HIGHER EDUCATION

(a)

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Grant and Scholarship Programs

Proposed Readoption with Amendments: N.J.A.C. 9A:9

Proposed New Rules: N.J.A.C. 9A:9-3.4 and 5.3

Proposed Repeals: N.J.A.C. 9A:9-9

Authorized By: Higher Education Student Assistance Authority, Anthony Falcone, Chairperson.


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

Proposal Number: PRN 2014-087.

Submit written comments by August 15, 2014, to:

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The agency proposal follows:

Summary

The Higher Education Student Assistance Authority (Authority) proposes to readopt N.J.A.C. 9A:9 governing grant and scholarship programs. Pursuant to N.J.S.A. 52:14B-5.1.h, the rules in this chapter are scheduled to expire August 7, 2014. In accordance with N.J.S.A. 52:14B-5.1.c(2), the submission of this notice of proposal to the Office of Administrative Law extends that date 180 days to February 3, 2015.

The Authority has reviewed the rules and determined that they continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. The rules proposed for readoption will continue to provide the Authority with the ability to administer the grant and scholarship programs in an efficient and economic manner.

Pursuant to N.J.S.A. 18A:71A-1 et seq., the Authority is statutorily responsible for the administration of State scholarship and tuition aid programs and for the promulgation of all rules to that effect. To ensure the continued efficient administration and operation of these programs, the Authority is proposing the readoption of these rules with amendments, new rules, and the repeal of certain rules no longer applicable to program operations to provide additional clarity in the eligibility requirements for participation and application, enrollment criteria, and continued payment of awards for students attending participating New Jersey institutions, all of which are summarized below.

Subchapter 1 sets forth the responsibilities of the Higher Education Student Assistance Authority and details the structure and mission of the Student Advisory Committee as created by the Authority.

Subchapter 2 details the general provisions for the overall administration and eligibility for the Tuition Aid Grant and Garden State Scholarship Programs and participation by eligible New Jersey institutions under these programs.

An amendment is proposed at N.J.A.C. 9A:9-2.1(a) to state that a student needs to have received a high school diploma or a recognized equivalent in order to be eligible for financial aid to attend institutions of higher education. This parallels the Federal requirements for financial aid, which no longer accept the ability to Benefit test as a substitute for a high school diploma.

Executive Reorganization Plan No. 005-2011 eliminated the Commission on Higher Education and transferred its powers to the Office of the Secretary of Higher Education. As such N.J.A.C. 9A:9-2.1(b)2 is amended to replace reference to the Commission on Higher Education with reference to the Office of the Secretary of Higher Education or its successor office. This replacement is also made in N.J.A.C. 9A:9-2.1(c), 3.5(a), 5.4, 7.2, 8.3, and 10.2.

The Authority is further amended to clarify that to remain eligible, an institution needs to maintain licensure by the Office of the Secretary of Higher Education while N.J.A.C. 9A:9-2.1(b)3 is amended to clarify that the current license cannot be for an out-of-State institution. While the current regulation provides the criteria for an institution to achieve initial eligibility, these amendments specify the requirements to maintain eligibility.

In order to measure the effectiveness of the Tuition Aid Grant program, proposed new paragraph (b)5 is added to require institutions to annually provide the Authority with graduation rates for State Tuition Aid Grant recipients, as well as transfer rates for State Tuition Aid Grant recipients attending county colleges.

N.J.A.C. 9A:9-2.1(c) is amended to state that proprietary institutions need to meet the same licensure, accreditation, and facilities requirements as all other institutions to qualify as an eligible institution.

In order to provide more accurate projections when budgeting for financial aid, N.J.A.C. 9A:9-2.1(d), (d)1, and (d)2 are amended to require an institution to provide the Authority with an application when expanding its participation by adding a branch campus or changing its programmatic mission and new paragraph (d)3 is added to require institutions to provide the Authority with an estimate of the number of potential Tuition Aid Grant recipients during the first four years of program participation. Paragraph (d)2 is also amended to require a branch campus or expansion of mission to be approved by the Office of the Secretary of Higher Education or its successor.

N.J.A.C. 9A:9-2.2(a)1 is amended pursuant to the court’s holding in A.Z. v. Higher Education Student Assistance Authority, 427 N.J. Super. 389, 399 (App. Div. 2012), which held that the Authority cannot irrebuttable presume that a dependent student’s residence is the same as his or her parents’ residence. In accordance with the decision, the amendment provides for a rebuttable presumption that a dependent student’s legal residence is the same as his or her parent.

N.J.A.C. 9A:9-2.2(b) is amended to refine the process for students to demonstrate proof of residency. The amendment clarifies that the Authority will request the documentation that is needed and adds additional types of documentation that may be used to demonstrate residency.

N.J.A.C. 9A:9-2.3(c) is amended pursuant to N.J.S.A. 18A:71B-85.1(c) and 18A:71B-86.4(c)(1), to extend eligibility for NJSTARS and NJSTARS II to dependent children of parents transferred to military installations in New Jersey.

The list of acceptable affirmative evidence to prove a student is an eligible non-citizen is delineated annually by the United States Department of Education in the Federal Student Aid Handbook. To ensure the rule remains current with evolving standards, N.J.A.C. 9A:9-2.3(a) is amended to incorporate the Handbook by reference, as amended and supplemented and N.J.A.C. 9A:9-2.3(b) and (c) are proposed for deletion as they are no longer necessary.

The Authority uses the Federal criteria for defining who is a dependent student, except with regards to emancipated minors. As such, N.J.A.C. 9A:9-2.6(a) is amended to incorporate by reference the Federal definition of an independent student as defined in Federal Student Aid Handbook, which incorporated by reference into the rule, as amended and supplemented and N.J.A.C. 9A:9-2.6(b) and paragraphs (b)1 through 7 are deleted as the reference to the Federal Student Aid Handbook replaces the need for this language.

