maximum awards for Academic Year 2016-17 for part-time TAG for county colleges was as follows:

Maximum Part-Time TAG for County Colleges for AY 2016-2017	
Half-Time	\$670
Three-Quarter Time	\$1,005

A combined total of 74,659 full-and part-time students were awarded TAG funding for academic year 2016-17. For a detailed breakdown of awards by sector, please see page 22.



March 3, 2017

## These states give more grant aid to college students in need than the feds

"California, Wyoming and New Jersey provide more aid to low-income college students than the largest federal grant program does, new research shows, but most states give far less...."

# New Jersey students succeed by studying in state

Since 2004, the State of New Jersey has provided merit-based scholarships, NJ STARS and NJ STARS II, to high-achieving high school students. This funding is available only to New Jersey residents who are in the top 15.0% of their junior or senior years of high school and choose to enroll in a TAG-eligible New Jersey institution of higher education.

If qualified, the student is eligible for NJ STARS which provides full tuition to attend their local county college. Students who graduate under the NJ STARS program or eligible joint program through their high school with their associate's degree and then transfer to a four-year participating college or university are eligible for NJ STARS II annual funding of up to \$2,500 (\$1,250 per semester).

In Academic Year 2016-17, a total of 2,582 New Jersey high school graduates benefitted from the NJ STARS and NJ STARS II merit scholarship programs. For details by sector, see page 22.

## HESAA's new technology streamlines the financial aid process



HESAA is continuously working to make the financial aid process a more transparent and supportive experience for students and their families. That's why HESAA made a major investment and multi-year commitment to improving the state's grant and scholarship database system.

In 2017, the new system, New Jersey Financial Aid Management System (NJFAMS), was launched and delivered instant relief to all stakeholders. Financial aid officers find the new, web-based system to be user-friendly. Together with our partners at the Educational Opportunity Fund (EOF), HESAA incorporated EOF funding within NJFAMS as well.

Students now benefit from updated and personalized To Do Lists in NJFAMS. The To Do List includes reminders about answering the state questions, notifications of any outstanding verification and important deadline reminders. Documents needed for verification can be securely uploaded directly through our contracted Mapping Express service.

Even if a student had a login to the old system, they needed to create a new account on NJFAMS. Thanks to our partners in the financial aid community, students were able to create a user name and password and have been enjoying the benefits of NJFAMS for several months now.

Financial aid professionals should also take credit for some of the user-friendly functionality in the new system. Through the beta testing and training phases, HESAA has incorporated their many practical suggestions. As we continue to fine tune NJFAMS, we continue to welcome input from our partners in serving students and families.

# HESAA's other key resources to help students



Kristina Fripps joined the HESAA team in 2017 as the Assistant Director of Grants and Scholarships. Included in the NJFAMS database are real-time updates on all of the scholarship programs which Kristina oversees.



## Governor's Urban Scholarship

**Governor's Urban Scholarship:** This merit-based scholarship is awarded to students ranked within the top five percent of their high school class who have a minimum grade point average of 3.0 at the end of their junior year. An additional eligibility requirement includes residency in one of 14 designated cities in New Jersey: Asbury Park, Camden, East Orange, Irvington, Jersey City, Lakewood, Millville, Newark, New Brunswick, Paterson, Plainfield, Roselle, Trenton or Vineland. The award is renewable for up to four years and provides students with a persistency bonus in their last semester after degree completion at a TAG participating institution.

In academic year 2016-17, 571 students received a total of \$543,500 and 75 received persistency bonuses totaling \$37,500.



**Governor's Industry Vocations Scholarship:** This scholarship is administered by HESAA and funded by the Schools Development Authority. The award benefits women and minority students pursuing a certificate or degree program in a construction-related field. The scholarship pays up to \$2,000 per year for the cost of enrollment in an eligible program at one of New Jersey's county colleges or county vocational/technical schools. The scholarship can be renewed for one year. In academic year 2016-17, 223 students received this scholarship.



**Law Enforcement Officers Memorial Scholarship:** This memorial scholarship is available to dependent children of New Jersey law enforcement officers killed in the line of duty. The award covers up to the cost of attendance, less other scholarships, grants, benefits, and other assistance awarded through HESAA. Awards are renewable for up to four years.

