

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

July 24, 2013

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on July 24, 2013 at 11:30 a.m. at the HESAA offices in Hamilton.

PRESENT: Mr. James Allen; Fr. Michael Braden (teleconference); Ms. Gabrielle Charette, Esq.; Dr. Glenn Lang, Secretary of Higher Education Designee; Mr. Anthony Falcone; Mr. Richard Garcia; Dr. Harvey Kesselman (teleconference); Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Christopher McDonough, Treasurer's Designee; Ms. Sumana Prasai; Mr. David Reeth; Ms. Maria Torres and Ms. Christy Van Horn, Members.

ABSENT: Mr. George Garcia, Esq. and Mr. Julio Marengo.

Also participating were Jennifer McGruther, DAG; and Amy Herbold, Esq., Governor's Authorities Unit.

CALL TO ORDER

Richard Garcia called the meeting to order at 11:35 am. Mr. Garcia stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

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

Mr. Garcia 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. Garcia welcomed Amy Herbold, Esq., Governor's Authorities Unit and Jennifer McGruther, Esq., DAG.

Deputy Attorney General Jennifer McGruther swore-in Sumana Prasai, Vice Chair Student Advisory Committee.

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

Mr. Garcia asked Roseann Sorrentino to call the roll.

CONSIDERATION OF THE MINUTES OF THE APRIL 24, 2013 MEETING:

A motion to approve the minutes of the April 24, 2013 meeting was made by Dr. Jon Larson and seconded by Mr. James Allen. The minutes were approved unanimously with three abstentions, Glenn Lang, David Reeth and Sumana Prasai who did not participate in the April 24, 2013 meeting.

REPORT OF THE NOMINATING COMMITTEE AND ELECTION OF OFFICERS AND MEMBERS OF THE EXECUTIVE COMMITTEE (RESOLUTION 09:13 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 Jean McDonald Rash, Michael Braden 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 via conference call on May 31, 2013 and recommends electing Mr. Anthony Falcone as Chairperson, Ms. Christy Van Horn as Vice Chairperson, Mr. James Allen as a member of the Executive Committee representing public members and Dr. Jon Larson as a member of the Executive Committee representing institutional members, for fiscal year 2014.

A motion to approve Resolution 09:13 was made by Dr. Harvey Kesselman and seconded by Dr. Glenn Lang. The motion was passed unanimously with one abstention, Dr. Jon Larson.

RESOLUTION 10:13 - ADOPTING A SCHEDULE OF MEETINGS FOR FISCAL YEAR 2014

Marnie Grodman, Esq., presented Resolution 10:13 to the Board.

As explained at the April 24, 2013 meeting, due to conflicts with the original proposed meeting dates staff re-pollled the board members for their availability for the remaining FY 2014 meetings.

As a result of that poll, the recommended FY 2014 meeting dates are: Tuesday November 12, 2013 at 10:00 am; Wednesday January 22, 2014 at 11:30 am and Wednesday April 23, 2014 at 11:30 am.

In addition, HESAA may call additional meetings, including telephone conference meetings. Specific notice of each meeting will be provided prior to each meeting pursuant to the Open Public Meetings Act.

A motion to approve Resolution 10:13 was made by Ms. Maria Torres and seconded by Mr. James Allen. The FY 2013 meeting schedule was approved unanimously.

RESOLUTION 11:13 ADOPTING A TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2013-2014

Eugene Hutchins presented Resolution 11:13 to the Board.

On June 28, 2013, Governor Christie signed the FY 2014 Appropriations Act, which includes an appropriation of \$341,161,000 for the Full-Time TAG Program.

Language in the FY 2014 Appropriations Act outlines the following requirements for the full-time TAG award levels and program participation:

First, TAG awards for students enrolled in public institutions of higher education who are eligible for maximum awards that is New Jersey Eligibility Index (NJEI) below 1500 shall not exceed the in-State undergraduate 2011-2012 tuition rate for the institution, with comparable awards provided to students enrolled at non-public institutions, a two-year lag compared to tuition charges.

All other awards for TAG-eligible students shall not exceed the in-State undergraduate tuitions in effect at institutions in academic year 2009-2010, a four-year lag compared to tuition.

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 who met all eligibility requirements prior to that date.

Within that context and the need to remain within available appropriations, the Full-Time TAG Award Table was constructed as follows:

Awards at all sectors for students demonstrating the highest need that is NJEI below 1500 will increase based on 2011-2012 tuition levels, a two-year lag, less approximately 10.15%.

It should be noted that more than 36% of award recipients qualify for maximum awards and are expected to receive nearly \$153.3 million, an increase of nearly \$3.6 million over FY 2013.

Awards for all other TAG-eligible students are based on 2009-2010 tuition levels (a four-year lag), less approximately 10.15%.