Proposed new N.J.A.C. 9A:9-2.6(b) is added to specify that emancipated minors, or students who were emancipated minors upon reaching the age of majority, are not considered independent students in New Jersey. This ensures that parents do not emancipate their children in order to receive higher amounts of State assistance. Students who have extenuating circumstances may still be eligible for State student financial aid pursuant to the recodified N.J.A.C. 9A:9-2.6(c).

In order to enhance verification procedures for Federal financial aid, the Federal government now requires the use of tax return transcripts as opposed to copies of tax returns. As such, N.J.A.C. 9A:9-2.7 is amended
to enhance the verification procedures for State financial aid to mirror the Federal requirement. The section is also amended to state that financial aid cannot be granted if documentation is not provided to verify income and resolve discrepancies in a student’s file.

N.J.A.C. 9A:9-2.11(a)2 is amended to clarify that the maximum semesters of eligibility for students attending a four-year college are cumulative and include the payments made while the student attended a two-year college.

N.J.A.C. 9A:9-2.11(b) is amended to reflect the State’s practice of making payments in two installments over the regular academic year, regardless of the number of school terms.

N.J.A.C. 9A:9-2.15 is amended to specify that appeals need to be made within 60 days of initial notification of eligibility. This amendment is necessary to clarify that additional notices do not add to the time for appeals. This section is further amended to mandate that appeals be made in writing, rather than just being preferred in writing, and may be submitted electronically. Additionally, the section is amended to permit students who elect to do so to provide their customer ID number instead of their Social Security number on their appeal.

N.J.A.C. 9A:9-2.16(e) is amended to allow for limited program reviews in addition to full-scale reviews and removes that restriction that all reviews be conducted on-site.

Due to a change in the Authority’s organizational chart, N.J.A.C. 9A:9-2.16(e) is amended to replace the Chief Operating Officer with the Chief Compliance Officer as the arbiter of appeals.

Subchapter 3 provides the rules for determining a student’s eligibility under the Tuition Aid Grant (TAG) Program and the value of the TAG award as it relates to the student’s tuition charges and ability to pay for educational costs on a full-time or part-time basis at an eligible New Jersey institution. These rules supplement the general provisions for this program set forth in N.J.A.C. 9A:9-2.

N.J.A.C. 9A:9-3.1 is amended to advise students that in addition to the financial aid form, the Authority relies on the additional information provided for each student in determining eligibility for a Tuition Aid Grant.

Proposed new N.J.A.C. 9A:9-3.4 is added to include a definition for full-time students. This term is used in the subchapter and was not previously defined. The proposed definition is identical to that used in the Grants and Scholarships Policies and Procedures Manual.

Subchapter 4 specifies the requirements that students must meet to qualify for awards under the Garden State Scholarship Program, which includes students in the program categories of Edward J. Bloustein Distinguished Scholars, Urban Scholars, and Garden State Scholars. This program recognizes those students who demonstrate high academic achievement based upon their secondary school class rank or a combination of class rank and Scholastic Assessment Test (SAT) scores or secondary school grade point average (GPA). This program provides scholarship awards of up to $1,000 annually without regard to financial need. Funding for this program is currently limited to renewal students.

N.J.A.C. 9A:9-4.4(a) and (b) are amended to delete reference to UMDNJ and add Rowan University to the public research institutions sector. This amendment is made pursuant to the New Jersey Medical and Health Sciences Education Restructuring Act, N.J.S.A. 18A:64M-1 et seq.

Subchapter 5 contains the rules for providing free tuition for any child or surviving spouse of a member, officer, or worker of an emergency service, law enforcement, or civil defense agency killed in the performance of duty under the Survivor Tuition Benefits Program. An eligible child or surviving spouse who wishes to attend any public institution of higher education in New Jersey may enroll as an undergraduate student and have his or her tuition paid by the State while in good standing at that college or university. Such child or spouse may also attend any independent institution in New Jersey; however, the annual value of the grant cannot exceed the highest tuition charged at a New Jersey public institution. Recipients must enroll on at least a one-half time basis in an undergraduate degree program and be in good academic standing.

Proposed new N.J.A.C. 9A:9-5.3 is added to provide the application procedures for this program. This new rule enumerates the existing procedures to apply for a Survivor Tuition Benefits scholarship, which were not previously included in the chapter.

N.J.A.C. 9A:9-5.9 is amended to clarify that the institution must certify the student’s eligibility to receive payment and to state that the certification is necessary to be made within the term for which the scholarship is requested. This amendment will ensure that a student’s award is not delayed.

Subchapter 6 specifies the rules governing the New Jersey Educational Scholarship Program, which provides for an annual award equal to the cost of tuition to an individual who has been designated by the Authority, in consultation with the Miss New Jersey Pageant Organization, as demonstrating exceptional leadership in the area of civic, cultural, or charitable endeavors in the spirit of the Miss New Jersey Pageant. To receive and maintain the scholarship, the individual must be enrolled in a full-time course of study leading to an initial bachelor’s degree or a postgraduate degree at any public institution of higher education in New Jersey. This program is currently not funded.

Subchapter 7 contains the rules for providing scholarships under the New Jersey World Trade Center Scholarship Program. This program provides scholarships for the costs of undergraduate study at an eligible institution of higher education to the dependent children or surviving spouses of New Jersey residents who were killed in the terrorist attack on the attack sites, or who are missing and officially presumed dead as a result of the terrorist attack. The scholarship pays up to the annual cost of attendance at the highest cost public institution of higher education in New Jersey as determined by that institution.

N.J.A.C. 9A:9-7.5 is amended to delete reference to the Department of Law and Public Safety and to add a reference for eligibility requirements described in N.J.A.C. 9A:9-7.4. This amendment is necessary because, in practice the Authority used to receive verification from the Office of Recovery and Victim Assistance (ORVA), not the Department of Law and Public Safety via lists of victims and their dependent children and spouses. ORVA has since been disbanded and the Authority has retained the lists necessary for verifying eligibility.

