

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

July 26, 2016

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on July 26, 2016 at 10:00 am at the HESAA offices in Hamilton.

PRESENT: Mr. James Allen; Ms. Audrey Bennerson, Secretary of Higher Education Designee; Fr. Michael Braden (teleconference); Ms. Ester Calderon; Ms. Gabrielle Charette, Esq.; Mr. Anthony Falcone; Dr. Jon Larson; Mr. Chris McDonough, Treasurer's Designee; Mr. Bader Qarmout (teleconference); Mr. Shyam Sharma; Ms. Maria Torres and Ms. Christy Van Horn (teleconference), Members.

ABSENT: Mr. George Garcia, Esq. and Ms. Jean McDonald Rash.

CALL TO ORDER

Anthony Falcone called the meeting to order at 10:03 am. Mr. Falcone stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Mr. Falcone led those present in the Pledge of Allegiance.

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

Mr. Falcone welcomed Geoffrey Stark, Esq., Deputy Attorney General and Michael Collins, Esq., Governor's Authorities Unit.

Deputy Attorney General Geoffrey Stark swore-in Ms. Ester Calderon.

Mr. Falcone advised that no members of the public registered to speak.

Mr. Falcone asked Roseann Sorrentino to call the roll.

STUDENT ADVISORY COMMITTEE

Sharon Austin provided a brief description of the Student Advisory Committee and introduced the new Student Advisory Committee Vice Chair Ester Calderon. Both Ms. Calderon and Student Advisory Committee Chair Shyam Sharma provided the Board with a brief description of their accomplishments.

CONSIDERATION OF THE MINUTES OF THE APRIL 19, 2016 MEETING

A motion to approve the minutes of the April 19, 2016 meeting was made by Mr. James Allen and seconded by Mr. Bader Qarmout. The minutes were approved unanimously with two abstentions, Mr. Chris McDonough and Ms. Ester Calderon who did not participate in the April 19, 2016 meeting.

REPORT OF THE NOMINATING COMMITTEE AND ELECTION OF OFFICERS AND MEMBERS OF THE EXECUTIVE COMMITTEE (RESOLUTION 11:16 ELECTING A CHAIRPERSON, VICE CHAIRPERSON AND TWO MEMBERS OF THE EXECUTIVE COMMITTEE)

Maria Torres 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 Shyam Sharma, Jean McDonald Rash 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. 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, Chris McDonough, as Treasurer's Designee is a member of the Executive Committee, and Executive Director Gabrielle Charette will serve as Secretary/Treasurer of the Executive Committee.

The Nominating Committee met on June 22, 2016 and we recommend electing the following officers for Fiscal Year 2017 Anthony Falcone as Chairperson, Christy Van Horn as Vice Chairperson, and Dr. Jon Larson as a member of the Executive Committee representing institutional members. In addition, the committee asked that I serve as the member of the Executive Committee representing public members and I accepted.

A motion to approve Resolution 11:16 was made by Ms. Audrey Bennerson and seconded by Mr. Bader Qarmout. The motion passed unanimously.

RESOLUTION 12:16 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2016-2017

Kathryn Safran presented Resolution 12:16 to the Board.

Resolution 12:16 will establish a table of full-time Tuition Aid Grant award values for the 2016-2017 academic year in accordance with the provisions of the Fiscal Year 2017 Appropriations Act.

The Fiscal Year 2017 Full-Time TAG appropriation of \$403.647 million represents an increase of \$17.817 million over last year's appropriation.

Language in the Fiscal Year 2017 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

Provide TAG awards to all qualified applicants at levels not to exceed 2.0% of those levels provided in Fiscal Year 2016.

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.

As shown in Attachment B, Fiscal Year 2017 approved resources also include a state appropriation for part-time students eligible to receive TAG awards under the EOF Part-Time Program. These resources will be sufficient to fund the TAG Table shown in Attachment B for a total of 66,123 full-year equivalent awards.

Pursuant to Fiscal Year 2017 budgetary footnote language in the Appropriations Act, unexpended balances re-appropriated to the TAG account from Fiscal Year 2016 shall be 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 funds as are required as a result of these changes in program participation patterns.

It is recommended that the Board approve Resolution 12:16 adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for academic year 2016-17.

A motion to approve Resolution 12:16 was made by Dr. Jon Larson and seconded by Ms. Maria Torres.

The motion passed unanimously.

RESOLUTION 13:16 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2016-2017

Kathryn Safran presented Resolution 13:16 to the Board.

Resolution 13:16 will establish award values for Part-Time TAG for County Colleges Program for the 2016-2017 academic year in accordance with the provisions of the Fiscal Year 2017 Appropriations Act.

The Fiscal Year 2017 Full-Time TAG appropriation of \$8.737 million represents level funding. Current projections indicate that these funds will be sufficient to fund awards shown on Attachment B for a total of 10,631 county college students.

Language in the Fiscal Year 2017 Appropriations Act allows HESAA to retain the unexpended balances from FY 2017 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 2016-2017 full-time TAG award table. That is, the full-time TAG awards were increased by approximately 2.0% and then prorated by 50% or 75%.

It is recommended that the Board approve Resolution 13:16 Adopting Attachment A as the Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year 2016-2017.

A motion to approve Resolution 13:16 was made by Ms. Audrey Bennerson and seconded by Dr. Jon Larson.

The motion passed unanimously.

RESOLUTION 14:16 APPROVAL OF HESAA'S FY 2017 ADMINISTRATIVE BUDGETS

Dr. Jon Larson presented this item to the Board.

HESAA staff met with the Board Budget Committee to discuss the proposed FY 2017 administrative revenue and expenditure budgets and the capital budget on June 27, 2016.

HESAA Operating Budgets

HESAA administrative revenues projected for FY 2017 total \$29.2 million, an increase of \$0.572 million or 2.0% above FY 2016 levels broken down as follows:

- \$9.8 million under its Guaranty Agency Agreements with the federal government inclusive of 0.6 million from Guaranty Agency Operating Fund reserves;
- \$15.5 million for the origination and servicing of NJCLASS loans inclusive of \$1.0 million of equity released from a prior NJCLASS Trust Estate; and
- \$3.9 million from fees and interest earnings related to the NJBEST.

HESAA's administrative expenditure budget for FY 2017 totals \$29.2 million which is an increase of \$0.6 million or 2.0% from the FY 2016 budget. Highlights of the expenditure budgets include:

Nine critical vacancies in the loans servicing area, compliance, and information services will be filled. These positions will strengthen the operations of these offices and help ensure that HESAA maintains a high level of customer service. During the past year, HESAA had 8 retirements in addition to the 15 positions that had been held vacant at the beginning of FY 2016.

These new hires will help to ensure that HESAA is able to maintain a core group of long-term experienced staff to administer its programs.