There were 10 recipients of this scholarship in the 2016-17 academic year which totaled \$210,996.



**Survivor Tuition Benefits (STB):** This scholarship benefits eligible children and surviving spouses of New Jersey firefighters, emergency service workers, and law enforcement officers killed in the line of duty. The STB award provides students with free tuition at any public institution of higher education in New Jersey. Award also pays for enrollment at participating independent institutions in the New Jersey State. The award amount cannot exceed the highest tuition charged at a New Jersey public institution. In academic year 2016-17, there were four recipients who received a total of \$36,503.



**World Trade Center Scholarship:** This scholarship recognizes the dependent children and surviving spouses of New Jersey residents who were victims of 9/11. The award amount is \$5,000 per year (\$2,500 per semester). Eligible students can apply this funding to both in-state and out-of-state institutions. Many of the surviving children were mere toddlers in 2001 and are now enrolled in college. In 2017, a record number of 97 students benefited from this scholarship which represents \$442,500 in funding.

## New Jersey excels at FAFSA completion

Ask any high school student or parent – in any state – and they will tell you, financial aid all starts with the FAFSA. Before any state, federal, or institutional aid is awarded, the Free Application for Federal Student Aid (FAFSA) must be submitted to the federal government. This one application kick starts the process of being considered for financial aid. The FAFSA and the New Jersey State Questions must be completed each year in order to be considered for aid from the State of New Jersey, including Tuition Aid Grants, NJ STARS, NJ STARS II, and more. HESAA encourages all students to complete the FAFSA to find out what aid they may be eligible for. One important component of FAFSA completion is the IRS Data Retrieval Tool (DRT). This online tool automatically pulls data from the family's tax returns.

The DRT streamlines the FAFSA completion process and helps minimize the likelihood that an application will need verification.

Here in New Jersey, we are a leader in encouraging FAFSA completion. Throughout the 2016-2017 application period, there were 507,699 FAFSAs submitted by New Jersey students, of which 70,108 were submitted by incoming first-year students.

This is no small feat and each institution should take credit for their support in this statewide effort. Through our working partnerships with New Jersey Association of Student Financial Aid Administrators colleges and universities, libraries, middle schools and high schools, HESAA hosted a total of 617 financial literacy workshops and FAFSA completion nights in 2017 alone.

## Helping foster care students achieve higher education

HESAA is very proud of our partnership with the Department of Children and Families to better serve students who are, or recently were, part of the foster care program. Historically, these students needed to self-identify in order to be considered for the New Jersey Foster Care Scholars program. In 2017, however, the process of identifying, verifying, and tracking eligible students became much more seamless, as the additional verification of court documents is now handled directly between the two agencies.

The success of this program is evident by the number of scholarships awarded. There were only 89 current or former foster care students awarded



scholarship funding for the 2016-17 academic year. HESAA is pleased to report that this funding supported 368 recipients for the 2017-18 academic year.

For more information about how HESAA supports higher education for foster care students, please contact Chris Ritter by calling (609) 588-3300, ext. 1320. Chris serves as HESAA's financial aid coordinator for students who are currently in or recently aged out of the New Jersey foster care system.

## A family loan for New Jersey students

Even after grants, scholarships, institutional aid, and federal loans have been applied to help pay for college, some students and families have a remaining gap of unmet need. Since New Jersey remains committed to breaking down any financial barriers which prevent students from pursuing a postsecondary education, HESAA offers NJCLASS loans. NJCLASS loans are available to New Jersey residents for certified costs of attendance at any approved college or university. To encourage other students to attend college in New Jersey, these loans are also available to students who enroll in a participating New Jersey institution of higher education, no matter where the students reside.



NJCLASS family loans are funded through bond sales and not taxpayer dollars. HESAA manages these bonds and has had success in bringing competitive rates to the NJCLASS borrowers. NJCLASS is structured to provide the same low interest rates to all qualified borrowers, rather than offering low teaser rates only to the most creditworthy borrowers.