Subchapter 8 provides the rules governing the policy, administration, and procedures of the Law Enforcement Officer Memorial Scholarships (LEOMS) Program. Under this program, scholarships are provided for the annual costs of undergraduate study at an eligible New Jersey institution of higher education to the children of New Jersey law enforcement officers as defined by N.J.S.A. 18A:71B-24.2, who were killed in the line of duty. The scholarship will pay up to the student’s cost of attendance at the institution that is not otherwise covered by any other scholarship, tuition aid grant, benefit, or other assistance awarded to the recipient under the Higher Education Student Assistance Authority Law, N.J.S.A. 18A:71A-1 et seq.

N.J.A.C. 9A:9-8.6 is amended to state that applications need to be submitted to the Authority to establish deadlines as specified on the application. This ensures timely scholarship awards.

N.J.A.C. 9A:9-8.9 is amended to state that the institutions must certify a student’s eligibility within the term for which the scholarship is requested. This amendment will ensure that a student’s award is not delayed.

Subchapter 9 sets forth the rules governing the Paul Douglas Teacher Scholarship Program, which was a Federally funded program established by Congress to encourage highly qualified students to pursue teaching careers. There was no matching State funding for this program. The Federal government has not funded new awards under this program since the 1994-95 academic year and, in 1998, repealed the enabling program statute, 20 U.S.C. § 1111. This subchapter is proposed for repeal as there are no longer any participants remaining in a repayment status.

Subchapter 10 sets forth the policies and procedures for the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS). This program recognizes the academic achievements of New Jersey high school students who graduate in the top 15.0 percent of their graduating class by providing a scholarship for the cost of tuition for eligible students who enroll in a full-time course of study at the New Jersey county college serving their county of residence.
PROPOSALS

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N.J.A.C. 9A-9.10.4(a)3 is amended pursuant to N.J.S.A. 18A:71B-85.1(j) to add language explaining how NJ STARS eligibility is determined for a student whose school does not provide a class rank. The paragraph is further amended to specify that the graduation date referred to in the paragraph is high school graduation.

N.J.A.C. 9A-9.10.7 is amended to clarify that the NJ STARS award is for an amount up to the full cost of tuition and approved fees for students who graduated high school prior to 2010 and for up to the full cost of tuition for all other participants. Pursuant to N.J.S.A. 18A:71B-85.1,a, the NJ STARS scholarship amount is subject to the prior application of other grants and scholarships.

N.J.A.C. 9A-9.10.10 is amended to specify that appeals need to be made within 30 days of initial notification of eligibility. This amendment is necessary to clarify that additional notices do not add to the time for appeals. This section is further amended to require that all appeals be made in writing, rather than to state a preference for written appeals, and may be submitted electronically. Additionally, the section is amended to permit students who elect to do so, to provide their customer ID number instead of their Social Security number on their appeal.

Subchapter 11 sets forth the policies and procedures for the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II). This program recognizes the academic achievements of New Jersey county college graduates who wish to continue their education by providing scholarships for full-time attendance at eligible New Jersey colleges and universities. A student is eligible for a scholarship under the NJ STARS II Program if he or she has graduated from a New Jersey county college as an NJ STARS scholar with an associate degree and enrolls full-time in a baccalaureate degree program at a New Jersey four-year public institution of higher education in the student’s academic year of study immediately following attainment of an associate degree.

N.J.A.C. 9A-9.11.10 is amended to specify that appeals need to be made within 30 days of initial notification of eligibility. This amendment is necessary to clarify that additional notices do not add to the time for appeals. This section is further amended to require that all appeals be made in writing, rather than to state a preference for written appeals, and may be submitted electronically. Additionally, the section is amended to permit students who elect to do so, to provide their customer ID number instead of their Social Security number on their appeal.

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

Social Impact

The rules proposed for readoption with amendments, new rules, and repeals do not represent any new cost factors for the State. In fiscal year 2013, the Tuition Aid Grant Program, which is the primary State grant program in New Jersey, provided over $331.6 million in need-based awards to approximately 76,750 full-time New Jersey undergraduate students. During the 2012-13 academic year, these awards, which are based on financial need and tuition charges at New Jersey colleges and universities, ranged in value from $1,092 to a maximum of $11,550. Funding is derived from State appropriations.

The Garden State Scholarship Program provides merit awards that range in value from $500.00 to $1,000 annually to academically qualified New Jersey residents. This program is currently not funded.

The Survivor Tuition Benefits Program is open to qualified New Jersey residents or surviving spouses of emergency service personnel and law enforcement officers killed in the line of duty. These grants pay the actual cost of tuition at the New Jersey institution attended, up to the highest tuition charged at a New Jersey public institution of higher education. During fiscal year 2013, five recipients received $22,064 through this program.

The Miss New Jersey Educational Scholarship Program was previously funded by an annual appropriation to the Higher Education Student Assistance Authority in an amount equal to the cost of tuition at the New Jersey public institution enrolling the annual recipient of the scholarship, as well as renewal recipients. There have been no appropriations for this program since fiscal year 2004.

The New Jersey World Trade Center Scholarship Program was established by the Legislature to aid dependent children and surviving spouses of New Jersey residents who were killed in the terrorist attacks against the United States on September 11, 2001, who died as a result of injuries received in the attacks, or who died as a result of illness contracted due to exposure to the attack site. In 2012-13, 75 qualifying individuals received scholarships up to $5,000 per academic year for a total of $375,000.

The Law Enforcement Officer Memorial Scholarships (LEOMS) Program provides scholarships for full-time undergraduate study at approved New Jersey institutions of higher education to the dependent children of New Jersey law enforcement officers killed in the line of duty. The scholarship pays the balance of a recipient’s annual cost of attendance at the institution after deducting any other scholarship, grant, benefit, or other assistance awarded to the recipient under the Higher Education Student Assistance Authority Law. N.J.S.A. 18A:71A-1 et seq.

During the 2012-13 academic year, four recipients received funds totaling $94,517.

The Federal government has not funded new awards under the Paul Douglas Teacher Scholarship Program since the 1994-95 academic year, nor was there any cost to the State.