A temporary personnel budget of \$3.4 million will give the agency the ability to meet peak program demands, particularly as all calls to customers will be required to be manually-dialed

under the latest Federal Communication Commission rules that are in the process of being issued under the Federal Telephone Consumer Protection Act.

The implementation of electronic bill presentment and other electronic notification processes continue to reduce postage and labor costs, a document imaging system, and additional self-service functionality of our website for all of our programs will continue to generate additional annual administrative savings of \$0.2 million.

The downsizing of the Authority's office space is projected to provide rental savings of \$0.2 million, or 19.8% over FY 2016.

Capital Budget

The expenditure budget for the capital fund is \$4.0 million, an increase inclusive of \$2.0 million for the procurement of a new loan servicing platform.

The other major expenditures for next year include:

- The purchase of a new Interactive Voice Response Unit to replace the current outdated equipment;
- Installment payments for the mainframe, a large data storage device and a virtual tape system;
- Installment payments for our new Grants and Scholarship system;
- Continued enhancement of NJCLASS loan application and servicing platform software;
- Configuration Management and Continuous Monitoring Software for Federal Information Security Management Act (FISMA) Compliance and defense against cyber-attacks; and
- Installment payments for office configurations in the renovated space and purchase of additional office furnishings not included in the initial construction package.

With increasing amounts of data and media being transported over the web, it is critical that HESAA make these investments to continue to adequately serve students, families and institutions, as well as protect the extensive amounts of Personal Identifiable Information (PII) maintained as part of the administration of our programs.

The Board Budget Committee recommends that the full Board approve the administrative and capital budgets for FY 2017.

A motion to approve Resolution 14:16 was made by Mr. James Allen and seconded by Mr. Chris McDonough.

Chris McDonough confirmed with CFO Gene Hutchins that the revised expenditure amounts reflected the actual amounts spent in fiscal year 2016 and confirmed that the changes were due to retirements, resignations and delays in new hires.

The motion passed unanimously.

RESOLUTION 15:16 APPROVAL OF A VENDOR TO PROVIDE BULK EMAIL DELIVERY SERVICES

Ruth Odom presented Resolution 15:16 to the Board.

Over the last few years, HESAA has been transitioning from paper to email notifications for students and families. Transitioning from paper to email has been, for the most part, successful and has resulted in savings to the operating budget. However, as the volume of emails increases it is becoming more difficult to ensure that we do not look like a spammer. Therefore, instead of developing infrastructure to ensure we are not blacklisted by internet providers we issued a request for proposals to contract with an email provider. Not only does this ensure we are not blacklisted, it also ensures compliance with law regarding email and all aspects of customers opting out. Therefore, it is recommended the Board approve Resolution 15:16 Approving DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery Services at a rate of \$51,000/year for a term of three years with two optional one-year extensions.

A motion to approve Resolution 15:16 was made by Dr. Jon Larson and seconded by Ms. Maria Torres.

Chairman Falcone questioned how many vendors responded. Ms. Odom advised that only one vendor responded and that staff believes that the small volume of emails HESAA will be sending in comparison to companies such as Amazon deterred others from responding.

Maria Torres asked who is currently providing these services for HESAA and whether emails will now be coming from a new email address. Ms. Odom explained that while HESAA has been sending the emails itself, as the number of emails expand it is necessary to use a vendor to meet all of the legal and regulatory requirements involved with tracking opt outs. She also explained that while the outside vendor will be sending the emails, it will be from HESAA's email address.

In response to a question from Chairman Falcone, Ms. Odom advised that HESAA will be using the bulk emails to send out notices such as Grants and Scholarships Student Eligibility Notices and bill delivery notifications.

The motion passed unanimously.

RESOLUTION 16:16 APPROVAL OF VENDOR TO PROVIDE TEXT MESSAGING SERVICES

Ruth Odom presented Resolution 16:16 to the Board.

As we all know, HESAA students and families text. Therefore, in the near future HESAA wants to start to send text messages to students and families. As with our request for contracting with a bulk email provider, HESAA recommends contracting with a vendor to provide text messaging services. With all of the laws surrounding the use of text messaging, contracting with a vendor ensures compliance with law and all aspects of customers opting out. Therefore, it is

recommended the Board approve Resolution 16:16 Approving 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. It should be noted that Trumpia is the only company that bid both proposals and the price reflects a 10% discount for providing both services.

A motion to approve Resolution 16:16 was made by Mr. Chris McDonough and seconded by Ms. Audrey Bennerson.

Christy Van Horn advised that it is a plus that Trumpia has experience providing these services in higher education.

The motion passed unanimously.

PRESENTATION ON EARLY FAFSA INITIATIVE ROLLOUT

Good afternoon Chairman Falcone and HESAA board members. It is my pleasure to quickly discuss the current status of the initial plans and marketing rollout to ensure all students complete a FAFSA by the established deadlines. First I want to start by saying that FAFSA deadlines are nothing new to HESAA and our partner colleges. Each year we collectively work to ensure that all students looking to attend college complete the necessary paperwork to secure funding to attend college, hopefully filed on time with plenty of free grants and scholarships.

HESAA FAFSA filing deadlines have moved up slightly to accommodate the significant shift forward from the Federal government's new FAFSA startup of October 1, formally January 1. Renewal students traditionally had an earlier deadline than the new students and the shift in the deadline for these renewal students is from June 1 to April 15th. HESAA and the colleges will take extraordinary measures to ensure every renewal student is contacted numerous times by various methods to spark and cause FAFSA completion as early as October 1. Since families will be using prior-prior tax information there will be no excuse not to complete the FAFSA earlier than ever before, and my staff and I will be extremely diligent in reminding students, assisting students and in some instances actually completing their FAFSAs.

HESAA University had a community college session where over 25 attendees met, discussed in a panel style format their on campus efforts to target and contact students to complete the FAFSA. Ideas and written plans were shared as well as HESAA's current and projected plans to ensure every student completes the FAFSA prior to the renewal deadline. On August 1st HESAA U will have a special session with the four year colleges where 19 school professionals are already registered.

Here is your update as to where we are at and where we are going with Operation FAFSA Completion.

- HESAA has created a Tools page at www.hesaa.org for financial aid professionals to review and see the marketing content being used in **wave one!** of our "saturation" of contact to students and families.
- HESAA has set up a FAFSA Phone option for assistance in completing the FAFSA.

- HESAA will serve as FAFSA preparers if necessary to assist families without internet access.
- HESAA has a tracking database of students potentially eligible and FAFSAs received which we are constantly updating.
- HESAA Customer Care staff are already asking 2016/17 TAG eligible students to access their cell phone calendars to insert a reminder to complete the 2017/18 FAFSA on October 1.
- HESAA is creating an email blast to the potentially eligible students with an embedded link(s) to add the reminder to their calendars.
- Identifying Optonline customers and they will launch ads to their computers when accessing the internet while in their home. We are reaching out to xfinity and fios to get the same services.
- Send US mail postcards and letters, send emails.
- Make phone calls.
- Billboard displays around our state and colleges.
- Lawn signs delivered to colleges and provide banners.
- Stay in contact with colleges financial aid staff to make sure they are staying motivated to ensure thorough saturation and penetration.

