

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

July 24, 2019

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on July 24, 2019 at 10:00 am at the HESAA offices in Hamilton.

PRESENT: HESAA Board Members Ms. Stephanie Berdugo-Hernandez; Dr. Jon Larson; Ms. Jean McDonald Rash; Ms. Madeline Perard; Mr. Robert Shaughnessy, Treasurer's Designee; Dr. Zakiya Smith Ellis, Secretary of Higher Education; Mr. David Socolow; Ms. Maria Torres, and Ms. Christy Van Horn.

ABSENT: Mr. Bader Qarmout.

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:07 am and David Socolow stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Ms. Van Horn led those present in the Pledge of Allegiance.

Ms. Van Horn welcomed the Board members and advised that because some members were participating via teleconference, Roseann Sorrentino would conduct a roll call for the resolutions.

Ms. Van Horn welcomed Stephanie Brown, Associate Counsel from the Governor's Authorities Unit.; and Geoffrey Stark, Deputy Attorney General from the New Jersey Division of Law.

Christy Van Horn introduced the new Student Advisory Committee Chair Stephanie Berdugo-Hernandez.

Deputy Attorney General Geoffrey Stark swore Stephanie Berdugo-Hernandez as a member of the HESAA Board.

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

CONSIDERATION OF THE MINUTES OF THE APRIL 17, 2019 MEETING

A motion to approve the minutes of the April 17, 2019 meeting was made by Ms. Maria Torres and seconded by Ms. Jean McDonald Rash. The minutes were approved unanimously with one abstention, Ms. Stephanie Berdugo-Hernandez; who did not participate in the April 17, 2019 meeting.

RESOLUTION 13:19 ELECTING THE EXECUTIVE COMMITTEE

Jean Rash McDonald made the following presentation to the Board:

In accordance with Article V of the Bylaws of the Higher Education Student Assistance Authority, the Chairperson appointed Stephan Lally, Maria Torres, and myself to the Nominating Committee to nominate a Chairperson and Vice Chairperson from among the public members of the Authority Board and two additional members of the Executive Committee, one from among the public members of the Board and one from among the institutional members of the Board. Currently there are only two public members serving on the HESAA Board.

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

HESAA staff reached out to all Board members on April 17, 2019 to advise members to contact HESAA if they were willing and able to serve on the Executive Committee.

The Nominating Committee met on June 4, 2019 and recommends electing the following officers for Fiscal Year 2019: Christy Van Horn as Chairperson, Maria Torres as Vice Chairperson, and Dr. Jon Larson as a member of the Executive Committee representing institutional members.

A motion to approve Resolution 13:19 was made by Dr. Zakiya Smith Ellis and seconded by Ms. Maria Torres. The motion passed unanimously.

RESOLUTION 14:19 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2019-2020

Kathryn Safran presented Resolution 14:19 to the Board.

Attached for your review, comment, and approval is Resolution 14:19, Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2019-2020. In accordance with the provisions of the Tuition Aid Grant (TAG) program statute and subject to the limits of the Fiscal Year (FY) 2020 Appropriations Act, this action will establish a table of full-time Tuition Aid Grant award values for the upcoming academic year.

On June 30, 2019, Governor Murphy signed the FY 2020 Appropriations Act, which includes an appropriation of \$438.445 million for the Full-Time TAG Program, a \$5.028 million increase from the FY 2019 level.

Language in the FY 2020 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation: provide TAG awards to all qualified applicants at levels set by the HESAA; provide TAG awards for certain undocumented students and also to certain approved incarcerated individuals; and as usual, participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to HESAA to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date.

The TAG Program is New Jersey's premier need-based assistance program for college students. It was established by statute in 1978, it covers tuition charges each academic year and helps higher education become accessible and affordable to those full-time undergraduates who attend public and non-public higher education institutions in New Jersey.

The purpose is to reduce or eliminate the tuition component of the cost of attending college for those who demonstrate financial need. Financial need is defined based on a numeric New Jersey Eligibility Index (NJEI), which represents the relative dollar amount the student and family are able to contribute toward the college costs, as determined by this need analysis. The NJEI ranges on the award table are referred to as "cells." And you can see them by sector on the attached TAG table. Students demonstrating the highest need are in the first cell. In 2018-2019, 44% of all TAG recipients qualified for that first cell.

In FY 2020 the TAG appropriation of \$438.445 million is \$5.028 million higher than FY 2019. This includes a separate appropriation of \$558,000 as it did in previous years for part-time students eligible for TAG awards under the Educational Opportunity Fund (EOF) Part-Time Program. It is included in this table because these students are typically enrolled full-time but approved for part-time aid on a limited basis by the EOF program so we include those students within this table.

Attachment A will show the distribution of FY 2020 Full-Time TAG appropriations across all TAG awarded cells.

Pursuant to FY 2020 budget language, unexpended balances from the FY 2019 TAG account are re-appropriated and available to fund increases in the number of applicants qualifying for TAG, and to fund increases in award amounts, and also fund shifts in the distribution across sectors. The budget also includes language appropriating additional funds as required as a result of changes in program participation patterns. I would like to note this is level funding for the table. There are no increases in awards. Any additional appropriation is used to fund awards to the undocumented and incarcerated students.

The current appropriated resources of \$438.445 million are sufficient to fund the Full-Time Tuition Aid Grant for Academic Year 2019-2020 as shown in Attachment A. The table is projected to fund 67,798 full-time equivalent awards, of which 43% are projected to qualify for maximum awards totaling \$235.550 million.

Full-Time TAG Awards according to Attachment A includes the projected awards for the New Jersey Dreamers, who were first eligible for TAG in FY19, and who have applied for State-funded student assistance by using the state's alternative application in lieu of the FAFSA (Free Application for Federal Student Aid). Based on experience in 2019 our staff has forecasted New Jersey Dreamer award counts for 2020, which are incorporated in the attached table.

To estimate the number of TAG awards due to incarcerated students participating in the New Jersey Department of Corrections (DOC) program, HESAA will be working cooperatively with the DOC to ensure sufficient funding is available for all approved applicants. There are also projected impacts in FY 2020 TAG awards at county colleges due to the second-order effect of the Community College Opportunity Grant (CCOG) program. These projections are based on observations from the FY 2019 CCOG pilot.

Continuing the enhanced level of Income Protection Allowance (IPA) for independent students that was first approved by the Board in FY 2019, we are maintaining the IPA at the FY 2019 levels. This will help make colleges more affordable for independent full-time students. These are often working adults who are pursuing postsecondary education. This enables them to exclude more of their own earnings from the financial aid eligibility calculations, and obtain higher TAG awards.

The above-listed funding priorities are all covered in the attached table, which fully accounts for all appropriated funds while maintaining TAG award values for FY 2020 at the same levels as FY 2019.

It is recommended that the Board approve Resolution 14:19 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2019-2020.

A motion to approve Resolution 14:19 was made by Dr. Zakiya Smith Ellis and seconded by Ms. Stephanie Berdugo-Hernandez.

The motion passed unanimously.

RESOLUTION 15:19 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2019-2020

Kathryn Safran presented Resolution 15:19 to the Board.

Attached for your review, comment, and approval is Resolution 15:19, Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year (AY) 2019-2020. In accordance with the provisions of the Fiscal Year (FY) 2020 Appropriations Act, this action will establish a table of part-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

The Part-Time TAG for County Colleges Program was established in 2003-2004 academic year and provides awards to county college students who demonstrate financial need and enroll for 6–11 credits per semester.

As provided by the FY 2020 Appropriations Act, part-time student awards shall be prorated against the full-time awards within the limits of available appropriations as follows: eligible students enrolled for 6–8 credits will receive 50 percent of the value of a full-time award, while students who are enrolled for 9–11 credits per semester will receive 75 percent of the full-time award.

HESAA establishes a table of part-time TAG values each year based on available appropriation and anticipated number of part-time participants.

The FY 2020 Appropriation Act includes funding of \$8.737 million for the Part-Time TAG for County College Program.

Language in the FY 2020 Appropriations Act allows HESAA to retain the unexpended balances from FY 2019 in the Part-Time County College Program. These funds serve as a contingency for unanticipated increase in the number of applicants qualifying for Part-Time TAG for County

College. It funds increases in award amounts and fund shifts distribution space and increases based on program costs.

The Part-Time TAG Award Table in Attachment A follows the same parameters used to construct the 2019-2020 full-time TAG award table. That is, the full-time TAG awards are prorated at 50% and 75%.

Current projections indicate that the \$8.737 million appropriation will be sufficient to fund the Part-Time TAG Award Table as shown in Attachment A.

It is recommended that the Board approve Resolution 15:19 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2019-2020. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$696 to a minimum of \$305 per semester for eligible students enrolled for 6-8 credits, and a maximum of \$1,044 to a minimum of \$457 for students enrolled for 9-11 credits per semester.

It is recommended that the Board approve Resolution 15:19 adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2019-2020.

A motion to approve Resolution 15:19 was made by Dr. Jon Larson and seconded by Ms. Jean McDonald Rash.

Jean McDonald Rash questioned if the part-time awards are the same value as 2019, to which Kathryn Safran replied yes.

The motion passed unanimously.

RESOLUTION 16:19 APPROVAL OF HESAA'S FY 2020 ADMINISTRATIVE AND CAPITAL BUDGETS

Dr. Jon Larson presented this item to the Board.

On June 21, 2019 the members of the Board Budget Committee and HESAA staff discussed the proposed Fiscal Year 2020 administrative and capital budgets presented to the Board today.

I would like to offer an overview of this budget before you.

- HESAA's FY 2020 Administrative Budget totals \$33.0 million which is level funding to the FY 2020 budget and is supported by \$33.0 million in expected revenues for the fiscal year.
- Additionally the Authority's Capital Budget for FY 2020 is \$5.0 million, an increase of \$1.6 million over the FY 2019 capital budget.

Looking first at revenues, HESAA administrative revenues projected for FY 2020 total \$33.0 million, which is flat to FY 2019 budget levels. These revenues are broken down as follows:

\$3.0 million from Administration of Federal Student Loan Program which is a decrease of \$3.6 million from the FY 2019 budget.

- This amount, which is decreased by nearly half of the revenues generated in FY 2019, is the result of HESAA's intention to end its role as a Guaranty Agency beginning in January 2020. This decision is based on the declining revenues versus the administrative expenses associated with the FFELP program which has not originated a new loan since 2010.

\$24.5 million from the administration of the NJCLASS Program, which is an increase of \$2.7 million from FY 2019 budget.

- This revenue includes the realization of \$1.2 million in equity releases and \$5.8 million in parity releases from prior bond issues.

\$6.3 million in fees and interest earnings from administering the NJBEST 529 College Savings Plan

- This amount is reduced by \$800,000 that is set aside for NJBEST scholarship obligations and associated administrative costs, resulting in net revenues of \$5.5 million, \$500,000 higher than FY 2019.

Turning now to the operating side of the budget, HESAA's proposed administrative expenditures for FY 2020 total \$33.0 million, which is level from the FY 2019 budget.

The significant changes in the FY 2020 operating expenditures versus FY 2019 include:

- A \$1.2 million reduction in Salary and Benefits due to 13 fewer full-time employees; and
- A \$1.2 million increase in the "Services" line item which is generally attributable to \$300,000 in additional IT consultant costs related to the implementation of the Loan Servicing Platform Replacement Project and an increase of \$800,000 in anticipated underwriting fees and equity contribution for the projected 2020 bond transaction.

The FY 2020 Budget supports 139 HESAA positions and all non-salary costs associated with fulfilling HESAA's student assistance mission.

The Authority had 9 retirements and resignations during FY 2019 and with the approval of the Governor's Office, HESAA filled 2 positions last fiscal year. It intends to fill 1 additional vacant position in FY 2020 in the loans servicing and collections unit.

Finally, taking a look at HESAA's Capital Budget, the proposed Capital Budget of \$5.0 million, an increase of \$1.6 million over the FY 2019 capital budget, seeks to reaffirm the Board's commitment to funding a long-term capital investment strategy and will be utilized to continue to invest in technological and facilities improvements and Information Services Compliance requirements.

A major expenditure in the FY 2020 Capital Budget is costs associated with developing HESAA's new loan servicing technology platform, which is underway and anticipated to be completed during the spring of 2020.

As you may recall, in January 2019 the Board authorized the Authority to allocate \$4.4 million to replace its nearly 30-year old loan servicing system with a server-based system. Further, this time last year the Board approved the FY 2019 Capital Budget which included \$1 million towards the initial implementation of this project. The FY 2020 capital budget includes \$3.3 million for the construction phase of this project.

The remainder of the FY 2020 capital budget includes costs for upgrading HESAA's virtual desktop environment, upgrading the electronic signature platform, FISMA security software compliance, physical security upgrades, and data storage and back up.

In conclusion, on behalf of the Board's Budget Committee, I recommend that the Board approve HESAA's Administrative and Capital Budgets for Fiscal Year 2020.

The Board Budget Committee very proudly recommends that the full Board approve the administrative and capital budgets for FY 2020.