The NJ STARS Program provides scholarships to students who graduate in the top 15 percent of their high school class and who enroll in a full-time course of study at the New Jersey county college serving their county of residence. The NJ STARS Program award pays an amount up to the cost of tuition and fees. During the 2012-13 academic year 2,598 students received funding totaling more than $5.1 million.

The NJ STARS II Program provides scholarships to eligible NJ STARS Program graduates who wish to continue their education at a New Jersey four-year institution of higher education. An NJ STARS II Program award is applied to tuition, and in the case of students who receive Tuition Aid Grants, towards tuition and fees. The amount of the scholarship is up to $1,250 per semester. During the 2012-13 academic year 1,258 students received funding totaling more than $3.0 million.

It is anticipated, that the proposed amendments will have a positive economic impact in that the new application procedures for institutional eligibility will assist in preparing future budgets by providing advance notice of the number of potentially eligible Tuition Aid Grant recipients. Additionally, the enhanced income verification procedures will ensure that State resources are accurately directed to eligible students.

Federal Standards Statement

A Federal standards analysis is not required since the rules proposed for readoption with amendments, new rules, and repeals are not subject to any Federal requirements or standards. While the Federally funded Paul Douglas Teacher Scholarship Program was subject to Federal requirements, the rules governing this program are proposed for repeal and therefore do not exceed the Federal standards.

Jobs Impact

The rules proposed for readoption with amendments, new rules, and repeals will not result in the loss or generation of jobs. These rules maintain previously established criteria for student eligibility, award amounts, renewal, and payment in the administration of the State’s grant and scholarship programs, and to provide further clarity to the existing
rules. These programs provide financial assistance opportunities to students and their families to help them meet their higher education expenses, which are a major concern for many New Jersey residents. It is anticipated that they will also increase students’ access to higher paying jobs.

**Agriculture Industry Impact**

The rules proposed for readoption with amendments, new rules, and repeals will have no impact on the agriculture industry.

**Regulatory Flexibility Statement**

A regulatory flexibility analysis is not required because the rules proposed for readoption with amendments, new rules, and repeals do not impose reporting, recordkeeping, or other compliance requirements on small businesses as defined by the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The Authority does not anticipate that any educational institution participating in these programs would be covered by the definition of a small business because these entities have over 100 full-time employees. Additionally, students participating in these programs are not covered by the definition because they are individuals, not businesses.

**Housing Affordability Impact Analysis**

The rules proposed for readoption with amendments, new rules, and repeals will have an insignificant impact on affordable housing in New Jersey. There is an extreme unlikelihood that the rules proposed for readoption with amendments, new rules, and repeals would evoke a change in the average costs associated with housing. The rules proposed for readoption with amendments, new rules, and repeals affect the administration of grants and scholarships for higher education, which has no impact on the cost of housing.

**Smart Growth Development Impact Analysis**

The rules proposed for readoption with amendments, new rules, and repeals will have an insignificant impact on smart growth and there is an extreme unlikelihood that the rules would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey. The rules proposed for readoption with amendments, new rules, and repeals affect the administration of grants and scholarships for higher education, which has no impact on housing production.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 9A:9.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 9A:9.

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

**SUBCHAPTER 2. GENERAL PROVISIONS FOR TUITION AID GRANT AND GARDEN STATE SCHOLARSHIP PROGRAMS**

9A:9-2.1 Undergraduate enrollment and eligible institutions

(a) Students must have received a high school diploma or recognized equivalent of a high school diploma as defined by 34 CFR 600.2 and be enrolled or plan to be enrolled as full-time undergraduate students matriculated in a curriculum leading to a degree or certificate in an eligible institution as defined in (b) through (d) below in order to be eligible for student assistance. Students possessing an undergraduate degree (either a Baccalaureate or Associate degree) are not eligible for student assistance at that degree level. Certification of full-time status is the responsibility of the enrolling institution based on the current institutional definition of full-time status and subject to review and approval by the Higher Education Student Assistance Authority (Authority).

(b) An eligible institution means an institution of higher education that:

1. (No change.)

2. [Has been] Is licensed by the [New Jersey Commission on Higher Education] Office of the Secretary of Higher Education, or its successor office;

3. [Has not been] Is not licensed as an “out-of-State” institution pursuant to N.J.A.C. 9A:1-5; [and]

4. [Regulatory Flexibility Statement: (c) Eligible institutions shall also include proprietary institutions in New Jersey that meet the requirements of (b), 4, and 5 above, but only for degree granting programs, as licensed by the [New Jersey Commission on Higher Education] Office of the Secretary of Higher Education, or its successor office, pursuant to N.J.A.C. 9A:1-4.]

5. [Is] Is accredited or preaccredited by a nationally recognized accrediting association[.]; and

Upon commencing participation in the State financial aid programs, annually provides the Authority with detailed information on the graduation rates of State Tuition Aid Grant recipients and, in the case of county colleges provides information on the transfer rates of State Tuition Aid Grant recipients, in the format provided by the Authority.

(c) Eligible institutions shall also include proprietary institutions in New Jersey that meet the requirements of (b), 4, and 5 above, but only for degree granting programs, as licensed by the [New Jersey Commission on Higher Education] Office of the Secretary of Higher Education, or its successor office, pursuant to N.J.A.C. 9A:1-4.

(d) An eligible institution seeking to participate in the Tuition Aid Grant Program or expand its participation by adding a branch campus or changing its programmatic mission shall:

1. Submit a written request to the Authority no later than August 31 of the calendar year prior to the fall semester of the succeeding calendar year during which the institution wishes to begin or expand participation; and

2. Provide documentation that it the institution, branch campus, or expanded programmatic mission has been approved by the Office of the Secretary of Higher Education, or its successor office, and that the institution is authorized to participate in Title IV Federal student aid programs under the Higher Education Act of 1965, as amended, and its implementing regulations[.]; and

3. Provide an estimate of the number of potential Tuition Aid Grant recipients during the first four years of program participation.