## For Academic Year 2017-2018 NJCLASS Family Loan Rate Options

<b>10 Year Fixed Rate</b> 4.48%* / 5.66% APR 3% Fee	<b>15 Year Fixed Rate</b> 5.19%* / 6.05% APR 3% Fee	<b>15 Year Fixed Rate</b> 5.19%* / 6.26% APR 3% Fee	<b>20 Year Fixed Rate</b> 7.15%* / 8.36% APR 3% Fee
<b>Payments of principal and interest while in school</b>	<b>Payments of principal and interest while in school</b>	<b>Payments of interest while in school</b>	<b>Full deferral until out of school</b>

\*Interest rate will increase one time by .75% after initial borrower benefit period which is included in APR stated above.

Visit [www.njclass.org](http://www.njclass.org) for full details.

The APR calculation is based on a disbursement date of 8/25/2017 and a graduation date of 5/25/2021.

## RAP offers relief to families facing temporary financial hardship



In 2017, HESAA introduced a new repayment option. NJCLASS loans originated for the 2017-18 academic year have the added security of the Repayment Assistance Program (RAP). This new program serves as a safety net for families who experience temporary financial hardship. RAP assists families in getting back on track financially. If the borrower and cosigner(s) show evidence of combined financial hardship, they can make a lower monthly payment for up to 2 years, with the reduced payment amount based on the family's income and ability to pay. During this time, HESAA pays the interest on the loan, so every payment received from the borrower(s) during the RAP period is applied 100% to paying down the principal on the loan.

This new benefit can deliver relief to some families because the loan balance will be decreasing during the RAP enrollment period. When the loan is released from RAP status, the monthly payment is recalculated based on the lower principal balance, the interest rate established by the original loan agreement, and the remaining months of repayment term. Introduced in 2017 as a pilot program, the funding for this program is limited each year and will be approved on a first-come, first-served basis to those who qualify.

## ReFi<sup>+</sup> helps eliminate debt faster

In 2017, HESAA also introduced another way for families to help manage their loans. ReFi<sup>+</sup> was introduced to NJCLASS borrowers who were no longer in school and were interested in refinancing their older, higher-interest rate NJCLASS loans into one lower-interest loan. ReFi<sup>+</sup> has been well received by borrowers who are in a position to pay off their loans faster at a more competitive interest rate. Some borrowers were even able to take out their new ReFi<sup>+</sup> loan without a cosigner.



In fall 2017, HESAA began extending this refinance opportunity to Federal Parent PLUS loans. Borrowers can now apply to have their NJCLASS and Federal Parent PLUS loans refinanced together.

To learn more, visit [www.njclass.org](http://www.njclass.org)

## New Jersey laws help protect students and their families

Two laws enacted in 2017 which impact New Jersey's financial aid programs are outlined below.

### July 21, 2017

#### P.L. 2017, c. 129

This law supplements HESAA's financial literacy outreach efforts. The law requires HESAA to provide a comparison chart to increase program transparency. HESAA quickly implemented this law by posting a detailed comparison chart to our website. To review the chart which illustrates NJCLASS vs. Federal Parent PLUS loans, visit [www.hesaa.org/Documents/NJCLASSInterestRates.pdf](http://www.hesaa.org/Documents/NJCLASSInterestRates.pdf).

This law also requires HESAA to provide an annual report to the Governor and Legislature each August about various aspects of the NJCLASS program. Once completed, this report will also be posted to the HESAA website in August 2018 as another form of transparency to the public.

To view this law in its entirety visit [www.njleg.state.nj.us/2016/Bills/AL17/129\\_.HTM](http://www.njleg.state.nj.us/2016/Bills/AL17/129_.HTM)

### August 7, 2017

#### P.L. 2017, c. 198

This law establishes an NJCLASS loan limit for any loans issued on or after August 8, 2017. The limit is currently \$150,000 per student and will be increased annually for each subsequent academic year.

Also included in this law is the prioritization of any federal direct student loans, including both subsidized and unsubsidized loan offers, before students and families borrow NJCLASS loans. All subsidized direct loans must be subtracted from the maximum NJCLASS loan amount and if the federal unsubsidized interest rate is lower than NJCLASS, the federal unsubsidized loan amount must be subtracted from the maximum NJCLASS loan amount.