A motion to approve Resolution 16:19 was made by Mr. Robert Shaughnessy and seconded by Ms. Maria Torres.

Chair Van Horn asked how HESAA's systems held up with the power outages due to the storm this week. David Socolow responded that HESAA lost power for more than 18 hours due to the major storms that came in Monday evening. He explained that all of HESAA's systems needed an orderly shutdown so we would not lose any information. Although HESAA's informational systems staff were here Monday night and Tuesday to bring the systems back up HESAA was closed on Tuesday. The good news is that this won't happen again the next time there is a storm because this Board had the foresight to approve a generator to keep systems up in case of a power outage. We are working to get the generator installed.

The motion passed unanimously.

RESOLUTION 17:19 APPROVING PROPOSED AMENDMENTS TO THE REGULATIONS GOVERNING THE GRANTS AND SCHOLARSHIPS PROGRAMS, N.J.A.C. 9A:9-2, 9A:9-10 AND 9A:9-11

Marnie Grodman presented Resolution 17:19 to the Board.

Resolution 17:19 proposes amendments to the regulations governing the grants and scholarships programs. These proposed amendments implement recent statutory changes, execute procedural changes made to the application process due to the implementation of the NJFAMS system, and strengthen transparency for students when making their college decisions.

The first statutory change these amendments implement is the creation of part-time eligibility for NJ STARS and NJ STARS II. Previously, students were only eligible for these programs if they

were enrolled full-time. With the enactment of P.L. 2017 c. 360 students who need to attend school part-time for a medical reason or due to the death of a parent or spouse are now eligible for NJ STARS and NJ STARS II.

Similarly, the proposed amendments implement P.L. 2018 c. 12 which extends student financial aid to New Jersey Dreamers. With the enactment of this law, all students who attended a New Jersey high school for at least three years; graduated from a New Jersey high school or received the equivalent of a high school diploma from New Jersey; and, in the case of a person without lawful immigration status who meets these requirements, either filed an affidavit with the institution of higher education stating that the student has filed an application to legalize his or her immigration status, or will file an application as soon as he or she is eligible to do so, are now eligible for financial aid.

Additionally, the proposed amendments implement P.L. 2018 c. 144 by providing additional financial aid to students enrolled in their third year at a county college as part of a three plus one degree program.

While HESAA implemented all of these statutes upon their effective dates, the proposed regulatory amendments provide clarity to the public on how each of these statutes have been implemented.

Additionally, now that NJFAMS, the new online grants servicing system is fully operational, HESAA has been able to simplify the application process. The proposed regulations recognize the new process by deleting references to the old process.

The proposed amendments also align with a new state policy regarding “Shopping Sheets.” The amendments restrict the definition of an eligible institution to those that provide students with a shopping sheet providing a financial comparison of selected schools and transparency on the net costs of attendance after the application of grants and scholarships, loan options, and the estimated debt that the student will incur to attend the institution. Last month the Legislature passed S2046 which also requires all degree-granting institutions to provide a shopping sheet. David will be providing more background on this initiative during his Executive Director’s Report.

A full copy of all of the proposed amendments, as well as a summary of why each amendment has been proposed, are included in the materials.

A motion to approve Resolution 17:19 was made by Ms. Jean McDonald Rash and seconded by Ms. Christy Van Horn.

The motion passed unanimously.

At this time, Chair Van Horn introduced and welcomed the new Student Advisory Vice Chair Madeline Perard. Deputy Attorney General Stark swore in Ms. Perard.

RESOLUTION 18:19 APPROVING THE FIRST ONE-YEAR EXTENSION OF THE CONTRACT WITH TRUMPIA, INC. TO PROVIDE BULK EMAILING SERVICES AND TEXT MESSAGING SERVICES

Ruth Odom presented Resolution 18:19 to the Board.

The HESAA Board approved the award of DoCircle Inc. doing business as Trumpia to provide bulk email delivery and text messaging services July 26, 2016 for a period of three years, with two possible one-year extensions. As a result, HESAA awarded the contracts and has been using the Trumpia email services since. Over the past three years millions of emails have been sent to HESAA customers informing them of critical financial aid deadlines requiring action on their part for NJ Grants and Scholarships, as well as information needed to complete NJCLASS loan applications and necessary follow-up to secure funding.

Using the Trumpia services allows HESAA to send emails and text messages to customers with opt-in/opt-out consumer functions compliant with federal and state law. As approved by the Board in the April 2019 meeting, we have begun work on the NJCLASS Servicing and Collections replacement system. Use of the Trumpia text messaging services is being planned with the system implementation.

HESAA has been satisfied with all the services provided. Therefore, I am respectfully requesting the Board approve the first one-year extension to the contracts with DoCircle, Inc. doing business as Trumpia to provide bulk email delivery and text messaging services.

A motion to approve Resolution 18:19 was made by Dr. Jon Larson and seconded by Ms. Madeline Perard.

The motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director David Socolow gave the following report:

Thank you Chairwoman Van Horn, members of the Board, and guests. With the Board's support and approval of the initiatives on today's agenda, we will continue working to assist New Jersey's students and families. Thank you for this opportunity to highlight some of HESAA's ongoing efforts to make college more affordable for more students in the Garden State.

FY 2020 State Budget

With the enactment of New Jersey's Appropriations Act for Fiscal Year 2020 earlier this month, we will continue our state's historic investments in financial aid.

As discussed earlier in today's meeting, the nearly \$440 million in State funding appropriated for the Tuition Aid Grant (TAG) program in FY20 will allow HESAA to maintain level award amounts, while supporting TAG awards for New Jersey Dreamers, expanding TAG eligibility to certain approved incarcerated students, and continuing the enhancement to the Income Protection Allowance for independent working adult students that the Board approved last year.

As signed by Governor Murphy, the Appropriations Act also supports the growth of Community College Opportunity Grants (CCOG). Building on what we learned from last spring's one-semester pilot, we look forward to expanding this program statewide in fall 2019 and spring 2020. CCOG will make college more affordable for thousands of qualified students, by enabling those with

adjusted gross incomes of \$65,000 or below to attend any county college in the state tuition- and fee-free. This is expanded from last year's \$45,000 income eligibility limit.

While all of HESAA's other grant and scholarship programs were level funded in the Appropriations Act, the Primary Care Practitioners Loan Redemption program and the Nursing Faculty Loan Redemption program received reduced funding for FY20. As a result, these programs will not accept new applications this year, although participants who were previously accepted will continue to receive loan redemptions as long as they remain eligible and in compliance with their service obligations.

FAFSA Completion Update

Next, I am pleased to share some good news about our drive to encourage completion of the Free Application for Federal Student Aid (FAFSA). As of June 28 this year, our state's high school seniors had one of the highest rates of completion in the nation. New Jersey's FAFSA completion rate reached 66.6 percent, ranking fifth in the nation in a virtual tie with third-ranked Delaware and fourth-ranked Washington, DC. Louisiana's 78.7 percent FAFSA completion rate leads the nation, so we still have room for improvement.

Increasing FAFSA filing is an important building block. It empowers students through access to financial aid options that can make the difference in their ability to start and finish college. We hope more students will be encouraged to complete the FAFSA to make the most of the expanded opportunity of CCOG, as more than 40 percent of the state's county college students do not file a FAFSA. An additional incentive should arise as more senior institutions implement last-dollar scholarship programs similar to the CCOG model. To date, four New Jersey universities have put in place or announced such "free college" style programs for certain students meeting defined income criteria: Rutgers-Camden, Rutgers-Newark, New Jersey City University, and, beginning this fall, William Paterson University.

Institutional Financial Aid Notifications to Students

We can further empower students by ensuring that they have clear information about the financial aid packages offered by the postsecondary institutions where they are enrolled or which they are considering. One important tool for providing this information is the model College Financing Worksheet, or "Shopping Sheet," recommended by the U.S. Department of Education.

As illustrated in the attached slides, this model format clearly displays to each student the total cost of attending a college, then subtracts from that figure all the aid the student could receive from grants and scholarships that the student doesn't need to repay, and the resulting calculation is the "net cost," the amount that the student will have to pay to attend that institution. To ensure that students clearly understand the net cost, it's important not to include loans as part of a package of financial aid presented this way. Loans are not awards. Lumping the two together can mislead some students, as in the attached example, by making the net cost appear lower than it actually is.

Today, HESAA is advancing this important public policy. Moving beyond a best practice that has been strongly recommended over several years of federal guidance, we will now expect all colleges

and universities in this state to properly inform their students through financial aid offers that follow this clear format. HESAA's proposed regulatory amendments for Grants and Scholarships, which the Board approved today for notice and public comment, would make the Shopping Sheet a requirement for institutions to keep their students eligible for State-funded student assistance. This regulatory provision would also align with the new State policy expressed in Senate bill 2046, which requires licensed degree-granting institutions to provide the Shopping Sheet to their students. The Legislature approved this bill last month and upon its enactment, it will apply to the Academic Year 2020-2021 financial aid packages that prospective and returning students will receive starting next January.

NJCLASS Loan Updates and Enhancements for AY 19/20

We have also improved HESAA's supplemental family loan program, NJCLASS, to give low-cost college financing options to students who have remaining unmet need after exhausting all their grants, scholarships, and federal loans. The second NJCLASS Annual Report, a compendium of statistics on NJCLASS loans and borrowers, is required by law to be published no later than August 1, and we will distribute this report to the Board once it is completed.

At its last meeting, the Board approved the 2019 bond issuance that will finance NJCLASS loans for Academic Year 2019-2020, and I am pleased to report that our offering was well received in the bond market. As a result of the low weighted average cost of capital we received from these bonds, we are now able to provide families with Standard NJCLASS loans at these fixed interest rates: 3.99% for a 10-year loan with immediate repayment of principal and interest; 4.49% for a 15-year loan with repayment of interest only while the student is in school; and 6.50% for a 20-year loan with fully deferred repayment while the student is enrolled in college at least half time.

The interest rates for HESAA's ReFi+ refinancing loans for a 10-year fixed term are now 4.70% for those with credit scores of 780 or more, 5.50% for borrowers in the next tier, and 6.70% for those with a credit score between 670 and 719. And, starting this fall, we will offer a new 15-year term option for ReFi+, with lower monthly payments. Also, in a few months we will give more students the chance to refinance student loans and lower their repayment costs, as we begin refinancing student loans from other private lenders, provided that the institution where the student had enrolled can certify that the loans did not exceed the total cost of attendance minus all the financial aid for which the student qualified at the time the loan was originated.

We have further enhanced our NJCLASS loan program by increasing the discount on Consolidation loans, which now feature a 0.5% reduction in the weighted average interest rate of the NJCLASS loans being consolidated. In addition, NJCLASS borrowers may receive a new 0.25% interest rate discount if they opt to have recurring monthly payments withdrawn automatically from their bank account.

To assist NJCLASS borrowers and their families in cases of economic hardship, this year's NJCLASS loan program also maintains the Repayment Assistance Program (RAP) and the Household Income Affordable Repayment Plan (HIARP) for NJCLASS loans offered for the coming academic year. We are also continuing our program offering balanced settlement

agreements to borrowers whose NJCLASS loans are in default. Just one week after our April Board meeting, Governor Murphy signed into law Public Law 2019 chapter 62 and Public Law 2019 chapter 63, which now codify RAP and HIARP for every bond indenture going forward, subject to available funds, and reinforce HESAA's settlement process for defaulted NJCLASS loans by establishing rules for repairing the credit ratings of borrowers who comply with these payment plans. We are delighted that these practical reforms to assist borrowers are now permanent features of the NJCLASS family loan program, and we are proud to display here in this Board room the pen the Governor used to sign these laws.

We are also proceeding on schedule with the vendor approved by the Board earlier this year to develop and deploy a new Collections, Loan Accounting, and Servicing System (CLASS). Our staff and the team from DecisivEdge recently completed the nine-week blueprint phase of the project and are working to install the hardware and infrastructure and begin software coding in the next few weeks. We look forward to implementing this new system next summer.

Federal Guaranty Agency Transition

Finally, I would like to update the Board on HESAA's plans to transition away from our role as a Guaranty Agency under the Federal Family Education Loan Program (FFELP), as was noted in the presentation on the Authority's FY20 administrative budget approved at today's meeting.

Over the coming months, we will work with the U.S. Department of Education on this transition, including conducting the data mapping and conversion processes needed to ensure a seamless shift of New Jersey's remaining federal loan portfolio to the successor guaranty agency that will be designated by the federal government. While we expect to hand off our FFELP portfolio in the first quarter of 2020, we are planning a more gradual internal restructuring initiative over a longer period of time, which will align with the mainframe decommissioning and business process changes enabled by the implementation of the new CLASS technology project. We will keep the Board informed as we conclude our federal Guaranty Agency activities and redeploy existing staff and other resources to serve other important roles here at HESAA.

Thank you again for the opportunity to brief you on the remarkable efforts of HESAA's dedicated staff. On their behalf, please accept our thanks to the Board for your support of our mission to expand access and improve college affordability for the students and families of New Jersey.