The first wave of the plan has started, and will continue until December 31 with the first message and on January 1 we will launch the next phase with the more urgent message if necessary up until the deadline date.

On behalf of the community college sector, Dr. Larson expressed his appreciation for these efforts and stated how delighted he was with HESAA's thorough plan and use of technology to reach the students. He asked whether HESAA will be providing information on how to retrieve tax transcripts. Mr. Maglione advised that there will be links to videos on how to retrieve the data tools. Dr. Larson invited Mr. Maglione to meet with the County College Presidents to share this initiative with them.

Audrey Bennerson asked whether the current SENs have a notice advising students that they should file starting October 1 for next year. Ruth Odom thanked Ms. Bennerson for that suggestion and advised that IT staff will look into adding the notice to the Grants and Scholarships email notifications.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Gabrielle Charette gave the following report:

Thank you Chairman Falcone, members of the Board and guests.

The July meeting is always my favorite meeting of the year, because it is when we adopt a Tuition Aid Grant table for the coming academic year.

This year is particularly gratifying because it is the third year we are setting TAG awards according to the "base plus percentage increase" model. You will recall that three years ago we abandoned what had been known as the "lag to tuition" model for setting awards in favor of the

“base plus percentage increase” model. Budget footnote language allows us to increase awards by an amount not to exceed 2.0%. Although this is the third year employing the model, it is the first year we were able to increase awards by 2.0%. Last year, you will recall the increase was 1.5%. This coming academic year, all awards in all eligible indexes, at all institutions, in all sectors, will increase by 2.0%.

I should note that TAG applications are strong and to date we have over 61,000 eligible awards as compared to last year at this same time where we had 58,000 eligible awards. While this year’s appropriation of over \$403 million is certainly record setting, I think however, when we discuss TAG, it is important that we look at the program in its totality. Since 1978, TAG has served over 2.2 million students and provided over \$5.8 billion in grants to low and moderate income students. These are grants and therefore they never have to be repaid.

Another program, the Governor’s Urban Scholarship program, created by Governor Christie in 2012, is much newer than TAG but still beginning to thrive. This program offers a novel feature, a persistency bonus in the final semester of degree completion. In academic year 2015-2016, 71 students earned persistency bonuses – 6 completed associate degrees and 65 completed bachelor degrees. At HESAA, we think access and affordability should ultimately lead to attainment. For those students and families who do not qualify for need-based aid, the NJCLASS program provides these families with a low interest rate loan option. When this Board last met, you authorized HESAA’s issuance and sale of student loan revenue bonds for the NJCLASS loan program’s 2016-2017 academic year. Following that authorization, the Authority went to market and once again NJCLASS bonds were well received by investors and oversubscribed. This strong market performance allowed HESAA to lower interest rates on all of our fixed rate products. Our ten year rate has dropped from 4.99% to 4.48%. I should note that this year’s 10 year rate – 4.48% - is the lowest rate ever offered since the inception of the program in 1991. Our 15 year rate has dropped from 6.20% to 5.19% and our 20 year loan rate has dropped from 7.85% to 7.15%. Hence, two of our loan products are significantly below the federal Parent PLUS rate of 6.31%. Additionally, our origination fee of 3.0% compares favorably to the PLUS origination fee of 4.27%.

Speaking of NJCLASS, over the course of the last couple of weeks a number of you have called with questions about the program and its statutory structure. The team and I encourage these questions both at Board meetings and between board meetings. We think it is important that you understand the legal construct and administration of the program.

Also, at the last Board meeting you approved HESAA’s 2015 annual report. I am pleased to announce that HESAA’s Tomorrow Here Today won a bronze Stevie award. Some of the judges’ comments are displayed on the screen. We also received some constructive criticism that we are taking into consideration as we work on the 2016 annual report so that next year we can win the silver or the gold award.

Since it is that time of year, our summer intern program is in full swing. We have 10 paid interns with us this summer doing really good work in various units throughout the Authority. I would like to introduce three of them to you today.

This is Victoria Keller’s second summer at HESAA. She is a rising senior at William Paterson University where she is studying nursing and looking forward to graduating next year with her

BSN. Victoria is working with Mike McCulley in HESAA's Compliance, Quality Assurance and Ombudsman's office.

Shiquan Barlow is a rising sophomore at Georgian Court University where he is on the track team. Shiquan is working in the Servicing and Collections unit this summer.

Stephanie Amari is going into her junior year at Rider University, where she is majoring in Criminal Justice with a minor in Homeland Security. Stephanie is also working in the Servicing and Collections unit. She says she enjoys working at HESAA because it has taught her the "importance of responsibility and accountability in a working environment."

Speaking of responsibility and accountability I would like to share with you a prime example of this ethos that occurred over Memorial Day weekend. A storm came through the Hamilton area and electrical power was off at the complex for a number of hours. Nine employees left their families, picnics and other commitments to come in to bring down the system in an orderly fashion and then bring the system back up. I think the dedication of Jensen Louie, Michael Ladines, Adam Grossman, Kwan Sam, Amaury DosSantos, Karen Chamberlin, Ron Castor, Kathleen Abreu and Ruth Odom should be acknowledged.

Finally, speaking of dedicated employees, we are sad to be losing one. Mike McCulley our Chief Compliance Officer has been recruited back to his former employer as a Vice President. We wish him well.

Thank you.

NEW BUSINESS

In light of the recent press about HESAA, Christy Van Horn made a motion for HESAA staff to provide presentations on loan repayment policies and procedures and debt collection policies, procedures and oversight at its October meeting. The motion was seconded by Fr. Michael Braden. The motion passed unanimously with one abstention.

Gabrielle Charette presented a resolution to the exiting Student Advisory Committee Chair, Luis Padilla thanking him for his service and dedication to the Higher Education Student Assistance Authority Board.

Upon his resignation due to health reasons, Ms. Charette presented Public Member James Allen with a resolution thanking him for his service and dedication to the Higher Education Student Assistance Board. Mr. Allen expressed his appreciation to the Board and stated he was proud to be a member.

Ms. Charette presented Chief Compliance Officer Michael McCulley with a resolution thanking him for his service as he moves on to a new position as a Vice President at PHH.

The resolutions will be noted in all the official records of the Authority and appended to these Minutes.

ADJOURNMENT

Mr. Falcone advised that the next regularly scheduled Board meeting is Wednesday October 26, 2016 at 10:00 am and the audit committee would be meeting immediately following the current meeting.

A motion to adjourn was made by Ms. Audrey Bennerson and seconded by Dr. Jon Larson. The motion passed unanimously.

The meeting adjourned at 10:59 am.