The table funds 1,243 new awards, inclusive of 500 new awards anticipated as part of the AZ Court decision and 488 other new awards, and also reflects shifts in enrollment of TAG recipients across the sectors as compared to the year just ended.

As in previous years, the FY 2014 Appropriations Act provides that any carry forward balances and refunds are re-appropriated to fund any unanticipated shifts in the award table, and the Act also provides for supplemental appropriations in the event there is still a shortfall in resources to fund all eligible awards.

It is recommended that the Board approve the Full-Time TAG Award Table for the 2013-2014 academic years as shown in Attachment A.

A motion to approve Resolution 11:13 was made by Ms. Jean McDonald Rash and seconded by Dr. Glenn Lang.

RESOLUTION 12:13 ADOPTING A PART-TIME TUITION AID GRANT AWARD TABLE FOR COUNTY COLLEGES FOR ACADEMIC YEAR 2013-2014

Eugene Hutchins presented Resolution 12:13 to the Board.

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 between 6 and 11 credits.

As provided in the FY 2014 Appropriations Act, with an appropriation of \$11.236 million for the program, part-time awards shall be prorated against full-time awards within the limits of available appropriations as follows: eligible students enrolled for between 6–8 credits receive 50 percent of the value of a full-time award, while students enrolled for between 9 and 11 credits receive 75 percent of the full-time award value.

The Part-Time TAG Award Table shown in Attachment A follows the same parameters used to construct the 2013-2014 full-time TAG award table. That is, awards for students demonstrating the highest need, those with a NJEI below 1500, are based on 2011-2012 tuition levels less approximately 10.15%, a two-year lag and awards for all other eligible county college students are based on 2009-2010 tuition levels less approximately the same 10.15% reduction, a four-year lag.

A motion to approve Resolution 12:13 was made by Dr. Jon Larson and seconded by Mr. James Allen.

Dr. Larson commented that this is a wonderful program and a tremendous boost to college attendance. The increase in the part-time and full-time awards is appreciated, and New Jersey should be proud to be at the lead with this program.

The motion was passed unanimously.

RESOLUTION 13:13 CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2012 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 47 (CORZINE)

Marnie Grodman, Esq. presented Resolution 13:13 to the Board.

Executive Order 37 requires all Authorities to prepare an annual report which sets forth the significant actions of the authority from the previous year, including the authority's degree of success in promoting the State's economic growth strategies.

One of the State's priorities is to assist in the continuing development of a well-educated workforce. As discussed in HESAA's Annual Report, statistics show that income levels rise and unemployment rates decline commensurate with the level of education obtained.

As highlighted in the report, in 2012 HESAA was again instrumental in assisting students in obtaining their higher education. Client Services staff increased the number of student outreach presentations available to those populations where postsecondary participation rates are low and HESAA began administering the Governor's new scholarship program, the Governor's Urban Scholarship, which provides awards to students who live in defined urban areas and graduate in the top 5% of their class. Like NJ STARS and NJ STARS II, this new program is a strong incentive for New Jersey's best and brightest students to stay in state.

HESAA was also able to help students afford their higher education by reducing the interest rates on NJCLASS loans, and in the wake of super storm Sandy, HESAA was able to assist students by extending loan forbearances and ensuring that students could remain in school by extending filing deadlines for TAG and EOF.

In addition to discussing HESAA's successful programs, as required by EO 37, the Annual Report includes HESAA's financial statements and identifies HESAA's internal financial controls.

Ms. Grodman recommended that the Board approve the Annual report for submission to the Governor's office and posting on HESAA's website.

A motion to approve Resolution 13:13 was made by Ms. Christy Van Horn and seconded by Ms. Jean McDonald Rash.

The motion was passed unanimously.

RESOLUTION 14:13 APPROVAL OF HESAA'S FY 2014 ADMINISTRATIVE BUDGETS

Anthony Falcone presented this item to the Board.

The Board Budget Committee met last month to review the presentation of the Fiscal Year 2014 Administrative and Capital Budgets. Gene Hutchins and his staff, including Kathryn Safran the Associate Director of Budget and Fiscal Analysis, were instrumental in putting together the budget and the presentation for the Board. As usual it was a job well done.

In FY 2014 HESAA administrative revenues are projected to total \$31.7 million. This is an \$800,000 increase, or 2.5%, over FY 2013 levels. These revenues will fully provide the funds required to pay for the operating expenditure budgets. NJCLASS and NJBEST revenues continue to grow as the number of participants and total assets of the programs continue to increase. NJCLASS revenues are projected to increase 8% from last year and will exceed FFELP program revenues in FY2014. The FFELP program revenues continue to slowly decline as the guaranty and default portfolios mature and no new federal loan guarantees have been made since 2010.