NEW BUSINESS

A member of the public, Tatiana Curovic, addressed the Board. Dr. Curovic stated that she has a Ph.D. in Economics from Rutgers and has been helping a student realize her right to financial aid. Dr. Curovic expressed her concerns with HESAA's provisions for verifying applicants' incomes. She stated her belief that the need for students to prove that their parents filed United States or New Jersey income tax returns, or have other sources of verifiable income, violates 14th amendment equal protection rights.

Chair Van Horn thanked Dr. Curovic for addressing the Board and stated that her comments will be taken under advisement.

David Socolow presented resolutions for the exiting Student Advisory Committee Chair, Stephan Lally and Vice Chair Michael Scardina, thanking them for their service and dedication to the Higher Education Student Assistance Authority Board.

He also presented Board Vice Chair Maria Torres with a resolution of appreciation for her 20 years of exemplary service and leadership on the HESAA Board.

ADJOURNMENT

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday, October 23, 2019 at 10:00 AM, and that the Audit Committee would be meeting immediately following today's meeting.

A motion to adjourn was made by Ms. Maria Torres and seconded by Mr. Robert Shaughnessy. The motion passed unanimously.

The meeting adjourned at 11:05 am.

RESOLUTION 13:19

ELECTING THE EXECUTIVE COMMITTEE

Moved by: Dr. Zakiya Smith Ellis

Seconded by: Ms. Maria Torres

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

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

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

WHEREAS: There are no public members currently able to serve as the member of the Executive Committee representing public members.

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board elects Christy Van Horn as Chairperson, Maria Torres as Vice Chairperson, and Dr. Jon Larson as a member of the Executive committee for terms of one year, and recognizes the State Treasurer's Permanent designee, Robert Shaughnessy, and David J. Socolow, Executive Director, ex-officio as members of the Executive Committee.

July 24, 2019



State of New Jersey

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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow *DJS*
Executive Director

FROM: Kathryn Safran *KS*
Director, Grants and Scholarships

SUBJECT: Resolution 14:19 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2019-2020

DATE: July 24, 2019

Summary

Attached for your review, comment, and approval is Resolution 14:19, Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2019-2020. In accordance with the provisions of the Tuition Aid Grant (TAG) program statute and subject to the limits of the Fiscal Year (FY) 2020 Appropriations Act, this action will establish a table of full-time Tuition Aid Grant award values for the upcoming academic year.

On June 30, 2019, Governor Murphy signed the FY 2020 Appropriations Act, which includes an appropriation of \$438.445 million for the Full-Time TAG Program, a \$5.028 million increase from the FY 2019 level.

Language in the FY 2020 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

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

Background

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

The purpose of the TAG Program is to reduce or eliminate the tuition component of the cost of attending college for students who demonstrate financial need. New Jersey's Governors and Legislators have historically been very supportive in authorizing funding for TAG that approaches the goal of the maximum award levels authorized in statute, which provide awards of up to 100% of tuition at public institutions, and awards of up to 50% of the average tuition at non-public colleges and universities, to students demonstrating the highest financial need. In addition, partial awards are provided to other needy students to help offset tuition.

Each year in July, prior to the start of the academic year, HESAA establishes a table of TAG award values based on application volume, projected demand, and available funds. The July time frame for adoption of award amounts by the Board is essential to notifying students and institutions of TAG award values prior to payment of fall semester bills.

The structure of the TAG award table is based on a numeric New Jersey Eligibility Index (NJEI) that represents the relative dollar amount the student and family are expected to be able to contribute toward college costs, as determined through a need analysis methodology. The NJEI ranges on the award table are referred to as "cells."

Students demonstrating the highest need are those in the first cell, with an NJEI under 1,500. In 2018-2019, nearly 44% of all TAG recipients were in this cell and therefore were eligible for the maximum TAG award amount. Students with NJEIs in subsequent cells are eligible for proportionately lower awards that decrease as the family's calculated ability to contribute to educational expenses increases.

FY 2020 Available Funds and Projected Award Volume

The FY 2020 TAG appropriation of \$438.445 million is \$5.028 million higher than the FY 2019 State appropriation. This aggregate amount includes the separate appropriation for \$558,000 for part-time students eligible to receive TAG awards under the Educational Opportunity Fund (EOF) Part-Time Program, which is presented together with the full-time table because these students are typically enrolled full-time and are approved by the EOF program on an exception basis for a limited period of part-time enrollment.

Attachment A shows the distribution of the FY 2020 Full-Time TAG appropriation across the TAG award cells.

Pursuant to FY 2020 budget language, unexpended balances from the FY 2019 TAG account are re-appropriated and available to fund increases in the number of applicants qualifying for TAG,

to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs. The budget also includes language appropriating such additional funds as are required as a result of changes in program participation patterns.

The total FY 2020 appropriated resources are \$438.445 million, which are sufficient to fund the Full-Time Tuition Aid Grant Award Table for Academic Year 2019-2020 shown in Attachment A. This table is projected to fund 67,798 full-year equivalent awards, of which approximately 43% are projected to qualify for maximum awards totaling approximately \$235.550 million.

The Full-Time TAG Award Table in Attachment A includes:

- 1) Projected TAG awards to New Jersey Dreamers, who were first eligible for TAG in FY19, and who apply for State-funded student assistance by using an alternate application in lieu of the FAFSA (Free Application for Federal Student Aid). Based on experience from FY 2019, HESAA staff has forecast New Jersey Dreamer award counts for 2020, which are incorporated into the attached table.
- 2) Estimates of the number of TAG awards to incarcerated students participating in the New Jersey Department of Corrections (DOC) program. HESAA will be working cooperatively with DOC to ensure sufficient funding is available for approved participants.
- 3) Projected impacts on FY 2020 TAG awards at county colleges due to the second-order effect of the Community College Opportunity Grant (CCOG) program. These projections are based on observations from the FY 2019 CCOG pilot.
- 4) Continuing the enhanced level of Income Protection Allowance (IPA) for independent students that was first approved by the HESAA Board in FY 2019. Maintaining the IPA at the FY 2019 level makes college more affordable for independent full-time students – often working adults who are pursuing postsecondary education – by enabling them to exclude more of their own earnings from HESAA’s financial aid eligibility calculations, thus offering higher TAG award amounts to these students than they would have received in earlier years.

The above-listed funding priorities are all covered in the attached table, which fully accounts for all appropriated funds while maintaining TAG award values for FY 2020 at the same level as in FY 2019.

Recommendation

It is recommended that the Board approve Resolution 14:19 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2019-2020.

Attachments

FY 2020 PROJECTION MODEL - JULY 2019

NJ	COUNTY		STATE		NON-PUBLIC		MONTCLAIR		ROWAN		RUTGERS/NJIT		TOTAL				
	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)	NUM BER	AWARD FUNDS AVG.\$ (000)			
U...-1500	6,772	2,772	6,070	7,086	5,880	12,798	75,255	2,582	7,486	1,334	5,342	11,128	6,677	10,217	29,315	8,089	235,669
1500 - 2499	2,311	2,416	2,143	6,268	1,980	10,882	21,548	916	6,425	568	7,298	4,149	2,480	9,019	10,398	7,013	72,917
2500 - 3499	2,356	2,075	1,490	5,282	1,260	9,574	12,064	559	5,612	372	6,400	2,383	1,638	8,048	7,676	5,667	43,494
3500 - 4499	2,047	1,622	1,197	4,389	1,054	8,552	9,015	479	4,845	335	5,525	1,851	1,312	6,931	6,424	4,800	30,834
4500 - 5499	1,263	1,205	1,064	3,639	873	7,561	6,600	440	4,222	256	4,746	1,216	1,041	6,056	4,937	4,327	21,361
5500 - 6499			829	2,837	727	6,567	4,769	270	3,608	209	4,136	864	844	5,154	2,879	4,628	13,324
6500 - 7499			792	2,108	665	5,557	3,696	272	3,022	190	3,470	659	732	4,831	2,651	3,776	10,010
7500 - 8499					627	4,569	2,853	250	2,398	194	2,748	534	695	3,438	1,766	3,616	6,365
8500 - 9499					518	3,609	1,870	212	1,715	139	1,894	263	428	2,376	1,297	2,709	3,514
9500-10499					456	2,056	937								456	2,055	937
O...-10499																	
TOTAL	14,749	2,311	13,585	5,692	14,040	9,874	138,637	5,980	5,893	3,597	6,407	23,047	15,847	8,210	67,798	6,467	438,445

FY 2020 APPROPRIATION	(000)
FY 2020 PT TAG/EOF APPROPRIATION	437,887
FY 2020 TOTAL AVAILABLE RESOURCES	558
	<u>438,445</u>
FY 2020 AVAILABLE RESOURCES**	438,445
LESS: ESTIMATED MODEL COST	<u>(438,445)</u>
	0

** Includes funding of \$4,523 million for NJ Dreamers and \$600,000 for incarcerated students.

RESOLUTION 14:19

ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2019-20

Moved by: Dr. Zakiya Smith Ellis
Seconded by: Ms. Stephanie Berdugo-Hernandez

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

WHEREAS: The FY 2020 line-item appropriation for full-time TAG of \$437.887 million and Part-Time TAG for EOF Students of \$558,000 total \$438.445 million in FY 2020 TAG resources; and

WHEREAS: Language in the Appropriations Act stipulates the following:

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

WHEREAS: Budgeted FY 2020 resources also include unexpended balances reappropriated to the TAG account to be held as a contingency for unanticipated increases in the number of applicants qualifying for full-time TAG awards, to fund increases in award amounts, and to fund shifts in the distribution of awards that result in an increase in program costs; and

WHEREAS: The FY 2020 Appropriations Act provides for such sums as are required to cover the costs of increases in the number of applicants qualifying for full-time TAG awards or to fund shifts in the distribution of awards that result in an increase in total program costs, subject to the approval of the Director of the Division of Budget and Accounting.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Full-Time TAG Award Table for AY 2019-2020 (Attachment A); and be it further

RESOLVED: That the attached Full-Time TAG Award Table for AY 2019-2020 pertains to New Jersey institutions that are licensed and were approved for participation in the State grant program as of September 1, 2009; and be it further

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

July 24, 2019

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
FULL-TIME TUITION AID GRANT (TAG) AWARD TABLE FOR 2019-20¹**

New Jersey Eligibility Index (NJEI)	County Colleges² Award Average	State Colleges² Award Average	Independent Non-Public³ Award Value	Rutgers Award Value	Rowan Award Value	NJIT Award Value	Montclair Award Value
Under 1500	\$2,786	\$7,380	\$12,938	\$9,848	\$8,404	\$11,428	\$7,474
1500-2499	2,424	6,460	10,970	8,734	7,390	9,898	6,440
2500-3499	2,100	5,470	9,648	7,778	6,450	8,814	5,626
3500-4499	1,638	4,530	8,642	6,706	5,562	7,600	4,850
4500-5499	1,220	3,756	7,632	5,848	4,848	6,626	4,228
5500-6499	0	2,930	6,634	4,988	4,136	5,656	3,608
6500-7499		2,132	5,630	4,184	3,470	4,738	3,026
7500-8499		0	4,618	3,314	2,748	3,756	2,398
8500-9499			3,652	2,284	1,894	2,588	1,718
9500-10499			2,074	0	0	0	0
Over 10499			0				

¹ Approximate annual award values at institutions licensed and approved for participation in the TAG Program as of September 1, 2009. In accordance with State law, the value of a student's grant may decrease depending on appropriated funds, actual tuition charges, cost of attendance, estimated family contribution, and other available resources.

² For county and state college sectors, this table displays projected average award values across the respective institutions in the sector. The award values at a given institution may be higher or lower.

³ Proprietary institution awards limited to approved programs of study at Berkeley College, DeVry University, Eastern International College and Eastwick College.



State of New Jersey

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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director *DJS*

FROM: Kathryn Safran *KS*
Director, Grants and Scholarships

SUBJECT: Resolution 15:19 Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year 2019-2020

DATE: July 24, 2019

Summary

Attached for your review, comment, and approval is Resolution 15:19, Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year (AY) 2019-2020. In accordance with the provisions of the Fiscal Year (FY) 2020 Appropriations Act, this action will establish a table of part-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

Background

The Part-Time TAG for County Colleges Program was established during the 2003-2004 academic year to provide awards to county college students who demonstrate financial need and enroll for 6–11 credits per semester.

As provided in the FY 2020 Appropriations Act, part-time awards shall be prorated against full-time awards within the limits of available appropriations as follows: eligible students enrolled for 6–8 credits per semester receive 50 percent of the value of a full-time award, while students enrolled for 9–11 credits per semester receive 75 percent of the full-time award value.

The Higher Education Student Assistance Authority (HESAA) establishes a table of part-time TAG award values each year in July based on the available appropriation and the anticipated number of part-time awards.

Available Funds and Projected Award Volume

The FY 2020 Appropriations Act includes funding of \$8.737 million for the Part-Time TAG for County Colleges Program.