RESOLUTION 11:16

**ELECTING A CHAIRPERSON, VICE CHAIRPERSON AND
TWO MEMBERS OF THE EXECUTIVE COMMITTEE**

Moved by: Ms. Audrey Bennerson
Seconded by: Mr. Bader Qarmout

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

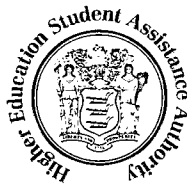
WHEREAS: The Bylaws include the State Treasurer or designee and the Executive Director as members of the Executive Committee; and

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.

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board elects Anthony Falcone as Chairperson, Christy Van Horn as Vice Chairperson, Maria Torres as a member of the Executive Committee and Dr. Jon Larson as a member of the Executive committee for terms of one year, and recognizes the State Treasurer's Permanent designee, Chris McDonough, and Gabrielle Charette, Esq., Executive Director, ex-officio as members of the Executive Committee.

July 26, 2016



State of New Jersey

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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: Kathryn Safran 
Acting Director, Grants and Scholarships

SUBJECT: Resolution 12:16 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2016-2017

DATE: July 26, 2016

Summary

Attached for your review, comment, and approval is Resolution 12:16 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2016-2017. In accordance with the provisions of the TAG program statute and subject to the limits of the Fiscal Year (FY) 2017 Appropriations Act, this action will establish a table of full-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

On June 30, 2016, Governor Christie signed the FY 2017 Appropriations Act, which includes an appropriation of \$403.647 million for the Full-Time TAG Program.

Language in the FY 2017 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

- Provide TAG awards to all qualified applicants at levels not to exceed 2.0% of those levels provided by the Higher Education Student Authority (HESAA) in FY 2016.
- 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. The Governor and the Legislature have been very supportive over the years in providing funding for TAG. Historically, the program has attempted to reach the maximum award levels authorized in statute, which provide awards up to full tuition at public institutions and awards up to 50 percent 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 notify students and institutions of TAG award values prior to payment of fall semester bills.

Expenditure estimates for TAG are based on several variables, including a projection of the number of full-year ("annualized") awards for both renewal and new students. HESAA must estimate how many new eligible students will apply by the October 1 deadline for the fall 2016 semester and by the March 1 deadline for the spring 2017 semester and project the cost of these awards. While it is necessary to provide this information to the Board in July, it is a challenge to do so at this point in the award cycle, given the uncertainty in student attendance, shifts in enrollment patterns among the sectors and changes in financial need. Estimates must take into account early applicants who may or may not attend college in the fall and applicants who have not yet applied.

The reliability of the expenditure projections increases as more applications are processed. Accordingly, renewal students must file their applications by June 1. By the end of June, the time frame used for the projections discussed here, applications have been received from renewal TAG recipients as well as a substantial percentage of new applicants.

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 uniform need analysis methodology. The evenly spaced categories representing NJEI ranges on the award table are referred to as "cells." Each succeeding cell increases by 1000 points on the scale.

Students demonstrating the highest need are those in the first cell with an NJEI under 1500. In 2015-2016, nearly 40% of all TAG recipients were in this cell. It is expected that these students and their families are able to pay less than \$1,500 toward college costs. Therefore, they are eligible for the maximum 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 2017 Available Funds and Projected Award Volume

The FY 2017 TAG appropriation of \$403,647,000 is \$17.817 million higher than the original FY 2016 State appropriation, an increase of 4.6%. This is an extraordinary commitment of State funds in a year that New Jersey faces budget limitations.

Attachment B shows the FY 2017 Full-Time TAG appropriation which includes the State appropriation of \$558,000 for part-time students eligible to receive TAG awards under the EOF Part-Time Program.

Pursuant to FY 2017 budgetary footnote language, unexpended balances re-appropriated to the TAG account from FY 2016 shall be 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 funds as are required as a result of these changes in program participation patterns.

The total FY 2017 approved resources are \$404,205,000, which are sufficient to fund the Full-Time Tuition Aid Grant Award Table for Academic Year 2016-2017 shown in Attachment B. This table is projected to fund 66,123 full-year equivalent awards.

The Full-Time TAG Award Table was constructed as follows:

- Awards at all sectors for all students were increased approximately 2.0% above 2015-2016 award values.

Approximately 40% of award recipients qualify for maximum awards and are expected to receive over \$196 million.

Recommendation

It is recommended that the Board approve Resolution 12:16 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2016-2017

Attachments (3)

RESOLUTION 12:16

ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2016-17

Moved by: Dr. Jon Larson
Seconded by: Ms. Maria Torres

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 2017 line-item appropriation for full-time TAG of \$403,647,000 and Part-Time TAG for EOF Students of \$558,000 total \$404,205,000 in FY 2017 TAG resources; and

WHEREAS: Language in the Appropriations Act stipulates the following:

- Provide TAG awards to all qualified applicants at levels not to exceed 2% above those levels provided by the Higher Education Student Assistance Authority in FY 2016.
- Participation in the TAG program is limited to institutions that previously participated in the program, or had applied in writing to the Higher Education Student Assistance Authority to participate in the TAG program prior to September 1, 2009 and met all eligibility requirements prior to that date; and

WHEREAS: Budgeted FY 2017 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 2017 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 2016-2017 (Attachment A); and be it further

RESOLVED: That the attached Full-Time TAG Award Table for AY 2016-2017 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 Christie and the Legislature for their continued commitment to higher education access and affordability for all New Jersey citizens.

July 26, 2016

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
FULL-TIME TUITION AID GRANT (TAG) AWARD TABLE FOR 2016-17¹**

New Jersey Eligibility Index (NJEI)	County Colleges² Award <u>Average</u>	State Colleges² Award <u>Average</u>	Independent Non-Public³ Award <u>Value</u>	Rutgers Award <u>Value</u>	Rowan Award <u>Value</u>	NJIT Award <u>Value</u>
Under 1500	\$2,680	\$7,096	\$12,438	\$9,468	\$8,080	\$10,986
1500-2499	2,332	6,210	10,546	8,398	7,110	9,514
2500-3499	2,020	5,260	9,276	7,478	6,020	8,474
3500-4499	1,576	4,356	8,308	6,448	4,986	7,306
4500-5499	1,176	3,612	7,338	5,622	4,132	6,372
5500-6499	0	2,818	6,378	4,798	3,226	5,438
6500-7499		2,052	5,412	4,022	2,352	4,556
7500-8499		0	4,440	3,188	1,472	3,612
8500-9499			3,512	2,198	594	2,490
9500-10499			1,996	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 depending on the level of tuition.

³ Limited to approved programs of study at Berkeley College, DeVry University, Eastern International College and Eastwick College.