The budgeted operating expenditures total \$29.97 million. This is an increase of \$1.2 million, or 4.2%, over 2013 levels. A quick summary of key points for the expenditure side of the budget are: 75% of the \$1.2 million increase is directly related to fringe benefit costs assessed by the State. In addition, \$118,000 is required for contractual salary increases. It is also expected that

printing costs will increase due to the need to supply New Jersey families with printed financial aid program materials at the 650 financial aid nights that are now conducted by HESAA annually. There is also additional funding allowed for temporary employees to be hired as part of the retirement transition of the two senior IS staff responsible for HESAA databases and the servicing of NJCLASS loans. Importantly, the operating budget expenditures fund 163 HESAA positions and all non-salary costs associated with delivering State and Federal student assistance funds and services to over 1 million NJ residents.

The Capital Budget allocation total \$1.9 million and most of the \$1.9 million is allocated to the following: Document imaging and Electronic Bill Presentment systems; replacement of PCs; upgrades to telecommunications; and an E-Signature Software upgrade. All of these projects will further the implementation of the Strategic Plan of fully integrating technology into HESAA operations for increased service quality to students, families and institutions, and to continue to improve staff productivity. HESAA will also purchase three autos for the motor pool while retiring six older vehicles. This will reduce the size of the motor pool, and significantly reduce the costs of maintenance and repairs.

The Executive Committee recommends to the full Board the approval of the FY 2014 Operating and Capital Budgets.

A motion to approve Resolution 14:13 was made by Ms. Maria Torres and seconded by Dr. Jon Larson.

Dr. Harvey Kesselman commended staff on an extremely great job putting this budget together and stated that budget is cost effective and shows good fiscal management.

The motion was passed unanimously.

RESOLUTION 15:13 APPROVING THE PROCUREMENT OF INTERACTIVE ONLINE LOAN DELINQUENCY AVERSION COUNSELING PROGRAM

Andre Maglione presented Resolution 15:13 to the Board.

On May 23 HESAA sent out an RFP to procure an online loan delinquency tool to help stem delinquencies and defaults. HESAA currently conducts default and delinquency aversion activities by going out to schools to present one-on-one and group sessions to students and families.

HESAA sought a tool to be able to reach more students. This software allows high school and college students looking for loans to be more aware of how loan programs work, including their rights and responsibilities and how to prevent over-borrowing.

HESAA sent the RFP to three vendors, four newspapers and posted it on the HESAA website looking for an interactive, fun, learning on-line game hosted by the vendor.

The chosen program will contain videos of real-time student borrowing experiences. For example, a video of a federal loan borrower explaining how he used this program for obtaining the loan, how it helped him achieve his education and how he did not over-borrow. There would

be the same type of video about an NJCLASS loan borrower. Users will be able to build customized estimated salary information based on their majors. They will see real-time student loan borrowing information with anticipated payments based on what they borrow and their income once they graduate. Students would be able to use this payment information to create a printable monthly budget including other anticipated expenses. The program offers strategies on how to reduce the need for student loans; provides printable action plans for making student loan payments and provides information on how to request loan forbearances if needed.

HESAA received two responses to the RFP, which were reviewed in-house and the selected program was presented to NJACSA members, who were excited about being able to offer this tool to their students. In addition, the EOF representatives felt that this would really benefit their students.

Mr. Maglione recommended that the Board approve the procurement the Student Loan Game Plan by Aspire, an Iowa Student Loan Organization.

A motion to approve Resolution 15:13 was made by Mr. James Allen and seconded by Ms. Christy Van Horn.

Dr. Larson asked whether the software includes provisions to evaluate the impact it has on reducing delinquency rates. Mr. Maglione explained that the software will allow HESAA to track usage and run reports to see how many users there are as well as how those users are answering the questions.

In response to Ms. Torres' question as to whether the link would be on HESAA's website, Mr. Maglione explained that there would be links from three different pages on HESAA's website, the Planning for College page, the NJCLASS.org page and the FFELP page. He also explained that HESAA will be publicizing this tool through letters, emails, Facebook and phone calls.

Ms. Jean McDonald Rash asked whether there would be a way for the schools to use the data to follow up with students and whether the schools would be able to market the program. Mr. Maglione responded that he would follow-up with the provider regarding the school specific data and that he would be providing all of the institutions with a link to the program.

Mr. Reeth asked about the target audience for this program. Mr. Maglione explained that the program would assist students who are getting ready to start school, as well as students in high school and their families.

The motion was passed unanimously.

RESOLUTION 16:13 APPROVING THE APPOINTMENT OF A COMPUTER EQUIPMENT MAINTENANCE VENDOR

Ron Castor presented Resolution 16:13 to the Board.

The State has in place a blanket term contract (T2707) that covers computer equipment that is ten years old or younger in age. HESAA has some computer equipment that is beyond this

timeframe and yet, is still providing useful services. In order to maintain the older computer equipment, a service agreement is needed.

On June 7th, HESAA issued a Request for Proposals (RFP). In addition to putting the RFP on the HESAA website and in four newspapers, bid solicitation emails were sent to seven equipment maintenance vendors.