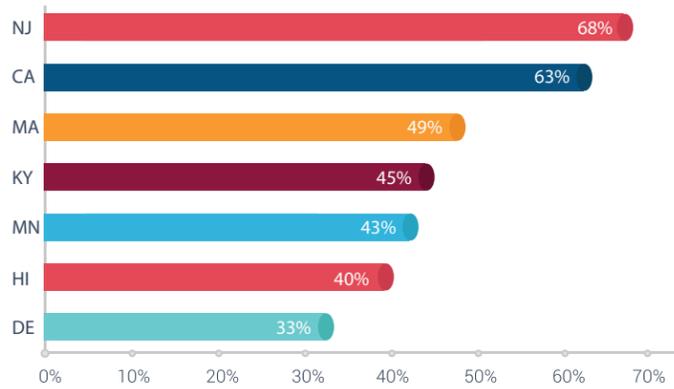
If any Financial Aid Officers have questions about NJCLASS loan limit amounts, please contact your HESAA client service representative.

To view this law in its entirety visit [www.njleg.state.nj.us/2016/Bills/AL17/198\\_.HTM](http://www.njleg.state.nj.us/2016/Bills/AL17/198_.HTM)

# NJBEST remains the #1 way to save for college

HESAA has always been an advocate of saving early and often. Long-term, consistent savings is one of the best ways to avoid student debt. NJBEST is the State's 529 college savings plan that has helped fund higher education for thousands. In 2017, for the first time ever, the New Jersey 529 savings plan fund exceeded \$5 billion invested, from 247,833 families.

New Jersey has outpaced all six other states with no income tax deduction for 529 account contributions.



Growth compares Assets Under Management of 12/31/2011 to 12/31/2016

To further encourage saving, HESAA offers an NJBEST scholarship. When NJBEST assets are used to pay for qualified expenses at any accredited postsecondary school in New Jersey, the student can receive an extra benefit the first semester of their freshman year--a tax-free scholarship.

The minimum scholarship amount is \$500 and requires a contribution of at least \$1,200 and the account to have been open for at least four years. The amount of the scholarship increases by \$250 for every two additional years the account was open and for every \$600 in additional savings contributions, up

to a maximum amount of \$1,500, depending on the number of years and level of contributions.

Savings Contributions	Full Years Account Open	Scholarship Amount
\$1,200	4	\$500
\$1,800	6	\$750
\$2,400	8	\$1,000
\$3,000	10	\$1,250
\$3,600	12	\$1,500

- Student must be the beneficiary of an NJBEST 529 College Savings Plan opened for at least four years.
- Total contributions to the NJBEST 529 plan must be at least \$1,200.
- The contributor must have made a withdrawal for qualified education expenses from the NJBEST account for which the student is the beneficiary.
- Either the student or contributor must be a New Jersey resident at the time of college attendance.
- The student must be enrolled at least half-time in an eligible New Jersey higher education institution.
- The scholarship may be awarded only once to an eligible beneficiary and only for the beneficiary's first semester of attendance at any eligible New Jersey institution of postsecondary education.

In 2017, HESAA awarded 575 students an NJBEST Scholarship for a combined award amount of \$711,500.



# Supporting statewide initiatives

HESAA plays a leading role in state initiatives through our partnership with the Office of the Secretary of Higher



Education. For instance, we are working together on the 65 by 25 goal. In 2017, New Jersey was successful in securing grant funding from the Lumina Foundation to jump start efforts to achieve the goal of

65% of New Jersey adults holding a postsecondary degree or certificate by the year 2025. HESAA's outreach to students on financial literacy, college selection, options for saving and paying for higher education, and FAFSA completion all play a part in advancing toward this statewide goal. The focus on postsecondary credential achievement is an ongoing statewide priority for the Garden State's residents and the economy.