**FY 2017 TAG TABLE Models
2015-16 TAG Award Values Increased by 2%**

NJEI	ESTIM. AVERAGE FAMILY INCOME	COUNTY		STATE		NON-PUBLIC		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)						
Under 1500	22,100	7,419	2,668	19,794	6,715	6,930	46,535	5,232	12,274	64,215	1,022	8,077	8,255	5,903	9,826	58,003	26,291	7,486	196,802
1500 - 2499	24,000	3,279	2,314	7,588	3,240	6,022	19,511	2,428	10,429	25,322	563	7,111	4,003	2,902	8,683	25,198	12,412	6,576	81,622
2500 - 3499	33,900	2,086	2,005	4,182	2,013	5,126	10,319	1,405	9,214	12,945	325	6,006	1,952	1,716	7,739	13,280	7,545	5,656	42,678
3500 - 4499	37,300	1,666	1,564	2,606	1,667	4,273	7,123	1,191	8,231	9,803	305	4,988	1,521	1,360	6,659	9,056	6,189	4,865	30,109
4500 - 5499	39,900	1,366	1,160	1,585	1,272	3,521	4,479	1,047	7,284	7,626	243	4,124	1,002	1,117	5,817	6,498	5,045	4,200	21,190
5500 - 6499	44,600				1,159	2,746	3,183	852	6,281	5,351	211	3,219	679	867	4,961	4,301	3,089	4,375	13,514
6500 - 7499	47,200				877	2,017	1,769	721	5,354	3,860	174	2,345	408	783	4,163	3,260	2,555	3,639	9,297
7500 - 8499	52,200							594	4,387	2,606	120	1,473	177	666	3,291	2,192	1,380	3,605	4,975
8500 - 9499	53,800							554	3,477	1,926	126	594	75	533	2,267	1,208	1,213	2,646	3,209
9500-10499	51,600							404	1,973	797							404	1,973	797
TOTAL		15,816	2,261	35,755	16,943	5,484	92,919	14,428	9,319	134,451	3,089	5,850	18,072	15,847	7,761	122,996	66,123	6,113	404,193

FY 2017 TAG APPROPRIATION (000)
 FY 2017 PT TAG/EOF APPROPRIATION 403,647
 FY 2017 TOTAL RESOURCES 558
 404,205

ESTIMATED FY 2017 MODEL COST 404,193



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

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CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: Kathryn Safran 
Acting Director, Grants and Scholarships

SUBJECT: Resolution 13:16 Adopting a Part-Time Tuition Aid Grant for County Colleges
Award Table for Academic Year 2016-2017

DATE: July 26, 2016

Summary

Attached for your review, comment, and approval is Resolution 13:16, Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year (AY) 2016-2017. In accordance with the provisions of the Fiscal Year (FY) 2017 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.

As provided in the FY 2017 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 receive 50 percent of the value of a full-time award, while students enrolled for 9-11 credits 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 2017 Appropriations Act includes funding of \$8.737 million for the Part-Time TAG for County Colleges Program.

Language in the FY 2017 Appropriations Act allows HESAA to retain the unexpended balances from FY 2017 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 2016-2017 full-time TAG award table. That is, the full-time TAG awards were increased by approximately 2.0% and then 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 B.

Recommendation

It is recommended that the Board approve Resolution 13:16 Adopting Attachment A as the Part-Time Tuition Aid Grant (TAG) for County Colleges Award Table for Academic Year 2016-2017. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$670 to a minimum of \$294 per semester for eligible students enrolled for 6-8 credits, and a maximum of \$1,005 to a minimum of \$441 for students enrolled for 9-11 credits.

Attachments (3)

RESOLUTION 13:16

ADOPTING A PART-TIME TUITION AID GRANT FOR COUNTY COLLEGES AWARD TABLE FOR ACADEMIC YEAR 2016-17

Moved by: Ms. Audrey Bennerson

Seconded by: Dr. Jon Larson

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; and

WHEREAS: Pursuant to the Fiscal Year (FY) 2017 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 receive 50 percent of the value of a full-time award, and students enrolled for 9–11 credits receive 75 percent of the full-time award; and

WHEREAS: The FY 2016 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 2015-2016 Full-Time TAG Award Table as follows:

- Provide TAG awards to all qualified applicants at levels not to exceed 2% of those levels provided by the Higher Education Student Assistance Authority in FY 2016.

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 (TAG) Award Table for AY 2016-2017 (Attachment A); and be it further

RESOLVED: That the attached Part-Time TAG for County Colleges Award Table for AY 2016-2017 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 Christie and the Legislature for their continued commitment to higher education access and affordability for all New Jersey citizens.

July 26, 2016

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGES AWARD TABLE FOR
2016-2017***

NJEI	1/2 Time Semester Award (6-8 credits)	3/4 Time Semester Award (9-11 credits)
0-1499	\$670	\$1,005
1500-2499	583	874
2500-3499	505	757
3500-4499	394	591
4500-5499	294	441

*Awards pro-rated against 2016-17 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.

7/26/2016

**PART-TIME TAG FOR COUNTY COLLEGES PROGRAM
FY 2017 Budget Estimate**

No Increase in the Number of Awards

Part-Time Awards Pro-rated Against Projected 2016-17 Full-Time County College Sector TAG Awards

NJEL	Est. #	Semester	Est. Cost	Est. #	Semester	Est. Cost of	Est. # of	Est.	Proj. Headcount
	of 1/2 Awards	1/2 Award Value	of 1/2 Awards	of 3/4 Awards	3/4 Award Value	of 3/4 Awards	All Awards	Total Cost	
0-1499	1,995	\$670	\$1,336,650	2,520	\$1,005	\$2,532,600	4,515	\$3,869,250	3,504
1500-2499	1,025	\$583	\$597,575	1,199	\$874	\$1,047,926	2,224	\$1,645,501	1,727
2500-3499	685	\$505	\$345,925	773	\$757	\$585,161	1,458	\$931,086	1,115
3500-4499	619	\$394	\$243,886	640	\$591	\$378,240	1,259	\$622,126	972
4500-5499	582	\$294	\$171,108	593	\$441	\$261,513	1,175	\$432,621	898
Total	4,906	\$549	\$2,695,144	5,725	\$839	\$4,805,440	10,631	\$7,500,584	8,216

FY2017 APPROPRIATION

8,737,000

FY2017 MODEL COST

7,500,584

PROJECTED UNEXPENDED BALANCE

1,236,416

7/26/2016



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

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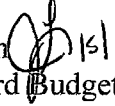
CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

FROM: Dr. Jon Larson 
Member, Board Budget Committee

SUBJECT: Resolution 14:16 Approval of HESAA's FY 2017 Administrative and Capital Budgets

DATE: July 26, 2016

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 27, 2016 staff presented the FY 2017 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 FY 2017 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 \$0.6 million in Guaranty Agency Operating Fund (GAOF) reserves. HESAA administrative revenues projected for FY 2017 total \$29.2 million, an increase of \$0.572 million or 2.0% above FY 2016 levels as detailed in attached Schedule I. These revenues are broken down as follows:

Federal Student Loan Program Administration – HESAA is projected to realize \$9.8 million under its Guaranty Agency Agreements with the federal government, an increase of \$0.1 million from the FY 2016 budget. This includes revenue earned from the collections of defaulted student loans, rehabilitation of previously defaulted loans and maintenance of existing loan guarantees. The decreases in federal revenue result from continued amortization of HESAA’s federal student loan guaranty portfolio, decreased loan defaults, and associated decreases in defaulted loan collections. In addition, the budget allocates \$0.6 million in appropriated reserves from the GAOF which will be used to continue public awareness and outreach activities and other services under our guaranty agency agreement with the USDE.