9A:9-2.2 Residency

(a) Students must be legal residents of New Jersey for a period of not less than 12 consecutive months immediately prior to the academic period for which aid is being requested. The residence of a student is defined in terms of domicile. Domicile is defined as the place where a person has his or her true, fixed, permanent home and principal establishment, and to which, whenever he or she is absent, he or she has the intention of returning.

1. A dependent student, as defined in N.J.A.C. 9A:9-2.6, shall be [considered] presumed to be a legal resident of the state in which he or she and his or her parent(s) is domiciled. A dependent student whose parent(s) has not established a domicile in New Jersey shall be [considered] presumed to be in the State for the temporary purpose of obtaining an education and shall be ineligible for State student financial aid. A student may rebut both of these presumptions by submitting evidence to the Authority establishing that he or she is a legal resident of New Jersey notwithstanding the residency of his or her parent(s). [However, any] Any dependent student who continues to reside in this State and who has previously received at least one semester of payment of a State grant or scholarship shall continue to be eligible for State student financial aid during the course of each academic year at an eligible institution of higher education in New Jersey, despite his or her parent(s)’ subsequent change of domicile to another state.

2. (No change.)

(b) When a student’s domicile is in question, he or she must demonstrate proof of residence by submitting to the [Higher Education Student Assistance] Authority [one or more of] will request that the student submit the documentation necessary to demonstrate residency, which includes, but is not limited to, the following documents:

1. Student’s and/or parent(s)’ New Jersey driver license or New Jersey non-driver identification card;

2. Student’s and/or parent(s)’ New Jersey State Income Tax-Resident Return(s); [or]

[Such documentation as may be deemed necessary by the Authority upon specific case review.]

3. Proof of graduation from a New Jersey high school; and/or

4. Evidence of home ownership or a long-term lease in New Jersey.
The provisions for establishing legal residence in New Jersey as stipulated in (a) and (b) above are excepted for a dependent child of a parent who has been transferred to a military installation located in this State and such dependent child shall be considered a resident of New Jersey for purposes of qualifying for State student financial aid under the State Tuition Aid Grant Program, [pursuant to P.L. 2005, c.60] the New Jersey Student Tuition Assistance Reward Scholarship Program, and the New Jersey Student Tuition Assistance Reward Scholarship II Program.

(1) [No change.]

9A:9-2.3 Noncitizens and resident aliens

(a) In order to receive a grant or scholarship, a noncitizen of the United States of America or resident alien must present affirmative evidence that he or she is not in the United States for the temporary purpose of obtaining an education. [Such evidence must include documentation from the United States Citizenship and Immigration Services (USCIS), or its successor agency, that the student may remain permanently in this country and such evidence must be placed in the student’s file.]

1. Be the holder of a Permanent Resident Card (Form I-551), issued beginning in 1997, a Resident Alien Card (Form I-551), issued prior to 1997, or an Alien Registration Receipt Card (Form I-151) issued prior to June 1978; or

2. Be the holder of an Arrival Departure Record (Form I-94) or an Arrival Departure Record (Form I-94A) with one of the following:
   i. The endorsement “Processed for I-551: Temporary Evidence of Lawful Admission for Permanent Residence. Valid until (date stamp). Employment Authorized.”
   ii. With the endorsement in (a)2i above, the form is annotated by an “A” number and is acceptable on or before the expiration date; or
   iii. For classes of eligible noncitizens, other than permanent residents, the following endorsements are also acceptable:
      (1) Parolees: Paroled pursuant to Sec. 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. § 1182(d)(5));
      (2) Refugees: Admitted as a refugee pursuant to Sec. 207 of the Immigration and Nationality Act (8 U.S.C. § 1157);
      (3) Asylees: Asylum status granted pursuant to Sec. 208 of the Immigration and Nationality Act (8 U.S.C. § 1158);
      (4) Cuban-Haitian Entrant: Status pending, valid even after the expiration date has passed; or
      (5) Conditional Entrant: Admission into this status through March 31, 1980.

(b) Students with nonimmigrant visas, including the F-1, F-2 or M-1 Student Visa; B-1 or B-2 Visitor Visa; J-1 or J-2 Exchange Visitors Visa; H series or L series Visa which allow temporary employment in the United States; or a G series Visa, which pertains to international organizations, or holding only a “Notice of Approval to Apply for Permanent Residence” (Form I-171 or I-464) are not eligible for student assistance.

(c) Students holding an Employment Authorization Card (Form I-688A), Employment Authorization Documents (Form I-688B or I-766) or Temporary Resident Card (Form I-688) are not eligible. [Acceptable affirmative evidence is delineated annually by the United States Department of Education in the Federal Student Aid Handbook published at http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook. The acceptable affirmative evidence standards set forth in Volume 1, Chapter 2, Citizenship, of the 2013-2014 Federal Student Aid Handbook, which is incorporated herein by reference, as amended and supplemented. For a noncitizen of the United States of America, or resident alien, legal New Jersey residency for purposes of N.J.A.C. 9A:9-2.2 commences when a student is granted permanent resident status in the United States.]

9A:9-2.6 Dependent/independent student defined

(a) The term independent, when used with respect to a student, [means any individual who:
   1. Is 24 years of age or older by December 31 of the award year; or
   2. Meets at least one of the requirements in (b) below.]

(b) A student meets the requirements for independent status if such individual:

1. Is an orphan or ward of the court or was a ward of the court until age 18;
2. Is a veteran of the Armed Forces of the United States;
3. Is a graduate or professional student;
4. Is married;
5. Has legal dependents other than a spouse who live with the student and receive more than half of their support from the student;

(b) For purposes of State student financial aid programs, an independent student does not include students who are emancipated minors or were emancipated minors upon reaching the age of majority in his or her state.

[7.] (c) [Is] The term independent also includes a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances as provided under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1087v, and its implementing regulations and rules. For purposes of receiving State financial assistance as an independent student due to unusual circumstances, the following conditions apply:

    Recodify existing i.-iii. as i.-3. [No change in text.]