Only one company, the Signature Technology Group (STG), responded with a bid. Based on the proposal they submitted, and the fact that they have a contract for providing similar services on other computer equipment around the State or in other words, for other State agencies, staff is confident that the STG can meet HESAA's needs. STG quoted a fair price based on the equipment that HESAA currently has listed for maintenance and the pricing will only change if HESAA chooses to either add or delete equipment from the list.

Mr. Castor recommended that the Board approve the resolution appointing Signature Technology Group as HESAA's computer equipment maintenance vendor.

A motion to approve Resolution 16:13 was made by Ms. Christy Van Horn and seconded by Ms. Jean McDonald Rash.

Dr. Larson asked if Mr. Castor knew why there was only one bid. Mr. Castor could only speculate that perhaps it was due to the required paperwork. He explained that HESAA reached out personally to seven companies.

Ms. Torres asked whether STG had a New Jersey office to which Mr. Castor explained that in addition to having a New Jersey office, these types of companies often put equipment on site in order to reach out quicker.

Mr. Allen asked whether the cost of this contract seemed reasonable. Mr. Castor responded that the price was in-line with that of HESAA's current vendor, who chose not to respond to this RFP.

The motion was passed unanimously.

RESOLUTION 17:13 APPROVING THE PROCUREMENT OF IBM DATACAP, CMOD AND CM8 DOCUMENT IMAGING AND ELECTRONIC BILL PRESENTMENT SOFTWARE

Greg Myer presented 17:13 to the Board.

HESAA has an overriding business need to reduce costs and improve customer satisfaction; additionally, HESAA needs to reduce its reliance on paper-based processes in order to comply with the Federal Information Security Management Act (FISMA). Driven by these needs and guided by its Strategic Plan, HESAA staff conducted an analysis of how these various goals could be achieved and determined that all of these objectives could be satisfied using two closely related technologies. One is electronic document presentment and the other is imaging.

Using electronic document presentment, HESAA can deliver all of the customer bills and other communications as well as directly to the customer's PC. When a company is "going paperless" or "going green", they are implementing this technology. HESAA will be able to send a customer an email to notify them that their bill is ready; they simply click on a link and come right to HESAA's website to view their bill, and then click to pay it. No paper bill, no postage, no envelopes, and no staff involved in handling it.

This functionality is complemented by imaging technology. Imaging converts paper documents, including mail, and other communications into an electronic format that is indexed and then easily and quickly retrievable by staff. Instead of physically retrieving various documents from multiple file cabinets, staff can instantly retrieve an entire customer's file, which will increase staff efficiency and customer satisfaction.

Implementing these solutions will position HESAA to be a nearly paperless business operation, resulting in significant reductions in operating costs, improved staff productivity, improved customer satisfaction, and significant step towards FISMA compliance.

A review of the vendors under State contract confirmed that there was one approved vendor that satisfied all of HESAA's business requirements. As a reminder, the State conducts formal bidding processes for all services placed on State contracts.

Therefore, HESAA is seeking to purchase two functional components of IBM's Enterprise Content Management Suite as a comprehensive electronic document presentment and imaging solution. IBM DataCap and Content Manager On Demand software and licenses for Phase I are available for purchase pursuant to NJ State Contract number 77560 at the total cost of \$658,883, including professional services. HESAA will be able to finance the initial license component of which \$101,800 will be paid over a period of five years at an interest rate not to exceed 3.13%. HESAA's capital budget has sufficient funds reserved to cover this year's expense. Staff anticipates a four-year payback period on this investment based on savings from postage, paper, envelopes, printing and associated labor.

Mr. Myer recommended that the Board approve the procurement of IBM DataCap, CMPD and CM8 Document Imaging and Electronic Bill Presentment Software.

A motion to approve Resolution 17:13 was made by Dr. Jon Larson and seconded by Ms. Maria Torres.

Ms. McDonald Rash asked whether this software would be used for Student Eligibility Notices. Mr. Myer explained that for Phase I staff determined that that the biggest return on the investment would be to implement this project for NJCLASS and for incoming AIRs and additional information from students. Phase II of the project will add outgoing information on the grant side.

Dr. Larson and Ms. Van Horn questioned whether the online bill presentment would be an opt-in or opt-out program. Mr. Myer explained that the program would be opt-in and Ms. Grodman explained that the E-sign Act and UETA, which govern electronic agreements, require us to utilize an opt-in process.

Mr. McDonough asked how long it would take to implement this program. Mr. Myer explained that the online bill pay could take as little as six weeks, while the imaging project is more involved and would therefore take approximately six months to implement.

Mr. Allen questioned whether there were any fraud concerns related to online bill presentment. Mr. Myer explained that HESAA already has authentication processes in place for borrowers to set up an account and create a password.