NJCLASS Program Administration – HESAA is anticipated to earn \$15.5 million for the origination and servicing of NJCLASS loans, an increase of \$0.6 million from FY 2016. As part of this revenue, HESAA will also be realizing \$1.0 million in NJCLASS equity releases from prior bond issues. 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 that have defaulted. NJCLASS revenue is expected to decrease due to a reduction in the size of the portfolio. Revenue decreases are partially offset by anticipated increases in Net Collection Revenue from defaulted loans.

NJBEST Administration – NJBEST revenue for FY 2017 is projected to total \$4.7 million from fees and interest earnings related to the NJBEST trust for administration of the program. This amount is reduced by a \$0.8 million set aside for NJBEST scholarship obligations resulting in net revenues available for administration of \$3.9 million, a decrease of \$0.1 million from FY 2016. Fees to participants have been reduced as part of the new program services contract with Franklin Templeton; however the assets under management are expected to continue to grow from the current level of \$4.7 billion.

Expenditure and Capital Budgets

Operating Expenditures – HESAA’s administrative expenditure budget for FY 2017 totals \$29.2 million which is an increase of \$0.6 million or 2.0% from the FY 2016 budget as detailed in attached Schedule I. Budget increases are planned in all major expenditure categories with the exception of fringe benefit costs, which are expected to remain flat over prior year budget based on State assessments, and rent. The budget funds 158 HESAA positions and all non-salary costs associated with delivering State and

Federal student assistance funds and services to over 1 million New Jersey residents each year. During FY 2016 we had 8 retirements and resignations in addition to the 15 positions held vacant at the beginning the fiscal year. Two positions have been refilled at lower salary levels with the approval of the Governor's office, and HESAA plans to fill 9 more of these positions in FY 2017 to fill critical vacancies in the loans servicing area, compliance, and in information services. These positions will strengthen the operations of these offices and help ensure that HESAA maintain high levels of customer service.

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:

- An increase of \$0.5 million or 4.6% in the salary costs compared to FY 2016 as vacant operational positions will be filled as described above to fill 9 critical vacancies.
- A Temporary Personnel budget of \$3.4 million will give the agency the ability to meet peak program demands.
- The implementation of electronic bill presentment and other electronic notification processes continues to reduce postage and labor costs, a document imaging system, and additional self-service functionality of our website for all of our programs will continue to generate annual administrative savings of \$0.2 million.
- The downsizing of the Authority's office space is projected to provide rental savings of \$0.2 million or 19.8% over FY 2016.

Capital Budget – The Authority maintains a capital fund that is utilized for investments in the improvement of HESAA's technological infrastructure and Federal Information Security Management (FISMA) Act compliance. The capital fund has been funded via budgeted transfers of federal Guaranty Agency Operating Fund and NJCLASS Life of Loan Reserves balances over the years. This fund has a projected opening balance of \$3.0 million as of July 1, 2016. The major expenditures for next year include, costs associated with replacement of our antiquated Grants and Scholarship system, continued enhancement of NJCLASS loan application platform software, telephony upgrades, security software replacements and replacement furniture for the move into our new and renovated office space. With increasing amounts of data and media being transported over the web, it is critical that HESAA make these investments to continue to adequately serve students, families and institutions and deliver services with a reduced workforce. HESAA has received approval from the Governor's office to exceed the 2% growth cap for capitalized expenditures to fund the replacement of its 25 year old loan servicing platform. This investment will yield ongoing productivity increases in both servicing and financial reporting offices of HESAA and improved services to our borrowers. The expenditure budget for the capital fund is \$4.0 million, an increase of \$2.04 million, or 102% over the FY 2016 capital budget as detailed in attached Schedule II.

Summary

FY 2017 administrative resources of \$29.2 million will fund budgeted expenditures of \$29.2 million. HESAA has continued to contain administrative costs wherever possible while making additional investments in HESAA's infrastructure in support of federal contracts, better service to our constituents, and continued improvements to staff productivity.

The Board Budget Committee recommends that the Board approve Resolution 14:16 Approving HESAA's FY 2017 Administrative and Capital Budget.

Attachments

RESOLUTION 14:16

APPROVING HESAA's FY 2016 ADMINISTRATIVE AND CAPITAL BUDGETS

Moved by: Mr. James Allen
Seconded by: Mr. Chris McDonough

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 2017 administrative and capital budgets to the Board for its review and approval; and

WHEREAS: On June 27, 2016 the Board's Budget Committee met with staff to review and approve the FY 2017 administrative and capital budgets for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the Board hereby approves the FY 2017 administrative and capital budgets as advanced by the Budget Committee and described in the attachment to this resolution.

July 26, 2016

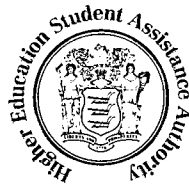
NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Appropriated Administrative Revenues FY 2015-2017
(\$000)