Language in the FY 2020 Appropriations Act allows HESAA to retain the unexpended balances from FY 2019 in the Part-Time TAG for County Colleges Program. These funds serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges awards, to fund increases in award amounts and to fund shifts in the distribution of awards that result in an increase in program costs.

- The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2019-2020 full-time TAG award table. That is, the full-time TAG awards were prorated by 50% or 75%.

Current projections indicate that the \$8.737 million appropriation will be sufficient to fund the Part-Time TAG Award Table shown in Attachment A.

Recommendation

It is recommended that the Board approve Resolution 15:19 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2019-2020. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$696 to a minimum of \$305 per semester for eligible students enrolled for 6-8 credits, and a maximum of \$1,044 to a minimum of \$457 for students enrolled for 9-11 credits per semester.

Attachments

**PART-TIME TAG FOR COUNTY COLLEGES PROGRAM
FY 2020 Budget Estimate**

NJEI	Est. # of 1/2 Awards	Semester 1/2 Award Value	Est. Cost of 1/2 Awards	Est. # of 3/4 Awards	Semester 3/4 Award Value	Est. Cost of of 3/4 Awards	Est. # of All Awards	Est. Total Cost	Proj. Headcount
0-1499	2,594	\$696	\$1,805,424	3,282	\$1,044	\$3,426,408	5,876	\$5,231,832	4,668
1500-2499	925	606	\$560,550	1,045	909	\$949,905	1,970	1,510,455	1,572
2500-3499	682	525	\$358,050	741	787	\$583,167	1,423	941,217	1,124
3500-4499	595	409	\$243,355	651	614	\$399,714	1,246	643,069	998
4500-5499	553	305	\$168,665	529	457	\$241,753	1,082	410,418	832
Total	5,349	\$586	\$3,136,044	6,248	\$896	\$5,600,947	11,597	\$8,736,991	9,194

FY2019 APPROPRIATION 8,737,000

FY2019 MODEL COST 8,736,991

UNEXPENDED BALANCE 9

RESOLUTION 15:19

**ADOPTING A PART-TIME TUITION AID GRANT FOR COUNTY COLLEGES
AWARD TABLE FOR ACADEMIC YEAR 2019-20**

Moved by: Dr. Jon Larson
Seconded by: Ms. Jean McDonald Rash

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

WHEREAS: Pursuant to the Fiscal Year (FY) 2020 Appropriations Act, part-time awards shall be prorated, within the limits of available appropriations, against full-time awards as follows: eligible students enrolled for 6–8 credits per semester receive 50 percent of the value of a full-time award, and students enrolled for 9–11 credits per semester receive 75 percent of the full-time award; and

WHEREAS: The FY 2020 Appropriation for the Part-Time TAG for County Colleges Program is \$8.737 million; and

WHEREAS: The Part-Time TAG for County Colleges Award Table shown in Attachment A was constructed following the parameters used to develop the 2019-2020 Full-Time TAG Award Table with awards pro-rated by one-half and three-quarters; and

WHEREAS: Language in the Appropriations Act reappropriates unexpended balances in the Part-Time TAG for County Colleges account to serve as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time TAG for County Colleges awards, to fund increases in award amounts and to fund shifts in the distribution of awards that result in an increase in program costs.

NOW THEREFORE BE IT:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the attached Part-Time Tuition Aid Grant Award Table for AY 2019-2020 (Attachment A); and be it further

RESOLVED:

That the attached Part-Time TAG for County Colleges Award Table for AY 2019-2020 pertains to New Jersey County Colleges established pursuant to N.J.S.A. 18A:64A-1 et. seq. (and their programs of study) that are licensed and approved for participation in the State grant program as of September 1, 2009; and be it further

RESOLVED:

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

July 24, 2019

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGES AWARD TABLE FOR
2019-2020***

NJEI	1/2 Time Semester Award (6-8 credits)	3/4 Time Semester Award (9-11 credits)
0-1499	\$696	\$1,044
1500-2499	606	909
2500-3499	525	787
3500-4499	409	614
4500-5499	305	457

*Awards pro-rated against 2019-20 full-time TAG county college sector awards.

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



State of New Jersey

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
PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

FROM: Dr. Jon Larson 
Member, Board Budget Committee

SUBJECT: Resolution 16:19 Approval of HESAA's FY 2020 Administrative and Capital Budgets

DATE: July 24, 2019

As part of HESAA's annual budget process, and to ensure the Board's continued oversight of the programmatic and administrative activities of the Authority, on June 21, 2019 staff presented the Fiscal Year 2020 (FY20) administrative and capital budgets to the Board Budget Committee for its review and approval. The Budget Committee approved the budgets and is now recommending that the full Board approve these budgets through the attached resolution.

Background

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

Revenue Budgets

In FY20 HESAA revenues and appropriated reserves will fully provide the resources required to pay for the expenditure budgets outlined below. These revenues include amounts earned under HESAA Guaranty Agency agreements with the federal government and from the administration of the NJCLASS and NJBEST programs, as well as the use of \$5.98 million in NJCLASS Parity Release funds and \$1.15 million in 2010-1 Equity Release funds.

As the Authority's bond deals are structured, each bond indenture determines a required minimum asset-to-liability ratio. If during the bond year cycle the parity ratio is exceeded and reserve requirements are met, the bond issue allows the excess funds to be released to HESAA. As was the case in Fiscal Year 2018 (FY18), in FY20 HESAA realized parity release levels within certain indentures.

The equity release is the result of excess funds remaining in the 2010-1 Bond Issue after the required transfers and payments to servicers and bondholders.

HESAA administrative revenues projected for FY20 total \$33 million, relatively flat to the FY19 budget levels as detailed in attached Schedule I. These revenues are broken down as follows:

Federal Student Loan Program Administration – HESAA is projected to realize \$3.0 million under its Guaranty Agency Agreements with the federal government, a decrease of \$3.6 million from the FY19 budget. This includes revenue earned from the collections of defaulted student loans, rehabilitation of previously defaulted loans and maintenance of existing loan guarantees. This decreased amount, by nearly half of the revenues generated in FY19, is the result of HESAA's intention to end its role as a Guaranty Agency beginning in January 2020. This decision is based on the declining federal revenues compared with HESAA's administrative expenses associated with the Authority's role as a Guaranty Agency for the Federal Family Education Loan Program (FFELP), which has not originated a new loan in 9 years since the program was terminated pursuant to a federal law in 2010. As detailed in Schedule I, the decreases in federal revenue are the result of continued amortization of HESAA's FFELP guaranty portfolio, decreases in loan defaults, and associated decreases in defaulted loan collections.

NJCLASS Program Administration – HESAA is anticipated to earn \$24.5 million for the origination and servicing of NJCLASS loans, an increase of \$2.7 million from the FY19 budget. As part of this revenue category, HESAA will also be realizing \$1.15 million in equity releases and \$5.98 million in parity releases from prior bond issues. The parity release will be used for administrative, operating, and programmatic expenses as well as to replenish equity contribution reserve funds. HESAA retains 1% of the 3% origination fee charged to borrowers, with the other 2% deposited to the Student Loan Fund within the NJCLASS Bond Trust Estates to make additional loans during the origination and recycling period. HESAA earns servicing and administrative fees from the Bond Trust Estate which are paid from the spread between the cost of capital and the loan rate, as required by the rating agencies. HESAA also retains revenue from a portion of the recovery of NJCLASS loans.

NJBEST Administration – NJBEST revenue for FY20 is projected to total \$6.3 million from fees and interest earnings related to the NJBEST trust for administration of the program. This amount is reduced by \$0.8 million set aside for NJBEST scholarship obligations, resulting in net revenues of \$5.5 million, \$0.5 million higher than FY19.

Operating Expenditure and Capital Budgets

Operating Expenditures – HESAA's administrative expenditure budget for FY20 totals \$32.9 million, which is level funding from the FY19 budget as detailed in attached Schedule I. The FY20 budget funds 139 HESAA positions and all non-salary costs associated with delivering State and Federal student assistance funds and services to nearly 1 million New Jersey residents each year. The Authority had 9 retirements and resignations during FY19. There have been 2

positions filled with the approval of the Governor's office, and HESAA plans to add 1 additional position in FY20 to fill a vacancy in the loan servicing & collections unit.

The Authority utilizes its resources across all programs to increase efficiency and create flexibility to meet program peak demands. The primary changes to operating expenditures are:

- Salary and Benefits in total are down roughly \$1.2 million from the FY19 budget, due to 13 fewer full-time employees.
- Services are expected to increase by \$1.1 million. Of this increase, \$0.8 million is due to anticipated underwriting fees and equity contribution for the projected 2020 bond transaction, and \$0.3 million is for information technology consultant costs related to the implementation of the HESAA Loan Servicing Platform Replacement Project.

Capital Budget –The Authority maintains a capital fund that is utilized for investments towards the improvement of HESAA's technological infrastructure, FISMA compliance, and physical improvements. The major expenditures for FY20 include costs associated with HESAA's Loan Servicing Platform Replacement Project, which is underway and anticipated to be completed by the summer of 2020, upgrading our virtual desktop environment, upgrading the electronic signature platform, FISMA security software compliance, Physical security upgrades and data storage and back up.

At its January 2019 meeting, the Board approved Resolution 04:19 which authorized the Authority to allocate \$4.4 million to remove its nearly 30-year old Loan Servicing Platform from the mainframe and replace it with a server-based system for managing, administering, and reporting on the servicing and collection of NJCLASS loans. Further, in July 2018 the Board approved a Capital Budget which included \$1 million towards the initial implementation of this long-needed project. The FY20 Capital Budget includes \$3.3 million for the construction phase.

As the Board has consistently recognized in recent years, the increasing volumes of data and business conducted through the internet makes its mission critical for HESAA to annually maintain and upgrade appropriate infrastructure investments to adequately serve students, families, and institutions, safeguard the security of individuals' personally identifiable information (PII) with which the Authority is entrusted, and provide the tools our workforce needs to deliver our services efficiently. The Capital Budget of \$4.95 million, an increase of \$1.6 million over the FY19 capital budget as detailed in attached Schedule II, reaffirms the Board's commitment to funding a long-term capital investment strategy.

Summary

FY20 administrative resources of \$33 million will fund FY20 budgeted expenditures of \$33 million. The \$4.9 million FY20 Capital Budget will be funded through capital carryover from FY19 of \$0.9 million and the remainder through excess earnings from FY19 administrative expenditures. HESAA has continued to contain administrative costs wherever possible while making needed investments in HESAA's infrastructure in support of federal contracts, better service to our constituents, and continued improvements to staff productivity and information security. The FY20 Administrative and Capital Budgets are recommended for your approval.

The Board Budget Committee recommends that the Board approve Resolution 16:19 approving HESAA's FY 2020 Administrative and Capital budgets.

Attachments

RESOLUTION 16:19

APPROVING HESAA's FY 2020 ADMINISTRATIVE AND CAPITAL BUDGETS

Moved by: Mr. Robert Shaughnessy

Seconded by: Ms. Maria Torres

WHEREAS: As part of the Higher Education Student Assistance Authority's (HESAA) annual budget process, to ensure the Board's oversight of the programmatic and administrative activities of the Authority, staff presents the FY 2020 administrative and capital budgets to the Board for its review and approval; and

WHEREAS: On June 21, 2019 the Board's Budget Committee met with staff to review and approve the FY 2020 administrative and capital budgets for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the Board hereby approves the FY 2020 administrative and capital budgets as advanced by the Board's Budget Committee and described in the attachment to this resolution.