Mr. Garcia asked whether imaging was for new documents only or whether it would be used for existing documents as well. Mr. Myer responded that initially it will be used on a going forward basis but that it is intended for existing documents as well. He explained that imaging would lead to savings in storage costs.

The motion was passed unanimously.

REPORT OF THE STUDENT ADVISORY COMMITTEE

Sharon Austin, the Staff Advisor for the Student Advisory Committee reported to the Board.

The first Student Advisory meeting was held on June 21, 2013. During that meeting staff provided information on HESAA's products, services and programs to the new committee, including a demonstration of Grants on the Web. Showing this to the Student Advisory Committee was useful as the SAC always provides good ideas on HESAA's products and publications. Staff also went over the responsibilities of the Student Advisory Committee. At this meeting the committee elected the new Chair, David Reeth and Vice Chair, Sumana Prasai.

David Reeth is a senior at Caldwell College majoring in business administration. He is a two-term President of the Student Government Association and a member of the college's Business Advisory Council. After graduation David plans on continuing to grow the company he founded and grew from age 12, Awesome Auto, which now serves over 300 clients in New York and New Jersey.

Sumana Prasai is a student at Kean University, on the dean's list pursuing a Bachelor of Science degree in accounting, with a minor in finance. She was born and raised in Nepal until the age of 15. Sumana is a computer lab assistant at Kean University under the federal work study program, is a volunteer tax preparer and works for United Airlines.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Gabrielle Charette gave the following report:

As the issue of student loan debt looms large nationwide, this Board can be assured that in New Jersey we are doing everything we can to reduce borrowing costs.

In May HESAA had a truly exceptional bond sale to fund our NJCLASS loan program. In one day our senior bonds were oversubscribed three times and our subordinated bonds were oversubscribed six times. This incredible demand allowed us to reduce the cost of capital by

reducing the interest we must pay bondholders. This in turn has allowed us, for the second consecutive year, to reduce the interest rates we charge our borrowers.

- Our 10-year loan is reduced from 6.15% to 5.49%.
- Our 15-year loan is reduced from 7.05% to 6.65%.
- Our 20-year loan remains at 8.05%.

The trend in NJCLASS interest rates over the last two years is:

Loan Product	AY 11-12 Rate	AY 12-13 Rate	AY 13-14 Rate
10-year	6.6%	6.15%	5.49%
15-year	7.35%	7.05%	6.65%
20-year	8.0%	8.05%	8.05%

Fixed rates on our 10- and 15-year products are lower than those of the federal parent PLUS loan, which is 7.9%, and the federal unsubsidized Stafford loan, which is 6.8%. These lower rates will save students and families thousands of dollars over the life of their loans.

We are not alone in our excitement about our new rates. Governor Christie's office took note of our success and honored us with a quote from the Governor to include in our press release, which is included in your materials.

Many HESAA employees work diligently year round, preparing for our annual bond sale and making sure our NJCLASS portfolio will withstand rating agency scrutiny. CFO Hutchins and his accounting staff do a tremendous job working with the underwriters in the formulation and sale of the bond issue. Our Client Services Unit, lead by André Maglione, works to increase awareness of NJCLASS loans and André personally fields calls from students and parents with questions, while Director of Student Loans, Tera Gervasio, along with her Associate Directors Lorraine Staley and David Gillespie make certain that our loans are appropriately originated and the servicing and collection of our loans meet the highest industry standards. Kudos to all HESAA employees whose hard work has made the NJCLASS loan program a national model that other states strive to emulate.

Of course at HESAA we believe borrowing should always be students' last option after all grant and scholarship opportunities are exhausted. That is why we are so proud to administer the Tuition Aid Grant program and the Part-Time TAG for County Colleges program. The award amounts you just approved for these programs will make it possible this coming academic year for over 80,000 New Jersey students to attend college without incurring crushing debt burdens. I thank you for that and I thank the Governor and the Legislature for their staunch support of both programs. To give you an appreciation of the cumulative level of support these two programs have received in recent years, since Fiscal Year 2010 a combined \$95.9 million in new state funding has been added to the two programs.

Another program that you may have read about recently is the Governor's Industry Vocations Scholarship for Women and Minorities, NJ-GIVS. Governor Christie announced this new scholarship during an event at Burlington County College. NJ-GIVS is funded by the Schools Development Authority and administered by HESAA. The award pays up to \$2,000 a year for enrollment in a non-degree certificate program in a construction related field at any of New Jersey's 19 community colleges. More details are provided in the fact sheet and brochure included in your materials. I would like to commend Jules Cornelius, our graphic designer, for his effort in preparing these materials.

HESAA's scholarship expertise has also been tapped by First Lady Mary Pat Christie. HESAA has consulted with the First Lady's office on the criteria, applications and marketing of her Spirit of a Hero scholarships. Last month Marnie Grodman represented HESAA at a Spirit of a Hero award ceremony with the First Lady at Drumthwacket.