Schedule I

	FY 2015 Budget	FY 2015 Final	FY 2016 Budget	FY 2016 Revised	FY 2017 Budget	\$ Increase (Decrease) From FY 2016 Budget	% Increase (Decrease) From FY 2016 Budget
Federal Student Loan Program Administration:							
Net Retained Collections	5,047	4,646	4,436	4,342	4,297	(\$140)	-3.1%
Proceeds from Sale of Rehabilitated Loans	2,139	1,099	2,357	2,546	3,618	\$1,261	53.5%
Account Maintenance Fee	1,197	1,248	1,219	1,135	1,060	(\$159)	-13.1%
Default Aversion Fee	194	(223)	190	(140)	(130)	(\$320)	-168.4%
MOHELA	200	232	245	245	220	(\$25)	-10.2%
Interest Earnings	22	26	20	18	20	\$0	0.0%
Secondary Market Administrative Fees	155	178	140	127	124	(\$16)	-11.3%
Guarantee Agency Operating Trust Fund Release	0	0	1,097	0	597	(\$500)	-45.6%
Total Federal Student Loan Program Administration	\$8,954	\$7,206	\$9,704	\$8,273	\$9,806	\$102	1.0%
NJCLASS							
Application Fees	2,688	1,797	2,200	1,694	1,734	(\$466)	-21.2%
Servicing Fees	6,880	6,656	6,756	6,457	6,464	(\$292)	-4.3%
Administrative Fees	2,882	2,917	3,484	3,291	3,296	(\$188)	-5.4%
Net Collection Revenue	2,203	2,295	2,409	2,694	2,960	\$551	22.9%
NJCLASS Equity Release	0	0	0	0	1,000	\$1,000	100.0%
Interest Earnings	6	2	3	3	3	\$0	0.0%
Total NJCLASS Program Administration	\$14,658	\$13,667	\$14,852	\$14,139	\$15,457	\$605	4.1%
NJBEST:							
Fee Income From Provider	5,439	4,320	4,852	4,164	4,715	(\$137)	-2.8%
Interest Earnings	13	18	20	20	23	\$3	14.5%
Scholarship Awards	(706)	(649)	(800)	(595)	(800)	\$0	0.0%
Total NJBEST Program Administration	\$4,745	\$3,689	\$4,072	\$3,589	\$3,938	(\$134)	-3.3%
Total All Funds	\$28,357	\$24,562	\$28,628	\$26,001	\$29,201	\$572	2.0%
FY 2016 HESAA Program Administrative Budgets							
Salary and Wages	10,084	9,522	10,637	9,371	11,132	\$494	4.6%
Employee Benefits	5,220	3,651	4,946	4,240	5,176	\$230	4.6%
Materials/Supplies	469	283	432	310	442	\$9	2.2%
Services Other Than Personnel	10,781	9,196	11,229	10,343	11,310	\$81	0.7%
Maintenance and Fixed Charges	1,316	1,178	1,192	1,112	958	(\$234)	-19.6%
Special Purpose/Indirect Cost	198	192	191	152	183	(\$8)	-4.0%
Total Program Administrative Expenditures	\$28,067	\$24,022	\$28,628	\$25,528	\$29,201	\$573	2.0%
Net Surplus/(Deficit)	290	540	0	473	(0)	(1)	
Fringe	51.76%	38.34%	46.50%	45.25%	46.50%		

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
SFY 2016 AND SFY 2017 BUDGETS**

	FY 2016	FY 2017
Opening Balance	4,677,500	3,038,207
Encumbrances	(1,649,616)	(1,639,293)
Budget	(2,008,086)	(4,048,248)
Transfer	2,018,409	2,000,000
Ending Balnce	<u>3,038,207</u>	<u>(649,333)</u>
CMOD Imaging	-	70,000
Telephony	26,000	100,000
Infrastructure	-	90,000
Transportation	-	-
Mail Room Equipment	-	-
PC Replacment	-	20,000
Licensing	-	30,000
Equipment Replacement	-	-
Replacement Furntiure	30,000	-
Secure Shredding	-	-
Back-up and Recovery	-	-
NJCLASS /System Development	350,000	205,000
E-Mail	-	90,000
Network	-	-
Data Storage	130,000	-
Installment Payments	217,086	190,000
Security	-	430,000
Grant Replacement System	700,000	400,000
DBS2 Software Tools	190,000	-
Web Service Personal Assist	-	-
Network Equip Replacement	20,000	-
Data Center Assesment on enironmental, airflow, po	70,000	-
Postal File Reconciliation	-	8,000
New Furniture for move \$565K	275,000	415,248
	<u>2,008,086</u>	<u>2,048,248</u>
HESAA Servicing Platform Replacement Project		2,000,000
Total Capital	<u>2,008,086</u>	<u>4,048,248</u>



State of New Jersey

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CHRIS CHRISTIE
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Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. *bc*
Executive Director

FROM: Ruth Odom *RO*
Chief Information Officer

SUBJECT: Resolution 15:16 Approving a Vendor to Provide Bulk Email Delivery Services

DATE: July 26, 2016

Background

As part of its administration of New Jersey's financial aid programs, including NJCLASS and TAG, the Higher Education Student Assistance Authority (HESAA) communicates with students and families through the use of multiple platforms. One platform that HESAA uses is emails. In 2015 HESAA generated approximately 1.4 million emails to customers. However, sending bulk emails can slow down HESAA's computer systems. As such, on June 3, 2016 HESAA issued a Request for Proposals (RFP) for a vendor to disseminated notices, billing reminders and other information to HESAA's customers via bulk emails. The contract term is for three years with two possible one year extensions.

In addition to sending out HESAA's batch emails the vendor will manage opt-outs and generate reports including the number of emails sent and those that were undeliverable and unopened.

HESAA distributed the RFP to eight known providers of these services, posted the RFP on HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News.

HESAA received one proposal from DoCircle Inc. dba Trumpia.

Selection Process

An evaluation committee made up of HESAA’s Chief Information Officer, Senior Systems Architect and Email/Messaging Administrator met and reviewed the proposal.

The selection criteria for reviewing the proposal are as follows:

1. The bidder’s general approach and plans to meet the requirements of the RFP;
2. Prior experience in providing the services required by the RFP;
3. Quality and content of the proposal; and
4. Costs.

The evaluation committee reviewed DoCircle, Inc. dba Trumpia’s proposal and found that it meets HESAA's RFP requirements and that they provided industry competitive pricing. Additionally, DoCircle, Inc. dba Trumpia is being recommended by the evaluation committee to provide text messaging services and they provide reduced pricing when providing both services.

Recommendation

It is recommended that the Board approve Resolution 15:16 Approving DoCircle, Inc. dba Trumpia to Provide Bulk Email Delivery Services at a rate of \$51,000/year for a term of three years with two optional one-year extensions.

Attachments

RESOLUTION 15:16

APPROVING A VENDOR TO PROVIDE BULK EMAIL DELIVERY SERVICES

Moved by: Dr. Jon Larson
Seconded by: Ms. Maria Torres

WHEREAS: On June 3, 2016, the Higher Education Student Assistance Authority (HESAA) issued a Request for Proposals (RFP) seeking proposals for a vendor to disseminated notices, billing reminders and other information to HESAA's customers via bulk emails; and

WHEREAS: HESAA distributed the RFP to eight known providers of these services, posted the RFP on HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News; and

WHEREAS: One vendor submitted a proposal; and

WHEREAS: An evaluation committee made up of HESAA's Chief Information Officer, Senior Systems Architect and Email/Messaging Administrator met and reviewed the proposal; and

WHEREAS: The evaluation committee determined that DoCircle, Inc. dba Trumpia meets all HESAA's RFP requirements and provides competitive pricing.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board appoints 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.

July 26, 2016



State of New Jersey

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. *GC*
Executive Director

FROM: Ruth Odom *RO*
Chief Information Officer

SUBJECT: Resolution 16:16 Approving a Vendor to Provide Text Messaging Services

DATE: July 26, 2016

Background

As part of its administration of New Jersey's financial aid programs, including NJCLASS and TAG, the Higher Education Student Assistance Authority (HESAA) communicates with students and families through the use of multiple platforms. One platform that HESAA has not yet utilized is text messaging. Many families have expressed an interest in receiving notifications from HESAA via text messages. As such, on June 3, 2016 HESAA issued a Request for Proposals (RFP) for a vendor to disseminate notices, billing reminders and other information to HESAA's customers via text messages. The contract term is for three years with two possible one year extensions.