[(c) (d) A dependent student shall be any student who does not meet any of the eligibility criteria listed in (a) or (b) above for independent student status.]

[(d) (e) [No change in text.]]
The semesters of payment are cumulative and include all payments made for a two-year program.

(b) Payments will be made by the Department of the Treasury for eligible students in [equal] two installments over the regular academic year, the number of installments corresponding to the number of school terms. Deadline dates shall be established annually by the Higher Education Student Assistance Authority to comply with the State’s fiscal year and to allow for academic term expenditure control. The Authority shall provide payment directly to institutions on behalf of student recipients. Listings of eligible students to be credited shall also be provided to each institution.

9A:9-2.15 Appeals

If, for any reason a student, his or her family, or an institution feels that the application of [these rules] this subchapter results in an unfair determination of eligibility, an appeal shall be filed with the Higher Education Student Assistance Authority within 60 days of initial notification of eligibility or ineligibility. [Appeals should be in the form of a letter] All appeals shall be in writing and addressed to the Director of Grants and Scholarships in the Authority, PO Box 540, Trenton, New Jersey 08625-0540 or submitted electronically, and shall contain the student’s full name, [social security] Social Security number or customer ID number, college of attendance, and a description of the basis for the appeal. Appeals will be considered on the basis of this appeal process approved by the Authority.

9A:9-2.16 Accounting and auditing standards

(a)-(b) (No change.)

(c) Based on prior coordination with financial aid, registration, and business personnel, institutions will be notified in writing at least 30 days in advance when a full-scale program review has been officially scheduled at their school and or 15 days for a limited program review. At such time, the institution will also be notified of what institutional files and student records will be required for analysis. Institutions shall provide access to institutional and student records as required by the program review team to conduct their [on-site] review.

(d) (No change.)

(e) Institutions that wish to appeal the findings of the program review shall submit a written appeal to the Authority’s Chief [Operating] Compliance Officer within 30 days of receipt of the final program review report. The written appeal must explain in detail why the institution is appealing the program review findings and include any supporting documentation. The Authority’s Chief [Operating] Compliance Officer will provide the institution with a written response within 60 days of receipt of the appeal.

SUBCHAPTER 3. TUITION AID GRANT PROGRAMS

9A:9-3.1 Determination of eligibility for and value of student assistance

The information on the financial aid form, as well as additional information provided for each student, shall be evaluated by employing the methodology used to calculate the New Jersey Eligibility Index (NJEI). The evaluation results in an estimate of the family or student’s ability to contribute to the cost of education. This estimate is then used to determine the student’s eligibility for and award value under the Tuition Aid Grant Programs.

9A:9-3.4 [Reserved] Full-time students

A full-time student is one who carries a minimum of 12 credit hours at an institution operating on a semester or quarter calendar or who carries a minimum of 8 credit hours at an institution operating on a trimester calendar.

9A:9-3.5 Part-time students

(a) Eligibility for Tuition Aid Grants shall be extended on an annual basis to part-time students based upon the approval of the Higher Education Student Assistance Authority and the level of appropriated funds. Eligibility for part-time Tuition Aid Grant/Educational Opportunity Fund (TAG/EOF) students must also be approved by the New Jersey Commission on Office of the Secretary of Higher Education, or its successor office.

(b)-(f) (No change.)

SUBCHAPTER 4. GARDEN STATE SCHOLARSHIPS

9A:9-4.4 Award amounts

(a) Garden State Scholars shall receive annual awards of up to $500.00 without regard to financial need based upon their academic performance as determined pursuant to N.J.A.C. 9A:9-4.2(h). If sufficient funds are available, the award may be increased up to an additional $500.00 based upon the student’s New Jersey Eligibility Index (NJEI) pursuant to N.J.A.C. 9A:9-3.1 and 3.2 according to the following table:

<table>
<thead>
<tr>
<th>NJEI</th>
<th>County Colleges</th>
<th>State Colleges</th>
<th>Independent Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1500</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>1500 - 2499</td>
<td>250</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>2500 - 3499</td>
<td>250</td>
<td>250</td>
<td>500</td>
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<tr>
<td>3500 - 4499</td>
<td>250</td>
<td>250</td>
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<tr>
<td>4500 - 5499</td>
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<tr>
<td>5500 - 6499</td>
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<td>6500 - 7499</td>
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<td>7500 - 8499</td>
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<tr>
<td>8500 - 9499</td>
<td>0</td>
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<td>250</td>
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<tr>
<td>9500 - 10499</td>
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</tr>
<tr>
<td>Over 10499</td>
<td>0</td>
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<td>0</td>
</tr>
</tbody>
</table>

(b) Edward J. Bloustein Distinguished Scholars and Urban Scholars shall receive annual awards of up to $1,000 without regard to financial need based upon their academic performance as determined pursuant to N.J.A.C. 9A:9-4.2(c), (d), and (e). If sufficient funds are available, the award may be increased up to an additional $1,000 based upon the student’s New Jersey Eligibility Index (NJEI) pursuant to N.J.A.C. 9A:9-3.1 and 3.2 according to the following table:

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<tr>
<td>Over 10499</td>
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</tbody>
</table>

(c)-(d) (No change.)

SUBCHAPTER 5. SURVIVOR TUITION BENEFITS PROGRAM

9A:9-5.3 [Reserved] Application procedures

In order to apply for a Survivor Tuition Benefit Scholarship, the student must complete a scholarship program application within established deadlines as specified on the application and submit it to the Higher Education Student Assistance Authority. The application shall include identifying information about the student, his or her...
college of attendance, the name of the deceased parent or spouse, and information about the organization with which the deceased was affiliated. The student must also submit documentation of his or her relationship to the deceased, as well as verification of the parent or spouse’s death in the line of duty. The Authority will determine the student’s eligibility for the scholarship based upon the information and documentation submitted and will notify the student of his or her eligibility.