As you have heard me say before, at HESAA we are constantly looking to improve our outreach and communication with students and families. On the outreach front we have two new developments to share with you.

First, we recently launched "Grants on the Web" on HESAA's home page. Grants on the Web is an application where students can view the status of their grants online. Students can now log on to the HESAA website and immediately determine if their award is pending because of missing information, or if their file is complete and the award is in process or finalized. We are receiving approximately 1,200 hits per day at Grants on the Web, reducing call volume and wait times on our customer care line. The application was designed by our talented and tenacious Assistant Director of Grants and Scholarships Pilar Sanchez and developed and produced by our Senior System Architect Raju Konduru. At HESAA the saying goes that if you can imagine it, Raju can build it.

The second outreach initiative is our new Facebook page. HESAA has now officially entered the world of social media. I encourage those of you who participate in the social network to please "like us."

At the last meeting, I informed the Board that HESAA had received authorization to backfill a number of mission-critical positions. Since then HESAA has welcomed three new staff members to the team. I am pleased to introduce them. Alice McPaul is our new assistant director for Special Grants, Scholarships and Appeals. Alice comes to us from Georgian Court University, where she was the assistant director of financial aid. Working with Alice is Jossette Greene, our new program officer for NJ STARS and NJ STARS II. Jossette comes to us from Middlesex County College, where she served as the STARS coordinator.

Lastly, Amy Pezzimenti joined HESAA last month as web system administrator. Amy has private industry experience as a system administrator and most recently worked as an adjunct mathematics professor at Ocean County College.

NEW BUSINESS

Gabrielle Charette presented a resolution to Mr. Richard Garcia acknowledging and thanking him for his service and dedication to the Higher Education Student Assistance Authority Board

and to the exiting Student Advisory Committee Chair, Michele Petrucelli, for her service and dedication to the Higher Education Student Assistance Authority Board.

ADJOURNMENT

Mr. Garcia announced that the next Board meeting is scheduled for Tuesday November 13, 2013 at 10:00 am and that the audit committee would be meeting immediately following the current meeting.

A motion to adjourn was made by Ms. Marie Torres and seconded by Mr. James Allen. The motion passed unanimously.

The meeting adjourned at 12:39 pm.

RESOLUTION 09:13

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

Moved by: Dr. Harvey Kesselman

Seconded by: Dr. Glenn Lang

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

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board elects, Anthony Falcone as Chairperson, Christy Van Horn as Vice Chairperson, James Allen 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 24, 2013



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 Board

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: Marnie B. Grodman, Esq. 
Director, Legal and Governmental Affairs
Administrative Practice Officer

SUBJECT: Resolution 10:13 - Adopting a Schedule of Meetings for Fiscal Year 2014

DATE: July 24, 2013

Attached for your review and approval is Resolution 10:13 recommending dates for the remaining: Fiscal Year ("FY") 2014 HESAA Board meetings.

The following dates and times were chosen after polling each Board member regarding his or her availability.

Tuesday, November 12, 2013 at 10:00 am
Wednesday January 22, 2014 at 11:30 am
Wednesday April 23, 2014 at 11:30 am

All regular Board meetings will take place at the HESAA offices, 4 Quakerbridge Plaza, Building 2, Mercerville, New Jersey. HESAA may call additional meetings, including telephone conference call meetings, at its discretion.

The HESAA Board adopts a regular meeting schedule so that HESAA may notify Board members and the public of future meeting dates. Specific notice of each meeting will be provided to the public in a timely fashion in accordance with the provisions of the Open Public Meetings Act.

Recommendation

It is recommended that the Board approve the attached Resolution 10:13 – Adopting a Schedule of Meetings for Fiscal Year 2014.

Attachment

RESOLUTION 10:13
ADOPTING A SCHEDULE OF MEETINGS
FOR FISCAL YEAR 2014

Moved By: Ms. Maria Torres
Seconded By: Mr. James Allen

WHEREAS: Adopting a regular meeting schedule provides general notice to Board members and to the public of meetings of the Higher Education Student Assistance Authority Board; and

WHEREAS: The dates for the remaining regular meetings for Fiscal Year 2014 were chosen after polling the Board members regarding their availability; and

WHEREAS: The Higher Education Student Assistance Authority may call additional meetings, including telephone conference call meetings; and

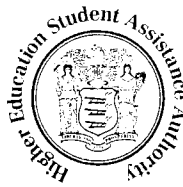
WHEREAS: Specific notice of each meeting will be provided to the public in accordance with the provisions of the Open Public Meetings Act.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the following schedule of meetings for Fiscal Year 2014:

Tuesday November 12, 2013 at 10:00 am
Wednesday January 22, 2014 at 11:30 am
Wednesday April 23, 2014 at 11:30 am

July 24, 2013



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


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: Larry Sharp 
Acting Director, Grants and Scholarships

SUBJECT: Resolution 11:13 Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year 2013-2014

DATE: July 24, 2013

Summary

Attached for your review, comment, and approval is Resolution 11:13, Adopting a Full-Time Tuition Aid Grant Award Table for Academic Year (AY) 2013-2014. In accordance with the provisions of the TAG program statute and subject to the limits of the Fiscal Year (FY) 2014 Appropriations Act, this action will establish a table of full-time Tuition Aid Grant (TAG) award values for the upcoming academic year.