July 24, 2019

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Appropriated Administrative Revenues & Expenses FY 2018 - 2020
(\$ in 000's)

	FY 2018 Actual	FY 2019 Budget	FY 2019 Forecast	FY 2020 Budget	Inc/(Dec) FY 2020 Budget vs FY 2019 Budget	
					\$	%
Federal Student Loan Program Administration:						
Net Collections on Defaulted Loans	\$2,961	\$3,001	\$2,711	\$1,252	(\$1,749)	-58.3%
Rehabilitated Loans	2,599	2,635	2,560	1,200	(1,435)	-54.5%
Account Maintenance Fee	875	777	765	337	(440)	-56.7%
Default Aversion Fee	(56)	(75)	(62)	(25)	50	-66.7%
MOHELA	203	116	124	125	9	8.1%
Interest Earnings	55	34	69	28	(6)	-17.3%
Secondary Market Admin Fees	110	93	94	40	(53)	-57.3%
Total Federal Student Loan Program	\$6,748	\$6,580	\$6,261	\$2,956	(\$3,623)	-55.1%
NJCLASS:						
Application Fees	\$1,844	\$1,647	\$1,727	\$1,640	(\$6)	-0.4%
Servicing Fees	5,769	5,412	5,506	5,231	(181)	-3.3%
Administrative Fees	3,764	4,130	3,750	4,150	20	0.5%
Net Collection Revenue	2,448	2,611	2,248	2,121	(490)	-18.8%
2010-1 Equity Release	1,012	1,150	1,134	1,150	0	0.0%
Excess from Bond Refunding	0	0	4,500	0	0	N/M
Cash Receipts on HESAA Loans	0	0	2,954	3,860	3,860	N/M
NJCLASS Parity Release	20,000	6,674	0	5,988	(686)	-10.3%
Interest Earnings	144	143	395	338	195	136.4%
Total NJCLASS Program	\$34,981	\$21,766	\$22,213	\$24,478	\$2,712	12.5%
NJBEST:						
Fee Income From Provider	\$4,819	\$5,309	\$4,872	\$5,253	(\$56)	-1.1%
Interest Earnings	384	486	1,023	1,089	603	124.0%
Scholarship Awards	(644)	(800)	(700)	(800)	0	0.0%
Total NJBEST Program	\$4,560	\$4,995	\$5,195	\$5,542	\$547	10.9%
Total All Funds	\$46,289	\$33,341	\$33,669	\$32,976	(\$365)	-1.1%
HESAA Program Administrative Expenditures:						
Salary and Wages	9,820	11,294	10,014	10,528	(\$766)	-6.8%
Employee Benefits	4,847	5,572	4,912	5,164	(408)	-7.3%
Materials/Supplies	219	334	262	428	93	27.9%
Services Other Than Personnel	12,364	14,430	12,363	15,554	1,123	7.8%
Maintenance and Fixed Charges	1,049	1,167	1,096	1,200	33	2.8%
Special Purpose/Indirect Cost	132	137	108	102	(35)	-25.7%
Total Program Expenditures	\$28,431	\$32,935	\$28,756	\$32,976	\$41	0.1%
Net Earnings/(Loss) ⁽¹⁾	\$17,858	\$405	\$4,913	\$0	(\$405)	

(1) FY18 Actual: proceeds from FY18 were used for 2018 bond issuance costs of \$2.8 million, replenishment of prior year equity contributions of \$11.6 million and to create a \$3.5 million reserve for anticipated capital projects.

FY19 Forecast: anticipated proceeds from FY19 will be used to fund the FY20 Capital Budget.

Schedule II

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
FY 2019 AND FY 2020 BUDGETS
(\$ in 000's)**

	FY 2019	FY 2020
Capital Budget	3,348	4,954
Capital Expenditures	(2,456)	(4,954)
End of Year Underspend/(Overspend)	892	-

Capital Budget Detail

Telephone Systems	10	10
Technology Infrastructure	382	185
Desktop Replacement	330	100
Security Compliance	170	175
Technology Equipment Replacement	34	191
Customer Authentication Software	350	100
Data Storage and Back-up	200	295
Grant System Development	129	129
E-Mail and Text	144	124
Network Infrastructure	30	130
Mainframe Infrastructure	76	-
Physical Security	40	120
Generator	426	25
Customer Database Management Tools	8	-
Construction	20	20
HESAA Loan Servicing Platform Replacement Project	1,000	3,350
Total Capital Spend ⁽¹⁾	3,348	4,954

(1) Total capital spend of \$4.9 million will be funded through capital carryover from FY19 of \$0.9 million and the remainder through excess earnings from FY19 administrative expenditures.



State of New Jersey

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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director *DJS*

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

SUBJECT: Resolution 17:19 Approving Proposed Amendments to the Regulations Governing the Grant and Scholarship Programs, N.J.A.C. 9A:9-2, 9A:9-10 and 9A:9-11

DATE: July 24, 2019

Background

Pursuant to N.J.S.A. 18A:71A-1 et seq., the Higher Education Student Assistance Authority is statutorily responsible for the administration of State scholarship and tuition aid programs and for the promulgation of all rules to that effect. The proposed amendments are designed to implement P.L. 2017 c. 360; P.L. 2018 c. 12; and P.L. 2018 c. 144. Public Law 2017 chapter 360 created part-time eligibility for students receiving NJ STARS and NJ STARS II scholarships who need to take fewer credits due to either a health condition or the death of a parent or spouse. Public Law 2018 c. 12 extended eligibility for State student financial assistance program to New Jersey Dreamers, who had not previously been eligible for assistance. Public Law 2018 chapter 144 created three plus one degree programs, which provide students with the opportunity to attend a county college for their third academic year of study before transferring to a four-year institution. The chapter law provides for additional student financial aid at the county college for students enrolled in their third year of a three plus one degree program. In addition, the proposed amendments are intended to clarify and strengthen eligibility requirements for State student financial assistance programs. The proposed amendments strengthen the requirements by adding criteria to the definition of an eligible institution requiring schools to provide students with a shopping sheet so students can compare the costs of selected schools. The proposed amendments clarify eligibility requirements by adding a subsection to specify the documentation needed to

verify compliance with the “Military Selective Service Act,” (50 U.S.C. 453) as well as by specifying the documentation required to verify the student’s and their parents’ income. The proposed amendments also update application procedures due to the implementation of the Authority’s New Jersey Financial Aid Management System (NJFAMS) online grants servicing system, and replace the existing table displaying the maximum number of semester award payments students may receive by substituting a reformatted chart that has been streamlined to ease comprehension.

The proposed amendment to N.J.A.C. 9A:9-2.1(a) adds reference to part-time enrollment to clarify that some existing student assistance programs permit part-time enrollment and to implement the extension of NJ STARS and NJ STARS II eligibility to part-time students authorized by P.L. 2017 c. 360.

The proposed new N.J.A.C. 9A:9-2.1(b)5.i. revises the definition of an eligible institution. As authorized by N.J.S.A. 18A:71B-1, the authority is proposing to restrict the definition of an eligible institution to those that provide students with a shopping sheet providing a financial comparison of selected schools and transparency on the net costs of attendance after the application of grants and scholarships, loan options, and the estimated debt that the student will incur to attend the institution. This amendment assists students in making an informed decision about where to enroll and invest both their personal funds and the financial assistance the State expends on their behalf.

The proposed amendments recodify N.J.A.C. 9A:9-2.2(e) as N.J.A.C. 9A:9-2.2(g) to add a new N.J.A.C. 9A:9-2.2(e) and N.J.A.C. 9A:9-2.2(f). Proposed new N.J.A.C. 9A:9-2.2 (e) and N.J.A.C. 9A:9-2.3(b) are intended to implement P.L. 2018 c. 12, which provides that students who are other than a nonimmigrant alien within the meaning of section 101 (a)(15) of the “Immigration and Nationality Act” (8 U.S.C. s1101(a)(15)) are eligible for State financial aid if they have attended a New Jersey high school for at least three years, and graduated from a New Jersey high school or received the equivalent of a high school diploma from New Jersey; and, in the case of a person without lawful immigration status who meets these requirements, either filed an affidavit with the institution of higher education stating that the student has filed an application to legalize his or her immigration status, or will file an application as soon as he or she is eligible to do so. The new N.J.A.C. 9A:9-2.2(f) provides that students who meet all the requirements of proposed new N.J.A.C. 9A:9-2.2 (e)(1) through 2.2(e)(4) will be referred to as “New Jersey Dreamers” for purposes of State student financial assistance.

Proposed new N.J.A.C. 9A:9-2.4(d) specifies the documentation required by N.J.S.A. 18A:71B-6 to verify compliance with the “Military Selective Service Act,” (50 U.S.C. 453). For students who use the federally supplied application for financial aid the proposed rule provides that the verification requirement is satisfied under the federal “Higher Education Act of 1965” (20 U.S.C. 1001 et seq.). For students who do not use the federally supplied application for financial aid, the proposed rule requires a copy of the student’s Selective Service Registration Card or a letter from the federal government confirming registration with Selective Service to verify compliance. As it can take up to 90 days for a student to receive proof of Selective Service Registration in the

mail, for a student's first semester of enrollment only, the proposed amendment permits schools to accept proof that the student mailed the registration form to the Selective Service System.

In light of the Authority's implementation of the NJFAMS grant servicing system, the regulation's references to the paper Student Eligibility Notice are obsolete. Therefore, amendments are proposed to N.J.A.C. 9A:9-2.5 to delete reference to the Student Eligibility Notice and to advise students that the Authority will provide all notifications regarding eligibility in writing, either electronically or by mail.

The proposed amendments to N.J.A.C. 9A:9-2.7 are intended to provide clarification as to how the Authority verifies a student's income. The proposed amendments specify that, if the student, or the student's family if applicable, does not file tax returns, the student must provide documented proof from a federal or State agency of taxable and/or untaxed income, including but not limited to IRS tax and wage transcripts, receipt of unemployment payments, child support, alimony, welfare payments, Social Security benefits, or at least two benefits from any of the following federal programs: Medicaid, SSI, SNAP, TANF and WIC.

The proposed amendment to N.J.A.C. 9A:9-2.10 adds language to recognize that schools need to verify part-time enrollment for students receiving student financial assistance through a part-time program.

In order to implement the three plus one degree programs authorized by P.L. 2018 c. 144, the proposed amendments to N.J.A.C. 9A:9-2.11(a)1. provide that students enrolled in a three plus one degree program are eligible for six semesters of Tuition Aid Grant payments at a two-year college, and ten semesters of payments, including payments made for a two-year program, at a four-year college. The proposed amendments to N.J.A.C. 9A:9-2.11(a)2. provide that for all other State student assistance programs not otherwise defined by regulation, students enrolled in a three plus one degree program are eligible for six semesters of payments at a two-year college, and eight semesters of payment, including payments made for a two-year program, at a four-year college. In addition the amendments to both N.J.A.C. 9A:9-2.11(a)1. and 2. replace the existing table displaying the maximum number of semester award payments students may receive, substituting a reformatted chart that has been streamlined to ease comprehension.

With the implementation of the NJFAMS grants and scholarships servicing system, students' obligations have changed. The proposed amendments to N.J.A.C. 9A:9-2.13 delete reference to the obsolete Student Eligibility Notice and add the requirement for students to log on to the New Jersey Financial Aid Management System to ensure that their files are complete and accurate. In addition, students are no longer required to report changes in college choice or family financial status to the Authority. With the former paper process, the Student Eligibility Notice only provided the award amount for a student's top school choice. With the new online process, the system can show the student estimated award amounts for multiple schools. The student's actual award amount is determined when a school certifies the student's attendance at that institution. Students do not report changes in family financial status to the Authority because beginning with the 2017-18 academic year, the Free Application for Federal Student Aid (FAFSA), which is the application students file to receive federal and State aid, began relying on prior-year tax

information. This means that the 2017-2018 FAFSA relied on tax year 2015 income information. Prior to this change, students only reported changes in finances to HESAA if their family had not yet filed their taxes. Since taxes are now required to be filed before the FAFSA is available, the only changes to family finances are due to a change of circumstances, which is reported to the school, not to HESAA. The amendments to N.J.A.C. 9A:9-2.13 require students to report any changes to family financial status to the institution, which then exercises professional judgment pursuant to N.J.A.C. 9A:9-3.3 to determine if there is a change in the student's eligibility for State student assistance programs.

The proposed amendment to N.J.A.C. 9A:9-10.1, is intended to implement P.L. 2017 c. 360 by acknowledging that there is an authorized exemption to the full-time enrollment requirement for NJ STARS eligibility.

To implement P.L. 2018 c. 144, the proposed amendment to N.J.A.C. 9A:9-10.2 revises the definition of "full-time enrollment" to include a course of study in the third academic year that leads to a degree at the four-year institution with which the county college is partnered in the three plus one program.

The proposed amendments to N.J.A.C. 9A:9-10.2 also implement P.L. 2017 c. 360 by adding a definition for part-time enrollment. Part-time enrollment is defined as a course of study including at least six, but less than twelve, credit hours.

Pursuant to P.L. 2018 c. 144, the proposed amendments to N.J.A.C. 9A:9-10.4 (a), 10.4(a)1.ii and 10.4(a)7. provide for a sixth semester of NJ STARS eligibility for students enrolled in a three plus one degree program.

To implement P.L. 2017 c. 360, the proposed amendments to N.J.A.C. 9A:9-10.4(a)6. reformat the paragraph into multiple subparagraphs and add a new subparagraph. The exception to the continuous enrollment in a full-time course of study requirement for students on medical leave is recodified as N.J.A.C. 9A:9-10.4(a)6.i.; the exception to the continuous enrollment in a full-time course of study requirement for students called to mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States is recodified as N.J.A.C. 9A:9-10.4(a)6.ii.; the new exception to the continuous enrollment in a full-time course of study requirement authorized by P.L. 2017 c. 360 for students enrolled part-time due to illness or the death of a parent or spouse is added as the new N.J.A.C. 9A:9-10.4(a)6.iii.; the exception to the continuous enrollment in a full-time course of study requirement for students enrolled part-time during the summer semester is recodified as N.J.A.C. 9A:9-10.4(a)6.iv.; and N.J.A.C. 9A:9-10.4(a)6.iv. is recodified as N.J.A.C. 9A:9-10.4(a)6.v.

New subsection N.J.A.C. 9A:9-10.4(e) is proposed to implement section 2c. of P.L. 2017 360 by providing an additional semester of NJ STARS eligibility for each semester the student receives an exemption from the full-time course of study requirement, not to exceed five additional semesters.