The vendor will support both instant (programmable) and bulk (batch) messaging, manage opt-outs and generate reports including the number of text messages sent and those that were undeliverable.

HESAA distributed the RFP to nine known providers of these services, posted the RFP on HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News.

HESAA received proposals from three vendors.

Selection Process

An evaluation committee made up of HESAA's Chief Information Officer, Senior Systems Architect and Email/Messaging Administrator met and reviewed each of the proposals.

The selection criteria for reviewing the proposals are as follows:

1. The bidder's general approach and plans to meet the requirements of the RFP;
2. Prior experience in providing the services required by the RFP;
3. Quality and content of the proposal; and
4. Costs.

Attached to this memo is a summary of the scores each vendor received from each member of the evaluation committee.

Based on a thorough review of the proposals, the evaluation committee recommends appointing DoCircle, Inc. dba Trumpia to provide the Text Messaging services. Trumpia provided a professional proposal that included sample coding showing their services would be compatible with HESAA's needs. In addition, Trumpia has prior experience servicing higher education clients.

Recommendation

It is recommended that the Board approve Resolution 16:16 Approving 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.

Attachments

RESOLUTION 16:16

APPROVING A VENDOR TO PROVIDE TEXT MESSAGING SERVICES

Moved by: Mr. Chris McDonough

Seconded by: Ms. Audrey Bennerson

WHEREAS: On June 3, 2016, the Higher Education Student Assistance Authority (HESAA) issued a Request for Proposals (RFP) seeking proposals for a vendor to disseminated notices, billing reminders and other information to HESAA's customers via text messages; and

WHEREAS: HESAA distributed the RFP to nine known providers of these services, posted the RFP on HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News; and

WHEREAS: Three vendors submitted proposals; and

WHEREAS: An evaluation committee made up of HESAA's Chief Information Officer, Senior Systems Architect and Email/Messaging Administrator met and reviewed each of the proposals; and

WHEREAS: DoCircle, Inc. dba Trumpia received the highest score as a result of such evaluation.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board appoints 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.

July 26, 2016

Evaluation Sheet

Higher Education Student Assistance Authority
RFP: Text Messaging Services

Bidder: Singo

Date: 7/11/2016

Comments: text and email services available; reporting available to include historical data; spelled HESAA wrong throughout proposal; did not provide RFP for email even though they provide those services

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

Criteria	Score 1	Score 2	Score 3	Weight	Total
General approach and plans to meet RFP requirements	4	4	4	5	325
Prior experience in providing services	3	8	7	10	180
Quality and content of proposal	2	4	3	15	135
Costs	3	4	4	4	550
Total:	12	20	19	100	1190

Evaluation Sheet

Higher Education Student Assistance Authority
RFP: Text Messaging Services

Bidder: Telintel

Date: 7/11/2016

Comments: includes full analytics; can provide Java APIs; Extensive terms and conditions

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

Criteria	Score 1	Score 2	Score 3	Weight	Total
General approach and plans to meet RFP requirements	3	4	4	4	25
Prior experience in providing services	3	9	9	9	10
Quality and content of proposal	2	4	3	3	15
Costs	4	4	3	3	50
Total:	12	21	19	100	1170

Evaluation Sheet

Higher Education Student Assistance Authority
RFP: Text Messaging Services

Bidder: Trumpia

Date: 7/11/2016

Comments: Advantage of having same vendor for both email and text messaging services; comprehensive, professional proposal including sample coding; experience servicing Higher Education clients

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

Criteria	Score 1	Score 2	Score 3	Weight	Total
General approach and plans to meet RFP requirements	9	9	9	9	675
Prior experience in providing services	9	8	8	8	250
Quality and content of proposal	10	9	9	9	420
Costs	6	6	7	7	950
Total:	34	32	33	100	2295



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Executive Director

A Resolution Expressing Appreciation to Mr. Michael McCulley

- WHEREAS:** Mr. Michael McCulley began his tenure as the Higher Education Student Assistance Authority's Chief Compliance Officer in 2014; and
- WHEREAS:** As Chief Compliance Officer Mr. McCulley has enhanced the Authority's stringent compliance plan ensuring adherence to Federal regulations, Congressional directives, relevant State authority and industry best practices; and
- WHEREAS:** Mr. McCulley has been responsible for the Higher Education Student Assistance Authority's Consumer Financial Protection Bureau and Federal Information Systems Management Act compliance initiatives; and
- WHEREAS:** As a HESAA employee Mr. McCulley has enhanced the Authority's initiatives to provide students and families with the resources they need to attain a higher education; and
- WHEREAS:** Mr. McCulley has accepted a position as Vice President of Servicing Compliance at PHH; and
- WHEREAS:** The members of the Board of the Higher Education Student Assistance Authority wish to acknowledge Mr. McCulley's fine service and contributions as a HESAA employee; now therefore be it
- RESOLVED:** That the Higher Education Student Assistance Authority hereby adopts this resolution as an acknowledgement of Mr. McCulley's service and dedication; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. McCulley 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. McCulley.

Presented July 26, 2016



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Executive Director

***A Resolution Expressing Appreciation to
Mr. Luis Padilla***

- WHEREAS:** Mr. Luis Padilla has served with distinction on the Student Advisory Committee (SAC) and was elected chairperson for 2014-2015 and 2015-2016; and
- WHEREAS:** In his role as an officer of the SAC, Mr. Padilla served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS:** Mr. Padilla 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. Padilla'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. Padilla's service and dedication; and be it further
- RESOLVED:** That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Mr. Padilla 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. Padilla 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. Padilla.

July 26, 2016



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GABRIELLE CHARETTE, ESQ.
Executive Director

***A Resolution Expressing Appreciation to
Mr. James Allen***

WHEREAS: Mr. James Allen has served with distinction on the Higher Education Student Assistance Authority Board as a public member since 2011; and

WHEREAS: His high level of commitment to higher education is further demonstrated through his participation as a member of the New Jersey Higher Education Student Assistance Authority; and

WHEREAS: Mr. Allen brings to the HESAA Board 30 years of valuable experience in the financial services industry which has been a true asset in achieving the Higher Education Student Assistance Authority's mission of providing students and families with the financial and informational resources for students to pursue their education beyond high school; and

WHEREAS: Mr. Allen's exceptional service and dedication to New Jersey's student financial assistance programs has been instrumental in serving the needs of New Jersey students and families; and

WHEREAS: The members of the Higher Education Student Assistance Authority wish to express their appreciation to Mr. Allen for his valuable contributions in providing an effective program of student financial assistance; now therefore be it

RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its best wishes to Mr. Allen 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 copy be presented to Mr. Allen.

July 26, 2016