On June 28, 2013, Governor Christie signed the FY 2014 Appropriations Act, which includes an appropriation of \$341,161,000 for the Full-Time TAG Program.

Language in the FY 2014 Appropriations Act outlines the following requirements for full-time TAG award levels and program participation:

- TAG awards for students enrolled in public institutions of higher education who are eligible for maximum awards (New Jersey Eligibility Index (NJEI) below 1500) shall not exceed the in-State undergraduate 2011-2012 tuition rate for the institution with comparable awards provided to students enrolled at non-public institutions – a two-year lag compared to tuition charges.
- Awards for all other TAG-eligible students shall not exceed the in-State undergraduate tuitions in effect at institutions in academic year 2009-2010 - a four-year lag compared to tuition.

- 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 (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 2013 semester and by the March 1 deadline for the spring 2014 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. In 2012-2013, approximately 74 percent of the applications that listed a New Jersey institution as the first choice were received prior to July 1.

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 2012-2013, approximately 37 percent 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.

Review of FY 2013 Expenditures

During FY 2013, application volume stayed level at 548,000 applications. Approximately 71,425 students (61,362 full-year equivalent awards) received full-time TAG awards in 2012-2013, compared to 73,003 students (62,200 full-year equivalent awards) in 2011-2012, a decrease of less than 2%.

FY 2013 year-end expenditures for the Full-Time TAG Program were approximately \$332,747,000 million - \$1.7 million above the appropriation and appropriated carry forward. The \$1.7 million in additional expenditures were covered by FY 2012 refunds and a transfer from the FY 2013 Part-Time TAG for County Colleges Program.

FY 2014 Available Funds and Projected Award Volume

The FY 2013 Full-Time TAG appropriation is \$341,161,000. As shown on Attachment B, budgeted FY 2013 resources also include a State appropriation of \$558,000 for part-time students eligible to receive TAG awards under the EOF Part-Time Program.

Pursuant to FY 2014 budgetary footnote language, unexpended balances re-appropriated to the Tuition Aid Grant account from FY 2013 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.

As noted above, total FY 2014 resources are \$341,719,000, which are sufficient to fund the Full-Time Tuition Aid Grant Award Table for Academic Year 2013-2014 shown in Attachment B. This table is projected to fund 62,515 full-year equivalent awards, an increase of 1,243 over FY 2013.

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

- Awards at all sectors for students demonstrating the highest need (NJEI below 1500) will **increase** based on 2011-2012 tuition levels (a two-year lag), less approximately 10.15%
 - More than 36% of award recipients qualify for maximum awards and are expected to receive nearly \$153.3 million – an increase of nearly \$3.6 million over FY 2013.
- Awards for all other TAG-eligible students are based on 2009-2010 tuition levels (a four-year lag), less approximately 10.15%.

Recommendation

It is recommended that the Board approve Resolution 11:13 Adopting Attachment A as the Full-Time Tuition Aid Grant Award Table for Academic Year 2013-2014.

Attachments (3)

RESOLUTION 11:13

ADOPTING A FULL-TIME TUITION AID GRANT AWARD TABLE FOR ACADEMIC YEAR 2013-14

Moved by: Ms. Jean McDonald Rash

Seconded by: Dr. Glenn Lang

WHEREAS: N.J.S.A. 18A:71B-21 (P.L. 1999, Chapter 46) 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 2014 line-item appropriation for full-time TAG is \$341,161,000; and

WHEREAS: Language in the Appropriations Act stipulates the following:

- TAG awards for students enrolled in public institutions of higher education who are eligible for maximum awards (New Jersey Eligibility Index (NJEI) below 1500) shall not exceed the in-State undergraduate 2011-2012 tuition rate for the institution with comparable awards provided to students enrolled at non-public institutions – a two-year lag compared to tuition charges;
- Awards for all other TAG-eligible students shall not exceed the in-State undergraduate tuitions in effect at institutions in academic year 2009-2010 - a four-year lag compared to tuition;
- 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 (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 2014 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 2014 Appropriations Act provides for such sums as are required to cover the costs of increases in the number of applicants qualifying for full-time Tuition Aid Grant 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 2013-2014 (Attachment A); and be it further

RESOLVED: That the attached Full-Time TAG Award Table for AY 2013-2014 pertains to New Jersey institutions (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 commitment to higher education access and affordability for all New Jersey citizens.