The proposed amendment to N.J.A.C. 9A:9-11.1, is intended to implement P.L. 2017 c. 360 by acknowledging that there is an authorized exemption to the full-time enrollment requirement for NJ STARS II eligibility.

The proposed amendments to N.J.A.C. 9A:9-11.2 revise the definitions of third academic year of study and fourth academic year of study to provide that for students enrolled in a three plus one degree program pursuant to P.L. 2018 c. 144, the third academic year of study is completed at the county college and the fourth academic year of study means the first and second eligible terms of study at a participating four-year institution of higher education.

In addition, the proposed amendments to N.J.A.C. 9A:9-11.2 implement P.L. 2017 c. 360 by adding a definition for part-time enrollment. The definition for part-time enrollment is a course of study that includes at least six, but less than twelve, credit hours.

Pursuant to P.L. 2018 c. 144, the proposed amendments to N.J.A.C. 9A:9-11.5(a) provide that for students enrolled in a three plus one degree program NJ STARS II eligibility is limited to three semesters. Additionally, proposed amendments to N.J.A.C. 9A:9-11.5(a)2. revise subparagraph i. and add a new subparagraph ii. requiring students enrolled in a three plus one degree program pursuant to P.L. 2018 c. 144 to have been a funded or non-funded NJ STARS scholar in the sixth semester of county college enrollment to be eligible for NJ STARS II.

The proposed amendment to N.J.A.C. 9A:9-11.5(a)3. is intended to implement P.L. 2017 c. 360 by acknowledging that there is an authorized exemption to the full-time enrollment requirement for NJ STARS II eligibility.

To implement P.L. 2017 c. 360, the proposed amendments to N.J.A.C. 9A:9-11.5(a)5. reformat the paragraph into multiple subparagraphs and add a new subparagraph. Pursuant to the proposed amendments, the exception to the continuous enrollment in a full-time course of study requirement for students on medical leave is recodified as N.J.A.C. 9A:9-11.5(a)5.i.; the exception to the continuous enrollment in a full-time course of study requirement for students called to mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States is recodified as N.J.A.C. 9A:9-11.5(a)5.ii.; and the new exception to the continuous enrollment in a full-time course of study requirement authorized by P.L. 2017 c. 360 for students enrolled part-time due to illness or the death of a parent or spouse is added as the new N.J.A.C. 9A:9-10.4(a)6.iii.

New subsection N.J.A.C. 9A:9-10.5(b) is proposed to implement section 3h. of P.L. 2017 360 by providing an additional semester of NJ STARS II eligibility for each semester the student receives an exemption from the full-time course of study requirement, not to exceed four additional semesters.

The proposed amendments to N.J.A.C. 9A:9-11.7(a) are intended to implement P.L. 2017 c. 360 by adding a new subparagraph 1. providing that part-time scholarships under NJ STARS II are prorated against the full-time NJ STARS II award and that the total NJ STARS II payments shall not exceed \$5,000 for a student.

Recommendation

It is recommended that the Board approve Resolution 17:19 Approving Proposed Amendments to the Regulations Governing the Grant and Scholarship Programs, N.J.A.C. 9A:9-2, 9A:9-10 and 9A:9-11 so that the proposed amendments can be published in the New Jersey Register.

Attachments

Full text of the proposed amendments follows (additions indicated in boldface **thus**; deletion indicated in brackets ~~thus~~):

Chapter 9 Grant and Scholarship Programs

Subchapter 2 General Provisions for Tuition Aid Grant and Garden State Scholarships

§ 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, **unless the specific student assistance program permits part-time enrollment**. 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. Physically establishes and maintains, at its expense, a financial aid office with a full-time staff and file maintenance capacity in New Jersey, subject to audit and review by the Authority;
2. Is licensed by the Office of the Secretary of Higher Education, or its successor office;
3. Is not licensed as an "out-of-State" institution pursuant to N.J.A.C. 9A:1-5;
4. Is accredited or preaccredited by a nationally recognized accrediting association; and
5. Upon commencing participation in the State financial aid programs,
 - i. 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; **and**
 - ii. **beginning with academic year 2020-2021, provides a financial aid shopping sheet, in the format prescribed by the Authority, to each prospective and returning student as part of the financial aid offer to provide students and their families with clear information on the net costs of attendance after application of grants and scholarships; loan options; and estimated debt that the student will incur to attend the institution.**

(c) Eligible institutions shall also include proprietary institutions in New Jersey that meet the requirements of (b)1, 4, and 5 above, but only for degree granting programs, as licensed by the 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;
2. Provide documentation that 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 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 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). 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. A student may not establish State residence solely for the purpose of attending a particular college and will not be considered as fulfilling the definition of domicile for the purposes of State student financial aid.

(b) When a student's domicile is in question, the Authority will request that the student submit the documentation necessary to demonstrate residency, which includes, but is not limited to, the following:

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);
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.

(c) 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 the purposes of qualifying for State student financial aid under the State Tuition Aid Grant Program, the New Jersey Student Tuition Assistance Reward Scholarship Program, and the New Jersey Student Tuition Assistance Reward Scholarship II Program.

(d) Institutions that certify a student's state of legal residence shall maintain documentation concerning the student's New Jersey residency and shall provide this certified documentation, if requested by the Authority, to substantiate an appeal.

(e) Notwithstanding the provisions of (a) and (b) above, a student is eligible for aid if the student:

- 1. attended high school in New Jersey for at least three years;**
- 2. graduated from a high school in New Jersey or received the equivalent of a high school diploma in New Jersey;**
- 3. is not attending an institution in New Jersey solely for the purpose of receiving State student financial aid; and**
- 4. in the case of a person without lawful immigration status, files an affidavit with the institution of higher education stating that the student has filed an application to legalize his or her immigration status or will file an application as soon as he or she is eligible to do so.**

(f) Students who meet the requirements of N.J.A.C. 9A:9-2.2(e)1. through 2.2(e)4. shall be referred to as "New Jersey Dreamers" for purposes of State student financial assistance.

(g) The Higher Education Student Assistance Authority shall have final decision making authority to determine the state of residence/domicile for any individual whose residency/domicile is in question.

§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. 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.

(b) In order to receive a grant or scholarship, a student other than a nonimmigrant alien within the meaning of section 101 (a)(15) of the “Immigration and Nationality Act” (8 U.S.C. s1101(a)(15)) shall:

- 1. have attended a New Jersey high school for at least three years;**
- 2. have graduated from a New Jersey high school or received the equivalent of a high school diploma from New Jersey; and**
- 3. in the case of a person without lawful immigration status, filed an affidavit with the institution of higher education stating either that the student has filed an application to legalize his or her immigration status, or that the student will file an application to legalize his or her immigration status as soon as he or she is eligible to do so.**

§9A:9-2.4 Eligibility and repayments

(a) In order to receive a need-based award students must have demonstrated financial need through submission of a financial aid form approved by the Higher Education Student Assistance Authority in accordance with annually established deadline dates.

(b) Students may not receive State financial assistance under the programs administered by the Authority if they owe a refund on a grant or scholarship previously received from a state or Federal program through any institution or are in default on any loan made under any state or Federal student financial assistance program at any institution.

(c) Students owing a refund on a grant or scholarship or who are in default on a loan may receive State financial assistance if they make arrangements acceptable with the Authority to repay the debt.

(d) Students subject to the provisions of the “Military Selective Service Act,” 50 U.S.C. 453, shall not receive State financial assistance under the programs administered by the authority without verification of compliance with the requirements of the act. Verification of compliance shall be satisfied as follows:

- 1. for students who apply using a federally supplied application for financial aid, verification of military selective service compliance provided under the federal “Higher Education Act of 1965” (20 U.S.C. 1001 et seq.) satisfies this requirement;**
- 2. for students who apply using a non-federally supplied application for financial aid, the institution of higher education shall not disburse the aid until provided a copy of the student’s Selective Service Registration Card or a letter from the federal**

government confirming registration with Selective Service. For students in their first semester of enrollment only, institutions are permitted to accept proof of that the student mailed his registration to the Selective Service System, including but not limited to a registered mail receipt or a commercial carrier tracking notice. For future semesters of eligibility, the student must provide a copy of the Selective Service Registration Card or letter from the federal government confirming registration with Selective Service.

§9A:9-2.5 Student Notification

~~[Students shall be notified]~~ **The Higher Education Student Assistance Authority shall notify students of grant eligibility [through the Student Eligibility Notice issued] in writing, either electronically or by mail [by the Higher Education Student Assistance Authority].** The amount of the grant is subject to change based on the annual level of appropriations and other resources available to the student (see N.J.A.C. 9A:9-2.9). The institution's written notification to the student regarding State financial assistance shall contain a clause indicating the State is not responsible for funding of the grant in the event of fraudulent, inaccurate or misleading information.

§9A:9-2.7 Verification of family financial data

Students upon request must provide the Higher Education Student Assistance Authority with documentation including, but not limited to, Internal Revenue Service tax return transcripts and/or State income tax returns for themselves, and in the case of dependent students, for their parents, for verification purposes. In the limited circumstances when students or parents are unable to obtain transcripts from the Internal Revenue Service, the Authority may accept a signed copy of the Federal income tax return. **If no tax returns were filed for the year requested, students must provide the Authority with documented proof, received through a federal or State agency, of taxable and/or untaxed income, including but not limited to an IRS tax and wage transcript, receipt of unemployment payments, child support, alimony, welfare payments, Social Security benefits, or at least two benefits from any of the following federal programs: Medicaid, SSI, SNAP, TANF or WIC.** Financial data provided on the financial aid form may be verified by the Authority and/or institution through the comparison of information reported on income tax transcripts and returns and other requested documentation. **Sufficiency of documentation is determined by the Authority.** Discrepancies will require the re-evaluation of the student's eligibility. Students, as well as institutions, will be notified if an adjustment in the value of aid is required. If documentation is not received to verify income or resolve discrepancies aid will not be granted.

§9A:9-2.10 Verification of enrollment and academic performance

(a) Before payment may be made to an eligible student, the institution shall have satisfactory evidence that the student is eligible for State grant and/or scholarship assistance, has registered as a full-time student for an academic term **in an eligible program of study, or a minimum of six credits if the student is applying for an approved part-time financial aid program in an**

eligible program of study, and that the student is meeting minimum standards for academic performance and academic progress.

(b) Students receiving State financial assistance under the student assistance programs administered by the Higher Education Student Assistance Authority shall remain in good academic standing as defined by the institution which they are attending.

(c) For purposes of determining State financial assistance eligibility, the Authority shall recognize the same standards for academic performance and satisfactory academic progress that an institution adopts to determine eligibility for Federal student aid programs under Title IV of the Higher Education Act of 1965, as amended, and its implementing regulations and rules.

(d) The academic standing and progress of all students receiving State financial assistance must be monitored by institutions at least once a year, prior to the fall semester.

(e) Students who fail to achieve the standards set forth in this section shall be ineligible to receive State financial assistance under the programs administered by the Authority until such time as the institution certifies that they are in good academic standing and are achieving satisfactory academic progress.

(f) The institution shall share with the Authority any material findings or audit exceptions related to the determination of academic progress at any time they are revealed in the course of an audit or program review.

§9A:9-2.11 Payments

(a) The maximum number of semester award payments that students may receive are as follows:

1. Tuition Aid Grant Program: [

-	Enrollment Status	Maximum
-	-	Semesters for
-	-	Award Payments
-	-	-
TWO-YEAR	Regular 2-Year Program	5
COLLEGES:	Remedial/Developmental or Bilingual	6

-	(ESL) Curriculum	
-	EOF Program	6/8<1>
FOUR-YEAR	Regular 4-Year Program	9
COLLEGES:	County College	10<2>
-	transfers/Reme-	
-	dial/Developmental/Bilingual	
-	curriculum	
-	5-Year Program	11/12<3>
-	EOF Program	12<1>

<u>Type of Program</u>	<u>2-Year College Maximum Semesters</u>	<u>4-Year College Maximum Semesters<1></u>
<u>Regular program</u>	<u>5</u>	<u>9</u>
<u>Remedial/developmental or Bilingual (ESL) Curriculum<2></u>	<u>6</u>	<u>10</u>
<u>EOF Program</u>	<u>8</u>	<u>12</u>
<u>Three Plus One Degree Program established pursuant to P.L. 2018 c. 144</u>	<u>6</u>	<u>10</u>
<u>County College transfer</u>	<u>N/A</u>	<u>10</u>
<u>5-year program</u>	<u>N/A</u>	<u>11</u>
<u>5-year county college transfer,</u>	<u>N/A</u>	<u>12</u>

<u>remedial/Developmental or Bilingual curriculum</u>		
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1 [As stipulated in N.J.A.C. 9A:11-2.8.] The semesters of payment are cumulative and include all payments made for a two-year program.

2 Remedial/Developmental or Bilingual (ESL) Curriculum must contain the equivalent of 18 or more credit hours of remedial or bilingual (ESL) courses.