## HESAA's Current Board Members

In 2017, Anthony Falcone stepped down as the Board Chair. Mr. Falcone was sworn in as a public member of the Board in 2012. He was first elected Board Chair in 2013 and re-elected each year since. Despite his increasing responsibilities in the private sector, he has sustained his commitment to access to higher education for New Jersey students through continued service on HESAA's Board.

Christy Van Horn became Chair of HESAA's Board this past year. After seven years of service to the Board, five of which were as Vice Chair, Ms. Van Horn was chosen by her colleagues in 2017 to serve as Chair. Her leadership is a guiding force in extending access to all students who aspire to achieve a postsecondary education.

HESAA also recognizes the six years of dedicated service Fr. Michael Braden provided to our Board and to the students and families of New Jersey.

Fr. Braden retired last year as the Vice President for Mission and Ministry at Saint Peter's University. HESAA remains grateful for his impact on student aid as he served as an ardent advocate for the students and families of New Jersey.

HESAA also recognizes Rochelle Hendricks who most recently served as the Secretary of Higher Education for the State of New Jersey. Her lifelong commitment to education is impressive and appreciated by the students and families of New Jersey. Secretary Hendrick's designee to the HESAA Board was Audrey Bennerson who recently announced her retirement. Both of these dedicated public servants greatly contributed to expanding access to higher education for New Jersey residents and we applaud their work.

### Executive Committee

Chairperson  
**Christy Van Horn**  
Public Member

Vice Chairperson  
**Maria Ivette Torres**  
Public Member

Secretary-Treasurer  
**David J. Socolow**  
Executive Director  
Ex-Officio

**Elizabeth Maher Muoio**  
State Treasurer  
Ex-Officio  
Treasurer's Designee  
Robert Shaughnessy

**Dr. Jon Larson**  
Representative  
County Colleges

### Members

**Bader Qarmout**  
Representative  
Educational Opportunity Fund  
Ex-Officio

**Jean McDonald Rash**  
Representative  
Rutgers University

**Zakiya Smith Ellis**  
Acting Secretary of  
Higher Education

**Stephanie Berdugo-Hernandez**  
Chair, Student Advisory Committee

**Rbrey Singleton**  
Vice Chair, Student Advisory  
Committee

## HESAA's Executive and Senior Staff

### HESAA Executive Staff

Executive Director  
**David J. Socolow**

Chief Financial Officer  
**Jerry Traino**

Chief of Staff  
**Hanifa L. Barnes, Esq.**

Chief Compliance Officer  
and Ombudsman  
**Gregory Foster, Esq.**

Chief Information Officer  
**Ruth Odom**

Director of Legal and  
Government Affairs  
**Marnie Grodman, Esq.**

Director of Grants and Scholarships  
**Kathryn Safran**

Senior Director of Student Loans  
**Teresa Gervasio**

Acting Director, Client Services  
**André Maglione**

### HESAA Senior Staff

Controller  
**Arthur Quaranta, CPA**

Director of Human Resources  
**Patricia Maske**

Director, Audits and Quality Assurance  
**Jill Schmid**

Director of Communications  
**Jennifer Azzarano**

**The Executive Director is supported by an Executive and Senior Staff.**

In 2017, HESAA welcomed a few new faces to the team.

After nearly four decades of service to the State of New Jersey, Eugene Hutchins retired as HESAA's Chief Financial Officer, a role in which he led significant initiatives to provide financial options to New Jersey students.

During the transition, Gene worked with Jerry Traino, HESAA's Chief Financial Officer as of the Fall of 2017. Prior to joining HESAA, Jerry served for more than 20 years in a leadership role in state government as a financial and budgeting expert.

Bob Clark, HESAA's Controller also retired recently. To prepare for his retirement in early 2018 Bob graciously agreed to help HESAA's new Controller, Arthur Quaranta, get up to speed. The two worked together for several months at the end of 2017 and

the beginning of 2018. Arthur's extensive background in Accounting and Finance made him an ideal candidate to be HESAA's next Controller.

Gregory Foster, Esq. was another important addition to the Executive Staff. Greg was named Chief Compliance Officer in March of 2017. His background includes extensive experience in compliance within various industries including utilities, insurance, secure transactions, and loan servicing and collections. His attention to detail and knowledge of federal and state regulations and reporting are all critical in his new role with HESAA.