9A:9-5.4 Eligible institutions

Tuition benefits are available to eligible students enrolled in an institution of higher education in New Jersey that is approved or licensed by the [Commission on] Office of the Secretary of Higher Education, or its successor office, and accredited or preaccredited by a nationally recognized accrediting association.

9A:9-5.9 Verification of enrollment and academic performance

[Before payment may be made to an eligible student, the institution must have satisfactory evidence] In order for an eligible student to receive payment, the institution must certify that the student is eligible for tuition benefits, and has registered for an academic term in an undergraduate degree program, and that the student is meeting the minimum standards for academic performance and academic progress at the institution in accordance with N.J.A.C. 9A:9-2.10. Institutions must certify eligibility within the term for which the scholarship is requested. Eligible students shall be enrolled on at least a one-half time basis during any term in order to receive payment.

SUBCHAPTER 7. NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP PROGRAM

9A:9-7.2 Eligible institutions

Scholarships are available to eligible students enrolled in an institution of higher education licensed by the [New Jersey Commission on] Office of the Secretary of Higher Education, its successor office, or its equivalent in another state and accredited or preaccredited by a nationally recognized accrediting association. An institution of higher education shall also include certain proprietary institutions, but only for degree granting programs approved by the [New Jersey Commission on] Office of the Secretary of Higher Education, or its successor office, or other proprietary institutions as determined by the Authority.

9A:9-7.5 Application procedures

In order to apply for the New Jersey World Trade Center Scholarship, the student must annually complete a scholarship program application and submit it to the Higher Education Student Assistance Authority. The Authority will determine whether the student’s eligibility is for the scholarship and obtain verification from the New Jersey Department of Law and Public Safety concerning the relationship of the dependent child or surviving spouse to the terrorist attack of September 11, 2001 pursuant to N.J.A.C. 9A:9-7.4.

SUBCHAPTER 8. LAW ENFORCEMENT OFFICER MEMORIAL SCHOLARSHIPS PROGRAM

9A:9-8.3 Eligible institutions

Scholarships are available to eligible students enrolled in an institution of higher education in New Jersey that is licensed by the [Commission on] Office of the Secretary of Higher Education, or its successor office, and accredited or preaccredited by a nationally recognized accrediting association. An institution of higher education shall also include certain proprietary institutions in New Jersey, but only for degree granting programs approved by the [Commission on] Office of the Secretary of Higher Education, or its successor office.

9A:9-8.6 Application procedures

In order to apply for a Law Enforcement Officer Memorial Scholarship, the student must complete a scholarship program application and submit it to the Higher Education Student Assistance Authority within established deadlines as specified on the application. The application shall include identifying information about the student, his or her college of attendance, the name of the deceased parent and information about the law enforcement organization with which the deceased was affiliated. The student must also submit documentation of his or her relationship to the deceased as well as verification of the law enforcement officer’s death in the line of duty. The Authority will determine the student’s eligibility for the scholarship based upon the information and documentation submitted and provide notification to the student.

9A:9-8.9 Verification of enrollment and academic performance

Before payment may be made to an eligible student, the institution must certify that the student has registered full time for an academic term in an undergraduate degree program and that the student is meeting the minimum standards for academic performance and academic progress at the institution in accordance with N.J.A.C. 9A:9-2.10. Institutions must certify eligibility within the term for which the scholarship is requested.

SUBCHAPTER 9. (RESERVED)

SUBCHAPTER 10. NEW JERSEY STUDENT TUITION ASSISTANCE REWARD SCHOLARSHIP (NJ STARS) PROGRAM

9A:9-10.2 Definitions

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

“Rigorous high school course of study” means a course of study that is in accordance with the standards established by the [Commission on] Office of the Secretary of Higher Education, or its successor agency, in consultation with the Commissioner of Education.

9A:9-10.4 Eligibility requirements

(a) A student shall be eligible for a scholarship under the NJ STARS Program for up to five semesters, including summers. This period of eligibility also includes any semester for which a student qualifies for the scholarship but does not receive payment pursuant to N.J.A.C. 9A:9-10.7.

(b) In order to qualify for this scholarship, a student must meet the following eligibility requirements:

1. To 2. (No change.)

3. For the first year of enrollment, a student must have graduated in the top 15.0 percent of the student’s high school graduating class [and at], provided that in the case of students graduating from high schools that do not calculate their class rank, the student’s ranking should be determined by the high school in consultation with the Authority. Ranking policies are determined by the individual high schools and not by the Authority. At the time of high school graduation a student must have met, and continue to meet, all residency and citizenship requirements set forth in N.J.A.C. 9A:9-2.2 and 2.3; 4.7. (No change.)

(b-d) (No change.)

9A:9-10.7 Amount of the scholarship

A scholarship under the NJ STARS Program shall cover up to the full cost of tuition and approved fees for students who graduated high school prior to 2010. For students who graduated high school in 2010 or later, a scholarship under the NJ STARS Program shall cover up to the full cost of tuition. All NJ STARS scholarships are subject to the prior application of other State and Federal grants and scholarships against those costs, for up to 18 credit hours in any semester for an eligible student enrolled in a full-time course of study at the New Jersey county college serving the student’s county of residence. The full amount of State and Federal need-based grants and merit scholarships received by the student shall be applied to tuition or tuition and fee charges, as applicable, to reduce the amount of the NJ STARS award.

9A:9-10.10 Appeals

If, for any reason a student, his or her family, or an institution feels that the application of this subchapter results in an unfair determination of eligibility, an appeal shall be filed with the Higher Education Student Assistance Authority within 30 days of initial notification of eligibility or
ineligibility. [Appeals should be in writing and addressed to the Director of Grants and Scholarships in the Authority, PO Box 540, Trenton, New Jersey 08625-0540 or submitted electronically, and shall contain the student’s full name, Social Security number or customer ID number, college of attendance, and a description of the basis for the appeal. The Director of Grants and Scholarship will respond with the Authority’s final determination of the appeal.