3 County College Transfer, Remedial/Developmental or Bilingual (ESL) curriculum:]

i. ~~Students shall not receive more than nine semesters of payment unless they are enrolled in a five-year program, receiving assistance under the EOF Program, transferred from a county college to a four-year college or were required to take the equivalent of 18 or more credit hours of noncredit remedial, developmental, or bilingual (ESL) courses.~~

ii. ~~Students enrolled in an undergraduate program regularly requiring five academic years for completion shall be permitted five and one-half years of payment eligibility.~~

iii. ~~Students enrolled in the EOF Program may receive additional payments based upon the special approval from the Executive Director of the EOF Program.]~~

2. [All] Other State Student Assistance Programs, [except NJ STARS and NJ STARS II] if not separately defined by regulation: [

	Enrollment Status	Maximum
		Semesters for
		Award Payments
-	-	-
TWO-YEAR	Regular 2-Year Program	5
COLLEGES:	Remedial/Developmental or Bilingual	6
-	(ESL)	-

FOUR-YEAR Regular 4-Year Program 8<1>

COLLEGES: Regular 5-Year Program 10<1>

<u>Type of Program</u>	<u>2 Year College Maximum Semesters</u>	<u>4 Year College Maximum Semesters<1></u>
<u>Regular program</u>	<u>5</u>	<u>8</u>
<u>Three Plus One Degree Program established pursuant to P.L. 2018 c. 144</u>	<u>6</u>	<u>8</u>
<u>Remedial/developmental or Bilingual (ESL) Curriculum<2></u>	<u>6</u>	<u>8</u>
<u>5 year program</u>	<u>N/A</u>	<u>10</u>

1 The semesters of payment are cumulative and include all payments made for a two-year program.

2 Remedial/Developmental or Bilingual (ESL) Curriculum must contain the equivalent of 18 or more credit hours of remedial or bilingual (ESL) courses.

(b) Payments will be made by the Department of the Treasury for eligible students in two installments over the regular academic year. 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:9-2.13 Student's obligation ~~to report changes in institution or financial status~~

~~[Any changes in college choice or family financial status which occur after the Student Eligibility Notice has been issued to the student must be reported immediately, in writing by the student, to the Higher Education Student Assistance Authority in order that the student's continued eligibility may be evaluated and prompt payment provided. Institutions may report these changes on behalf of the student.]~~ **Students are required to log onto the New Jersey Financial Aid Management System and ensure that their file is complete and accurate. Any changes to family financial status must be reported to the institution, which shall exercise professional judgment pursuant to N.J.A.C. 9A:9-3.3 to determine if there is a change in the student's eligibility for State student assistance programs.**

Subchapter 10 New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program

§9A:9-10.1 Purpose and Scope

The rules established by this subchapter provide the policies and the procedures for participation in the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program administered by the New Jersey Higher Education Student Assistance Authority (Authority). These scholarships shall be awarded annually to eligible students enrolled in a full-time course of study at a New Jersey county college, **unless the student receives an exemption from the full-time course of study requirement pursuant to N.J.A.C. 9A:9-10.4(a)6.iii.**

§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:

"Approved fees" means general fees; student service/activity fees; technology fees; and required course/equipment fees.

"Authority" means the Higher Education Student Assistance Authority established pursuant to N.J.S.A. 18A:71A-3.

"Cumulative grade point average" means the average grade earned by a student, determined by dividing the grade points earned by the number of credits attempted while the student is an NJ STARS scholar.

"Eligible high school" means a public or non-public high school located in the State, or other high schools as may be deemed by the Authority to have a rigorous course of study.

"Eligible institution" means a New Jersey county college serving the student's county of residence pursuant to N.J.S.A. 18A:64A-1 et seq., except as otherwise indicated in N.J.A.C. 9A:9-10.8.

"Full-time enrollment" in any semester, including summer, means a course of study leading to a degree from the county college of enrollment, **unless the student is enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 in which case the course of study in the third academic year shall lead to a degree at the four-year institution with which the county college is partnered in the three plus one degree program**, that includes at least 12 credit hours, not including any credit hours in a remedial or developmental curriculum. Full-time enrollment for a summer semester consists of the total number of credits taken during all sessions in that summer.

"NJ STARS scholar" means a student who received a scholarship under the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program, established pursuant to P.L. 2004,

c. 59, or was eligible for but did not receive a scholarship under NJ STARS because the student's tuition or tuition and fees, as applicable, were fully covered by other State and Federal need-based grants or merit scholarships.

“Part-time enrollment” in any semester, including summer, means a course of study leading to a degree from the county college of enrollment, that includes at least 6 credit hours but less than 12 credit hours, not including any credit hours in a remedial or developmental curriculum. Part-time enrollment for a summer semester consists of the total number of credits taken during all sessions in that summer.

"Program" or "NJ STARS" means the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program established pursuant to P.L. 2004, c. 59.

"Remedial or developmental curriculum" means a non-credit course or a course for which credits earned are not applicable to minimum credit requirements leading to a degree or certificate.

"Rigorous high school course of study" means a course of study that is in accordance with the standards established by the 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, **unless the student is enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 in which case the student shall be eligible for a scholarship under the NJ STARS Program for up to six 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. In order to qualify for this scholarship, a student must meet the following eligibility requirements:

1. A student must have completed a rigorous high school course of study and graduated from high school in 2004 or later and must enroll in a full-time course of study at a New Jersey county college by the fifth semester after high school graduation;
2. Upon notice from the Authority of conditional eligibility for the Program, a student shall take a college placement test selected by the New Jersey Council of County Colleges and administered by the county college in the county of the student's school district at no cost to the student or the school district. The county colleges may enter into an agreement with the school district to administer the test at the high school or other selected site within the district.
 - i. The county college shall notify any student who does not achieve the required score on the placement test that the student requires remediation prior to becoming an NJ STARS scholar. The student has the responsibility to address the identified deficiencies through such means as the student determines, including

enrollment in remedial classes at the county college during the senior year of high school.

ii. A student shall have one year from September 1 following high school graduation to demonstrate the skill levels required to pursue courses for credit at a county college. The student shall become an NJ STARS scholar eligible for five, **or six if enrolled in a three plus one program**, semesters of NJ STARS scholarships if during or at the end of the one-year period the student demonstrates the required ability. A student loses eligibility to become an NJ STARS Scholar if the student continues to require remediation at the end of the one-year period;

3. For the first year of enrollment, a student must have graduated high school and had a class rank at the completion of 11th or 12th grade in the top 15.0 percent of the student's high school class, 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. After the first year of enrollment, the scholarship shall continue to be payable to an eligible student if the student has attained a cumulative grade point average (GPA) of at least 3.0 (on a 4.0 scale) at the start of the student's second year of county college enrollment.

i. If an NJ STARS recipient has less than a 3.0 GPA at the start of the second semester of the first year of county college enrollment, the student shall participate in an enrichment program designed by the county college during the second semester of the student's first year of enrollment in accordance with P.L. 2005, c. 168;

5. A student must annually complete and file a financial aid application, as approved by the Authority, within established State deadlines in order to apply for all other available forms of Federal and State need-based grants and merit scholarships. This includes the student satisfying all requirements to determine his or her eligibility to receive payments of these State and Federal grants and scholarships within established State deadlines;

6. A student must maintain continuous enrollment in a full-time course of study unless:

i. **the student is** on medical leave due to the illness of the student or illness of a member of the student's immediate family or emergency leave because of a family emergency, which medical or emergency leave shall have been approved by the county college prior to completion of the semester for which leave is being granted;

ii. ~~for unless~~ the student is called to partial or full mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States;

iii. the student receives an exemption from the full-time course of study requirement by enrolling part-time and:

(1) provides the county college with a written note from a physician or other licensed health care professional indicating the student's need to take a reduced number of credits due to a physical or mental health condition; or

(2) provides the county college with documentation to verify the death of the student's parent or spouse in the current or previous semester. Acceptable documentation includes but is not limited to a copy of the obituary listing the student as the child or spouse or a copy of the death certificate along with a copy of the birth certificate or marriage certificate.

iv. A student enrolled for less than full-time status during the summer semester shall not receive an NJ STARS award for that semester, **unless the student receives an exemption from the full-time course of study requirement pursuant to N.J.A.C. 9A:9-10.4(a)6.iii**, but shall maintain eligibility for the program.

ii-iv. In the final semester of county college enrollment a student may take less than 12 credits if the county college determines that the student needs less than 12 credits in that semester to complete the degree program. In order to maintain NJ STARS eligibility, the student must take at least as many credits as that student requires to complete the degree program. If the final semester falls during the summer, the student shall receive an NJ STARS award for the summer semester, as long as the student meets these requirements; and

7. A student shall not receive an NJ STARS scholarship for the sixth semester of county college enrollment, **unless the student is enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144**, but if a student enrolled in a nursing or engineering program enrolls for a sixth semester that student shall maintain eligibility for the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program, established pursuant to P.L. 2005, c. 359 (N.J.S.A. 18A:17B-86.1 et seq.), provided the student meets the requirements for receipt of an NJ STARS II scholarship and graduates after the sixth semester.

(b) A student is eligible to receive an NJ STARS scholarship during the fall, spring and summer semesters.

(c) A student who is eligible for an NJ STARS scholarship and who earned college credits from a higher education institution while enrolled in high school, may submit a transcript from that institution to his or her county college. If the county college determines that the student's coursework is equivalent to that offered by the county college, then the county college shall apply the credits toward the award of the student's associate degree as an NJ STARS scholar.

(d) In the case of a student who was an NJ STARS scholar on May 2, 2012 and graduated from high school prior to 2010, the NJ STARS scholarship shall be administered, and the student shall remain eligible for the program in accordance with the provisions of P.L. 2004, c. 59, as the same read prior to May 2, 2012.

(e) A student enrolled part-time pursuant to section 6.iii. above shall receive an additional semester of NJ STARS eligibility for each semester the student receives an exemption from the full-time course of study requirement, not to exceed five additional semesters.

Subchapter 11 New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program

§9A:9-11.1 Purpose and scope

The rules established by this subchapter provide the policies and procedures for participation in the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program administered by the Higher Education Student Assistance Authority. This program offers scholarships to NJ STARS scholars who attain an associate degree at a New Jersey county college and are enrolled in a full-time course of study at a New Jersey four-year institution of higher education no later than the second eligible term immediately following the student's attainment of an associate degree, **unless the student receives an exemption from the full-time course of study requirement pursuant to NJAC 9A:9-11.5(a)5.iii.**

§9A:9-11.2 Definitions

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

"Academic year of study" means one continuous year of study by the student beginning with the fall term and including the succeeding spring term or beginning with the spring term and including the succeeding fall term. While NJ STARS II does not provide awards for winter terms, an academic year of study includes full-time enrollment during the winter term for students enrolled in quarter schools.

"Annual family income" for a dependent student means the parent and student applicant's taxable and untaxed income as derived from the Free Application for Federal Student Aid (FAFSA). For an independent student, annual family income includes the student applicant's, and spouse's, if married, taxable and untaxed income as derived from the FAFSA.

"Approved fees" means fees charged to a student by the four-year institution of higher education that are mandatory in pursuing his or her full-time course of study, as well as fees that are mandatory for all students for attendance at that institution.

"Authority" means the Higher Education Student Assistance Authority established pursuant to N.J.S.A. 18A:71A-3.

"Cumulative grade point average" means the average grade earned by a student, determined by dividing the grade points earned by the number of credits attempted while the student is receiving a scholarship under the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program, established pursuant to N.J.S.A. 18A:71B-86.1 et seq., or was eligible but did not receive an award under the NJ STARS II Program because the student's tuition or tuition and fees, as applicable, were fully covered by other State and Federal need-based grants or merit scholarships.

"Eligible term" means a fall or spring semester, quarter, or trimester at a participating institution.

"Fourth academic year of study" means the third and fourth eligible terms of study at a participating institution, **unless the student is enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 in which case the fourth academic year of study means the first and second eligible terms of study at a participating four-year institution.**

"Full-time course of study" means a course of study in any term, except summer sessions, that includes at least 12 credit hours in a non-remedial or non-developmental curriculum and which leads to a baccalaureate degree from a participating institution.

"New Jersey four-year institution of higher education" mean an institution of higher education that offers degrees up to the baccalaureate level at a minimum and is participating in the Tuition Aid Grant Program pursuant to N.J.A.C. 9A:9-2.1.

"NJ STARS scholar" means a student who either received an award, or was eligible to receive an award but was non-funded during the semester immediately preceding graduation from the New Jersey county college, under the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program pursuant to N.J.S.A. 18A:71B-81 et seq.

"Non-funded" means a student who was eligible but did not receive an award under the NJ STARS Program because the student's tuition and approved fees, if applicable, were fully covered by other State and Federal need-based grants or merit scholarships.

"Participating institution" means a New Jersey four-year institution of higher education.