# New Jersey Advisory Committee on Student Aid 2016-2017

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

Educational Opportunity Fund (EOF) Representative  
**Ruben Melendez**  
 Director of EOF  
 Union County College

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

New Jersey Association of Student Financial Aid Administrators Representative  
**Rabbi Gedalya Green**  
 Associate Director of Financial Aid  
 Beth Medrash Govoha of America

New Jersey Bursar's Association Representative  
**Orley Guzi**  
 Director of Student Accounting  
 Kean University  
 Office of Student Accounting

New Jersey Institute of Technology (NJIT) Representative  
**Ivon Nunez**  
 Director of Student Financial Aid Services  
 NJIT

Rutgers Representative  
**Anmarie Bouse**  
 Manager of Compliance & Quality Assurance  
 Rutgers University - New Brunswick

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

Office of The Secretary of Higher Education Representative  
**Audrey Bennerson**  
 Statewide EOF Executive Director  
 EOF Program Office Of The Secretary Of Higher Education

# Student Advisory Committee

## Academic Year 2017-2018



Chair  
**Stephanie Berdugo-Hernandez**  
 Rowan College at Burlington County



Vice Chair  
**Rbrey Singleton**  
 Rowan University

**Ariadni Aguilar**  
 Montclair State University

**Mimi Mincer**  
 Rutgers University

**Gloria Savannah Brewster**  
 New Jersey Institute of Technology

**Karenn Alves**  
 Essex Community College

**John Nwankwo** - County College Alternate  
 Essex Community College

**Austin Skelton**  
 Monmouth University

**Mia Dones**  
 Georgian Court University

**Melissa Sandoval** - State College Alternate  
 The College of New Jersey

**Ester Calderon**  
 NJIT

**Paulo Frazao**  
 Princeton University

**Kenneth Borda**  
 Rutgers University

## Academic Year 2016-2017

Chair  
**Shyam Sharma**  
 Caldwell University

Vice Chair  
**Ester Calderon**  
 New Jersey Institute of Technology

**Kylieanne Antoine**  
 Union County College

**Stephen Geerlof**  
 Ramapo College of New Jersey

**Stephfel Love**  
 Rutgers University - Newark

**Kenneth Borda**  
 Union County College

**Andrew Massefski**  
 William Paterson University

**Michell Orozco**  
 William Paterson University

**Mia Angelia Dones**  
 Georgian Court University

## In Memoriam

(Monday, March 28, 2017)

**Mary Ellen Lister served on the New Jersey Advisory Committee on Student Aid.**

**She also worked in the Bursar's office at Rowan College at Burlington County.**

**Her presence and voice are missed by HESAA and the financial aid community.**

In compliance with Executive Order #37 (Corzine), HESAA is pleased to share information from our Audits and Quality Assurance unit for 2017. To help ensure full transparency of HESAA's finances, this summary is followed by HESAA's FY2017 financial statements. The grid on page 22 breaks down the numbers in further detail to illustrate how New Jersey supports the various student financial aid programs by sector.

# Audits and Quality Assurance Annual Report

## Introduction

To ensure HESAA's programs are in compliance with federal and state statutes, regulations, policies, and procedures, the Audits & Quality Assurance unit (A&QA) is tasked with conducting Institutional Management Reviews focusing on State Grants and Scholarship Programs, Special Counsel Reviews of HESAA's collection attorneys, Federal Family Education Loan Program (FFELP) reviews of lenders and servicers, Internal Control Evaluations, reviews of New Jersey Institutions' Single Audit reports, and Quality Assurance Reviews of HESAA's programs.

## Institutional Management Reviews

HESAA conducts Institutional Management Reviews to verify that institutions administer State Grants and Scholarship programs in accordance with all applicable federal and state statutes, regulations, policies, and procedures. The management reviews are also designed to provide institutions with recommendations on how to improve the operations of the business offices that have a part in the administration of their financial aid to ensure compliance with state and federal statutes and regulations. These include the Financial Aid, Admissions, Registrar, Bursar, and Accounting offices.