SUBCHAPTER 11.   NEW JERSEY STUDENT TUITION ASSISTANCE REWARD SCHOLARSHIP II (NJ STARS II) PROGRAM

9A:9-11.10   Appeals

If, for any reason a student, his or her family, or an institution feels that the application of this subchapter results in an unfair determination of eligibility, an appeal shall be filed with the Higher Education Student Assistance Authority within 30 days of initial notification of eligibility or ineligibility. [Appeals should be in the form of a letter] All appeals shall be in writing and addressed to the Director of Grants and Scholarships in the Authority, PO Box 540, Trenton, New Jersey 08625-0540 or submitted electronically, and shall contain the student’s full name, Social Security number or customer ID number, college of attendance, and a description of the basis for the appeal. The Director of Grants and Scholarship will respond with the Authority’s final determination of the appeal.

(a)   HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Loan and College Savings Programs
The New Jersey College Loans to Assist State Students (NJCLASS) Program: Policies and Procedures

Proposed Amendments: N.J.A.C. 9A:10-6.3 through 6.19

Authorized By: Higher Education Student Assistance Authority, Anthony Falcone, Chairperson.
Calendar Reference: See Summary below for explanation of exception to calendar requirement.
Submit written comments by August 15, 2014, to:
Marnie B. Grodman, Esquire
Administrative Practice Officer
Higher Education Student Assistance Authority
PO Box 545
Trenton, NJ 08625-0545
Email: Regulations@hesaa.org

The agency proposal follows:

Summary

The Higher Education Student Assistance Authority (Authority) is statutorily responsible for the administration of the State’s supplemental student loan program, the New Jersey College Loans to Assist State Students (NJCLASS), and for the promulgation of all rules to that effect, pursuant to N.J.S.A. 18A:71C-21 et seq.

NJCLASS ensures that loans are available to, or for the benefit of, eligible students who are not eligible for, or have additional financial need beyond, Federal student loans.

NJCLASS loans are funded by the sale of bonds. The interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale, and other costs determined by the bond sale. It is necessary to amend the rules to ensure consistency with the bond indentures, incorporate Federal changes to the cohort default rate used to determine an institution’s eligibility to participate in NJCLASS, and to provide clarity to program terms.

The proposed amendments are summarized below:

N.J.A.C. 9A:10-6.3 is amended to revise the definition of “cohort default rate” to comport with the new Federal definition provided by 34 CFR 680.208 through 202 and Subpart N. Pursuant to the Federal regulatory change, as of 2014, two-year cohort default rates will no longer be provided. As such, the Authority will need to rely on a three-year cohort default rate. The amended definition in subchapter mirrors the Federal definition.

Additionally, Executive Reorganization Plan No. 005-2011 eliminated the Commission on Higher Education and transferred its powers to the Office of the Secretary of Higher Education. As such, the definition of “Commission” or “CHE” is amended to reflect this change.

References to “consolidation loan” have been changed throughout the subchapter to “NJCLASS Consolidation Loan.” As such, the definition has been amended and moved to remain in alphabetical order.

The definition of “eligible institution” has been amended due to the change in the definition of cohort default rate. As the cohort default rate has been increased from two to three years, it is necessary to increase the percentage rate from 20 percent to 25 percent. Additionally, reference to the NJCLASS Variable Rate Program is deleted as the definition for this program has been consolidated with that for the NJCLASS Graduate/Professional Students program.

A new definition is added for “fixed rate” as this term is used throughout the subchapter.

In order to alleviate confusion in determining the difference between the overall NJCLASS Loan Program, and the individual loan types included in the Program, the definition of “NJCLASS” has been amended to define the “NJCLASS Loan Program,” which encompasses all NJCLASS loans except for NJCLASS Consolidation Loans. A separate definition for “Standard NJCLASS Loan” has been added to define the individual loan that is the primary loan product offered by the Authority. “NJCLASS Loan Program” is used to replace “NJCLASS loans” in the definitions for “delinquency” and “rehabilitation,” in the heading for N.J.A.C. 9A:10-6.4, and in N.J.A.C. 9A:10-6.4 through 6.19, and “Standard NJCLASS Loan replaces “NJCLASS loan” and “fixed rate NJCLASS loan” in the definitions for “NJCLASS Graduate/Professional Students Program” and “NJCLASS Postgraduate Program” and in N.J.A.C. 9A:10-6.4(a) and (b) (except where, in subsection (a), specific reference is made to “any NJCLASS Loan Program or Consolidation Loan amount”) and 6.5(c) and (d).

Additionally, the definition for the “NJCLASS Graduate/Professional Students Program” is amended to incorporate the predecessor variable rate version of that loan program. As such, the two programs are merged into this definition and the definition for the “NJCLASS Variable Rate Program” is deleted.

The definition for “rehabilitation” has been amended to reflect the change in terminology discussed above regarding the defined terms of “NJCLASS Loan Program” and “NJCLASS Consolidation Loans.”

A definition has been added for “temporarily totally disabled” as this term is used in the subchapter.

In order to protect the integrity of the trust estate used to fund NJCLASS, loans are only forgiven if a total and permanent disability affects the ability to pay. Accordingly, the definition for “totally and permanently disabled” has been amended to clarify that, in the case of people who receive an NJCLASS loan on the basis of an income that is not affected by their ability to work or attend school, they will not be deemed totally and permanently disabled for the purposes of having their NJCLASS loans forgiven.

A definition has been added for “variable rate” as that term is used in this subchapter and was not previously defined.

N.J.A.C. 9A:10-6.4(a) has been amended to reflect the change in terminology discussed above regarding the defined terms of “NJCLASS Loan Program” and “NJCLASS Consolidation Loans.” This update is also proposed at N.J.A.C. 9A:10-6.13(d), 6.15, and 6.18.

As the amended definition for NJCLASS Graduate/Professional Students loans incorporates the variable rate NJCLASS loan, N.J.A.C. 9A:10-6.4(c) is amended to delete the superfluous reference to the Variable Rate NJCLASS loan.