"Part-time enrollment" in any semester means a course of study in any term, except summer sessions, that includes at least 6 credit hours but less than 12 credit hours, in a non-remedial or non-developmental curriculum and which leads to a baccalaureate degree from a participating institution.

"Program" or "NJ STARS II" means the New Jersey Student Tuition Assistance Reward Scholarship II Program established pursuant to P.L. 2005, c. 359.

"Remedial or developmental curriculum" means a non-credit course or a course for which credits earned are not applicable to minimum credit requirements leading to a degree or certificate.

"Third academic year of study" means the first two eligible terms of study at a participating institution, **unless the student is enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 in which case the student completed the third academic year of study at the county college.**

§9A:9-11.5 Eligibility requirements

(a) A student shall be eligible for a scholarship under the NJ STARS II Program for up to four terms, **unless the student is enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 in which case the student shall be eligible for a scholarship under the NJ STARS II Program for up to three terms.** Payments are only made for fall and spring terms. The student's eligibility will be determined during the first eligible term of enrollment at a participating institution. In order to qualify for this scholarship, a student must:

1. Have an annual family income, both taxable and untaxed, as derived from the Free Application for Federal Student Aid filed for the third academic year of study, of less than \$ 250,000;

2. Have graduated from a New Jersey county college with an associate degree as a funded or non-funded NJ STARS scholar with at least a 3.25 cumulative grade point average or was eligible for but did not receive an NJ STARS scholarship because the student was enrolled in college courses while in high school and received an associates degree with at least a 3.25 cumulative grade point average in accordance with a joint program offered by the student's school district and a county college.

- i. Students who were **not enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 and were** NJ STARS scholars for their fifth semester of county college enrollment and enrolled in a sixth semester at the county college in a nursing or engineering program are eligible for NJ STARS II, provided they meet the requirements for receipt of an NJ STARS II scholarship and graduate after the sixth semester;

- ii. **Students who were enrolled in a three plus one degree program established pursuant to P.L. 2018 c. 144 must have been a funded or non-funded NJ STARS scholar in the sixth semester of county college enrollment to be eligible for NJ STARS II.**

3. Be enrolled full-time, **or part-time if the student received an exemption from the full-time course requirement pursuant to NJAC 9A:9-5(a)5.iii,** in a baccalaureate degree program at a participating institution no later than the second eligible term immediately following the student's attainment of an associate degree, unless enrollment is delayed due to the illness of the student or a member of the student's immediate family or because of a family emergency, which medical or emergency exception shall have been approved by the Authority, or unless called to partial or full mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States;

4. Annually complete and file a financial aid application or renewal financial aid application, as approved by the Authority, within established State deadlines in order to apply for all other available forms of State and Federal need-based grants and merit scholarships. This includes the student satisfying all requirements within established State deadlines to determine his or her eligibility to receive payments of these State and Federal grants and scholarships at the participating institution; and

5. Maintain continuous enrollment in a full-time course of study at a participating institution unless:

i. the student is on medical leave due to the illness of the student or a member of the student's immediate family or on emergency leave because of a family emergency, which medical or emergency leave shall have been approved by the participating institution prior to completion of the term for which leave is being granted; ~~or unless~~

ii. the student is called to partial or full mobilization for State or Federal active duty as a member of the National Guard or a Reserve component of the Armed Forces of the United States;

iii. the student receives an exemption from the full-time course of study requirement by enrolling part-time and:

(1) provides the participating institution with a written note from a physician or other licensed health care professional indicating the student's need to take a reduced number of credits due to a physical or mental health condition; or

(2) provides the participating institution with documentation to verify the death of the student's parent or spouse in the current or previous semester. Acceptable documentation includes but is not limited to a copy of the obituary listing the student as the child or spouse or a copy of the death certificate along with a copy of the birth certificate or marriage certificate.

(b) A student enrolled part-time pursuant to section 5.iii. above shall receive an additional semester of NJ STARS II eligibility for each semester the student receives an exemption from the full-time course of student requirement, not to exceed four additional semesters.

(c) Determination of the student's ineligibility for an NJ STARS II scholarship during the first eligible term of enrollment at a participating institution precludes the student from future eligibility for an NJ STARS II award.

§9A:9-11.7 Amount of the scholarship

(a) A scholarship under the NJ STARS II Program shall be applied toward the cost of tuition, or in the case of a student who receives a Tuition Aid Grant, toward the cost of tuition and approved fees, subject to the prior application of other State and Federal grants and scholarships against such costs for an eligible student enrolled in a full-time course of study at a participating institution. A scholarship shall be paid to the participating institution an amount up to \$ 1,250 per term. The cost of the scholarship shall be paid 100 percent by the State.

1. A scholarship under the NJ STARS II Program for students enrolled part-time shall be prorated against the full time NJ STARS II awards as follows:

i. An eligible student enrolled for six to eight credits shall receive one-half of the value of the full-time award;

ii. An eligible student enrolled for nine to eleven credits shall receive three-quarters of the value of the full-time award; and

iii. Total NJ STARS II payments shall not exceed \$5,000 for a student.

(b) The scholarship amount awarded shall be reduced by any other State and Federal need-based grants and merit scholarships to which the student is entitled. The State and Federal need-based grants and merit scholarships shall be applied to the student's tuition and approved fee charges first.

(c) Any cost of attendance that is not covered by the NJ STARS II scholarship or other available forms of grants and scholarships shall be paid by the student.

RESOLUTION 17:19

**RESOLUTION 17:19 APPROVING PROPOSED AMENDMENTS TO REGULATIONS
GOVERNING THE GRANT AND SCHOLARSHIP PROGRAMS,
N.J.A.C. 9A:9-2, 9A:9-10 AND 9A:9-11**

Moved by: Ms. Jean McDonald Rash

Seconded by: Ms. Christy Van Horn

WHEREAS: Pursuant to N.J.S.A. 18A:71A-1 et seq., the Higher Education Student Assistance Authority is statutorily responsible for the administration of State scholarship and tuition aid programs and for the promulgation of all rules to that effect; and

WHEREAS: Public Law 2017 chapter 360 was enacted January 16, 2018 creating part-time eligibility for the NJ STARS and NJ STARS II programs; and

WHEREAS: Governor Murphy signed P.L. 2018 c. 12 on May 9, 2018 extending eligibility for State student financial assistance program to New Jersey Dreamers; and

WHEREAS: Governor Murphy signed P.L. 2018 c. 144 on December 17, 2018 creating three plus one degree programs; and

WHEREAS: Regulatory amendments are necessary to implement these statutory amendments as well as to clarify and strengthen eligibility requirements for State student financial assistance programs.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves and authorizes publishing the Proposed Amendments to Regulations Governing the Grant and Scholarship Programs, N.J.A.C. 9A:9-2, 9A:9-10 and 9A:9-11 in the New Jersey Register.

July 24, 2019



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
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PHILIP D. MURPHY
Governor


SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: David J. Socolow
Executive Director 

FROM: Ruth Odom 
Chief Information Officer

SUBJECT: Resolution 18:19 Approving the Extension of the Agreements to Provide Bulk Email Delivery and Text Messaging Services for One Year

DATE: July 24, 2019

Background

As part of its administration of programs including State financial aid grants and scholarships and NJCLASS loans, the Higher Education Student Assistance Authority (HESAA) communicates with students and families through the use of multiple platforms. One platform that HESAA uses is email messaging. In 2015 HESAA generated approximately 1.4 million emails to customers. However, sending bulk emails directly from HESAA can slow down HESAA's computer systems. In addition, HESAA has begun contacting customers via text messaging when feasible. On June 3, 2016 HESAA issued two Requests for Proposals (RFPs) for vendors to disseminate notices, billing reminders and other information to HESAA's customers via bulk emails and text messages.

HESAA received one proposal in response to the bulk email delivery RFP and three proposals in response to the text messaging RFP. DoCircle Inc. doing business as Trumpia responded to both RFPs and offered a discount on services if HESAA selected the company for both. The evaluation committee determined that DoCircle Inc. dba Trumpia was the most qualified bidder with a reasonable fee. As a result of the RFPs and the evaluation committee's recommendations, at its July 26, 2016 meeting, the HESAA Board approved a contract with DoCircle Inc. dba Trumpia to provide both bulk email delivery and text messaging services for a period of three years, with two possible one-year extensions.

DoCircle, Inc. dba Trumpia to provide both bulk email delivery services and text messaging services.

Recommendation

It is recommended that the Board approve Resolution 18:19 Approving the First One-Year extension to the contracts with DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery and Text Messaging Services.

Attachments

RESOLUTION 18:19

**APPROVING THE EXTENSION OF THE EXTENSION OF THE AGREEMENTS
TO PROVIDE BULK EMAIL DELIVERY AND TEXT MESSAGING SERVICES
FOR ONE YEAR**

Moved: Dr. Jon Larson

Seconded: Ms. Madeline Perard

WHEREAS: At its July 26, 2016 meeting, as a result of two Requests for Proposals, the Higher Education Student Assistance Authority Board selected DoCircle Inc. dba Trumpia to provide bulk email delivery and text messaging services to the Authority; and

WHEREAS: The Board appointed DoCircle, Inc. dba Trumpia to provide email delivery services at a rate of \$51,000/year for a term of three years with two optional one-year extensions; and

WHEREAS: The Board appointed DoCircle, Inc. dba Trumpia to provide text messaging services at a rate of \$60,000/year for a term of three years with two optional one-year extensions; and

WHEREAS: HESAA has been satisfied with the services DoCircle Inc. dba Trumpia has provided for both contracts.

NOW THEREFORE, LET IT BE:

RESOLVED: The Higher Education Student Assistance Authority hereby approves the first one-year extension of the retainer agreement with DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery and Text Messaging Services.

July 24, 2019



State of New Jersey

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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

DAVID J. SOCOLOW
Executive Director

***A Resolution Expressing Appreciation to
Mr. Stephan Lally***

- WHEREAS:** Mr. Stephan Lally has served with distinction on the Student Advisory Committee (SAC) and was elected chairperson for 2018-2019; and
- WHEREAS:** In his role as an officer of the SAC, Mr. Lally served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS:** Mr. Lally has proven himself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WHEREAS:** His contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and
- WHEREAS:** The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Mr. Lally's fine service and contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Mr. Lally's service and dedication; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Mr. Lally for his outstanding leadership and dedication on behalf of New Jersey students; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. Lally for success in all of his future endeavors; and be it further
- RESOLVED:** That a copy of this resolution be noted in the official records of the Authority and the original be presented to Mr. Lally.

July 24, 2019



PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

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

DAVID J. SOCOLOW
Executive Director

***A Resolution Expressing Appreciation to
Mr. Michael Scardina***

- WHEREAS:** Mr. Michael Scardina has served with distinction on the Student Advisory Committee (SAC) and was elected vice chairperson for 2018-2019; and
- WHEREAS:** In his role as an officer of the SAC, Mr. Scardina served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS:** Mr. Scardina has proven himself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WHEREAS:** His contributions as a Board member of HESAA have helped advance postsecondary education and enhanced delivery of student aid in New Jersey; and
- WHEREAS:** The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Mr. Scardina's fine service and contributions in providing an effective program of student financial assistance; now therefore be it
- RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Mr. Scardina's service and dedication; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Mr. Scardina for his outstanding leadership and dedication on behalf of New Jersey students; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. Scardina for success in all of his future endeavors; and be it further
- RESOLVED:** That a copy of this resolution be noted in the official records of the Authority and the original be presented to Mr. Scardina.

July 24, 2019



PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

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DAVID J. SOCOLOW
Executive Director

***A Resolution Expressing Appreciation to
Maria Ivette Torres***

WHEREAS, in 1999 Maria Ivette Torres was appointed by Governor Christine Todd Whitman to the inaugural Board of the Higher Education Student Assistance Authority (HESAA) as a public member; and

WHEREAS, during more than two decades of service to HESAA, Ms. Torres has demonstrated a sincere commitment to her duties as a Board member, as exemplified by her distinguished service as the Board's Chair, Vice Chair, and member of Executive Committee during her 20 years on the Board; and

WHEREAS, Ms. Torres has consistently been a champion of college students throughout the State of New Jersey and has always carefully considered the needs of students ahead of all else, and

WHEREAS, Ms. Torres is a well-reasoned, valued, and respected voice on matters affecting students and their access to higher education; and

WHEREAS, Ms. Torres' high level of commitment to education is further demonstrated through her participation on several boards including the Hispanic Alliance of Atlantic County, of which she is chair of the Education Committee; the Atlantic County Chapter of the American Conference on Diversity; and the Board of Trustees for the Atlantic Cape Community College since 2003, currently holding the office of treasurer; and

WHEREAS, Ms. Torres' dedicated and unflinching service to the Authority has been instrumental in serving the needs of New Jersey students and families; now therefore, be it

RESOLVED, the members of the HESAA Board wish to express their sincere appreciation to Ms. Torres on the anniversary of her 20 years of service; and

Be it further RESOLVED that a copy of this resolution be noted in the official records of the Authority and the original copy be presented to Ms. Torres.

July 24, 2019