HESAA conducts two types of reviews. Limited reviews focus on areas with the greatest potential for error, such as reconciliations and certification of student eligibility. Full scale reviews have more in-depth testing and consist of the limited review components as well as adding a review of verification, dependency overrides, and professional judgment cases. Several variables are evaluated to determine if an institutional review is going to be limited or full scale. These variables include, but are not limited to, the total dollar amount of awards, length of time since the last review, recent news or changes at the institution, unexpected trends observed, and findings from Single Audit reviews.

One full-scale review was performed and closed in September 2017. One limited review was performed and closed in February 2018. Letters were issued for two institutions based on Single Audit findings for those institutions. One limited review commenced in 2016 and closed in 2017.

## Special Counsel Reviews

HESAA contracts with Special Counsel to perform collection activities on defaulted FFELP and NJCLASS loans. The A&QA unit conducts reviews of these Special Counsels to verify compliance with regulations for administering defaulted loans. Three Special Counsel reviews were closed in 2017. Two reviews from 2017 are anticipated to close by the second quarter of 2018.

## Federally Mandated Reviews

Pursuant to federal regulations, Guaranty Agencies are responsible for taking all necessary measures to ensure the enforcement of all federal, state, and guaranty agency requirements. To ensure compliance with this requirement, HESAA's A&QA unit conducts biennial reviews of the ten largest lenders for outstanding FFELP loans in which HESAA is the guarantor. These reviews are conducted jointly by 25 Guaranty Agencies under the Common Review Initiative (CRI), a program approved by the U.S. Department of Education. HESAA's ten largest lenders are administered by five servicers, all of which fall within the parameters of the CRI. HESAA participated as a desk reviewer for three reviews in 2017.

## Annual Internal Control Evaluation

The State Office of Management & Budget (OMB) requires all executive branch agencies to conduct an annual self-assessment of their internal controls. HESAA participates in this process through a series of evaluations and discussions that are conducted each year between March and June by the A&QA unit with the assistance of HESAA's senior staff members. The results of the internal control evaluations are provided to HESAA's Executive Staff in a memorandum detailing the review requirements, reviews conducted and any weaknesses identified, along with recommendations for remediation.

On June 19, 2017, HESAA's Executive Director and Chief Financial Officer sent a letter to the Director of OMB confirming that HESAA performed the 2017 Internal Control Evaluation as required and that HESAA's system of internal accounting and administrative controls complies with the standards prescribed by the State of New Jersey. HESAA reported that no significant weaknesses were identified as a result of the review.

## New Jersey Higher Education Institution Single Audit Report Reviews

As of academic year 2015-2016, HESAA has audit cognizance over New Jersey's institutions of higher education. In accordance with State policy, OMB Circular Letter 15-08, HESAA must obtain and review the Annual Single Audit Report for institutions identified by New Jersey's Treasury department and update Treasury's Grantee Single Audit (GSA) system with the review results on an annual basis. HESAA contacts New Jersey institutions to ensure that their single audit reports are sent directly to us for review.

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

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

	As of June 30,	
	2017	2016
<b>Assets</b>		
<b>Cash and Cash Equivalents</b>		
NJBEST	\$ 4,436,414	\$ 4,236,204
NJCLASS/FFELP	639,001,203	625,501,324
Other	13,509,474	7,597,199
<b>Investments</b>		
NJBEST	5,220,966,990	4,653,508,331
NJCLASS/FFELP	18,582	10,138
Other	44,778,500	45,205,922
<b>Receivables</b>		
Federal government	3,254,641	5,285,296
Loans	1,794,851,950	1,914,995,383
Other	59,912,081	56,088,168
<b>Fixed Assets, Net</b>		
	3,465,480	3,212,966
<b>Total Assets</b>	<b>\$ 7,784,195,313</b>	<b>\$ 7,315,640,931</b>
<b>Deferred Outflow - Interest Rate Swaps</b>		
	-	2,715,760
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 51,507,217	\$ 44,390,898
Due to Federal Government	7,960,940	7,767,610
Revenue Bonds Payable	2,174,275,000	2,309,195,000
<b>Total Liabilities</b>	<b>2,233,743,157</b>	<b>2,361,353,508</b>
<b>Financial Instrument Liability - Interest Rate Swaps</b>		
	-	2,715,760
<b>Fund Balances</b>		
Reserved for Loan Servicing	256,815,637	231,564,173
Restricted	5,293,636,519	4,722,723,250
<b>Total Fund Balances</b>	<b>5,550,452,156</b>	<b>4,954,287,423</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,784,195,313</b>	<b>\$ 7,315,640,931</b>

	For the Years ended June 30,	
	2017	2016
<b>Revenues</b>		
State Grant & Scholarship Appropriations	\$ 421,760,044	\$ 405,457,598
Federal and Other Grants	46,436,147	55,237,010
Fees	22,672,092	22,423,790
Investment Earnings		
NJBEST	75,262,983	84,112,336
NJCLASS	137,013,045	143,758,999
Other	1,676,179	742,545
NJBEST Subscriptions	1,287,363,168	1,209,579,989
Net Realized and Unrealized Gain/(Loss) on NJBEST Investments	517,075,813	(203,183,718)
Other	1,809	2,180
<b>Total Revenues</b>	<b>2,509,261,281</b>	<b>1,718,130,729</b>
<b>Expenditures</b>		
Direct Grant Aid to Students	392,617,713	386,033,570
NJBEST Redemptions	1,286,547,809	1,123,714,918
Program Expenses	97,207,335	109,244,508
Administrative Expenses	16,690,136	4,832,854
Debt Service Interest	91,449,911	96,600,745
<b>Total Expenditures</b>	<b>1,884,512,904</b>	<b>1,720,426,595</b>
<b>Operating (Deficit) Surplus</b>	<b>624,748,376</b>	<b>(2,295,866)</b>
<b>Less:</b>		
<b>Year-end Lapsed Funds</b>	<b>(28,583,643)</b>	<b>(18,017,711)</b>
<b>Net Assets - Beginning of Year</b>	<b>4,954,287,423</b>	<b>4,974,601,000</b>
<b>Net Assets - End of Year</b>	<b>\$ 5,550,452,156</b>	<b>\$ 4,954,287,423</b>

## Student Aid Awards, Scholarships, and Loans for FY 2017 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	16,601	7,863	1,751	42	125	204	26,586
Amount	\$29,254,643	\$7,098,977	\$4,942,259	\$36,000	\$149,750	\$1,154,146	\$42,635,775
Senior Public Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	17,972		326	163	163	1,865	20,489
Amount	\$88,828,831		\$770,873	\$151,500	\$206,000	\$22,983,777	\$112,940,981
Research Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	19,869		405	275	208	2,275	23,032
Amount	\$135,262,226		\$869,944	\$268,000	\$255,000	\$28,610,135	\$165,265,305
Non-Profit Independent Sector							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	12,278		97	87	75	1,193	13,730
Amount	\$105,909,348		\$217,505	\$84,000	\$96,500	\$19,384,831	\$125,692,184
Proprietary Sector (2 and 4-year degree)							
Program	TAG		NJ STARS II	Governor's Urban Scholarship	NJBEST Scholarship	NJCLASS	Total
Awards	2,327		3	4	4	103	2,441
Amount	\$16,135,307		\$7,500	\$4,000	\$4,250	\$995,905	\$17,146,962
Out-of-State							
Program						NJCLASS	Total
Awards						4,721	4,721
Amount						\$92,802,617	\$92,802,617
Other*							
Program						NJCLASS	Total
Awards						197	197
Amount						\$2,424,728	\$2,424,728
<b>In-State Total</b>							<b>\$466,105,935</b>
<b>Out-of-State Total</b>							<b>\$92,802,617</b>
<b>Grand Total</b>							<b>\$558,908,552</b>

\* "Other" Sector includes New Jersey Trade & Tech, Cosmetology & Beauty, and Career & Technical Institutions

## 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 significant 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:



David J. Socolow  
Executive Director

By:



Gerald V. Traino  
Chief Financial Officer



HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

[www.hesaa.org](http://www.hesaa.org)