July 24, 2013

**STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
FULL-TIME TUITION AID GRANT (TAG) AWARD TABLE FOR 2013-14¹**

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
Under 1500	\$2,578	\$6,822	\$11,958	\$9,104	\$7,768	\$10,562
1500-2499	2,246	5,972	10,138	8,074	6,836	9,148
2500-3499	1,946	5,058	8,918	7,190	5,788	8,146
3500-4499	1,518	4,190	7,988	6,200	4,796	7,026
4500-5499	1,134	3,474	7,056	5,406	3,976	6,126
5500-6499	0	2,712	6,132	4,614	3,104	5,228
6500-7499		1,976	5,202	3,868	2,262	4,382
7500-8499		0	4,270	3,066	1,418	3,474
8500-9499			3,378	2,116	574	2,396
9500-10499			1,922	0	0	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 2014 TAG TABLE MODEL

Awards in First Cell (Neediest Students) Reflect 2011-12 Tuition (A Two-Year Lag) Further Reduced by Approximately 10.15%
 All Other Awards Based on 2009-10 Tuition Levels (A Four-Year Lag) Further Reduced by Approximately 10.15%

ROWAN UNIVERSITY MOVED TO PUBLIC RESEARCH SECTOR

255 NEW ROWAN UNIVERSITY AWARDS IN CELLS 7,500-8499 AND 8500-9499

Also Includes 988 New Awards (488 New Awards and 500 New Awards Based on A.Z. vs. HESAA)

1,243 Total New Awards

NJE	ESTIM. AVERAGE FAMILY INCOME	COUNTY		STATE		NON-PUBLIC		ROWAN		RUTGERS/UNJT		TOTAL							
		NUM BER	AWARD FUNDS (000)	NUM BER	AWARD FUNDS (000)	NUM BER	AWARD FUNDS (000)	NUM BER	AWARD FUNDS (000)	NUM BER	AWARD FUNDS (000)	NUM BER	AWARD FUNDS (000)						
Under 1500	18,400	7,970	2,541	20,252	5,245	6,609	34,664	4,294	11,634	49,955	726	7,683	5,578	4,574	9,367	42,843	22,809	6,721	153,291
1500 - 2499	22,600	4,024	2,208	8,585	2,960	5,733	16,970	2,285	9,956	22,749	415	6,762	2,806	2,604	8,291	21,590	12,288	5,941	73,000
2500 - 3499	32,500	2,528	1,919	4,851	1,854	4,903	9,090	1,353	8,772	11,868	285	5,743	1,637	1,595	7,357	11,734	7,615	5,145	39,180
3500 - 4499	35,700	2,073	1,496	3,101	1,479	4,056	5,999	1,126	7,874	8,866	258	4,751	1,226	1,296	6,390	8,281	6,232	4,408	27,473
4500 - 5499	37,500	1,665	1,116	1,858	1,289	3,361	4,332	928	6,930	6,431	194	3,934	763	1,026	5,535	5,679	5,102	3,736	19,063
5500 - 6499	43,000				1,112	2,647	2,943	844	6,032	5,091	162	3,073	498	841	4,727	3,975	2,959	4,227	12,507
6500 - 7499	46,100				896	1,909	1,710	706	5,113	3,610	144	2,206	318	757	3,971	3,006	2,503	3,453	8,644
7500 - 8499	51,000							596	4,163	2,481	130	1,239	161	695	3,140	2,182	1,421	3,395	4,824
8500 - 9499	53,100							543	3,308	1,796	125	515	64	510	2,165	1,104	1,178	2,516	2,964
9500-10499	53,900							408	1,892	772							408	1,892	772
TOTAL		18,260	2,133	38,947	14,835	5,103	75,708	13,083	8,684	113,619	2,439	5,351	13,051	13,898	7,224	100,394	62,515	5,466	341,718

(000)

341,161

558

0

341,719

341,718

FY 2014 TAG APPROPRIATION

FY 2014 PT TAG/EOF APPROPRIATION

FY 2013 CARRY FORWARD FUNDS

FY 2014 TOTAL RESOURCES

ESTIMATED FY 2014 MODEL COST



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: Larry Sharp 
Acting Director, Grants and Scholarships

SUBJECT: Resolution 12:13 Adopting a Part-Time Tuition Aid Grant for County Colleges
Award Table for Academic Year 2013-2014

DATE: July 24, 2013

Summary

Attached for your review, comment, and approval is Resolution 12:13, Adopting a Part-Time Tuition Aid Grant for County Colleges Award Table for Academic Year (AY) 2013-2014. In accordance with the provisions of the Fiscal Year (FY) 2014 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 2014 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.

Review of FY 2013 Expenditures

During the 2012-2013 academic year, 10,241 students received awards totaling over \$8.34 million. This is a decrease of approximately 6% compared to the number of 2011-2012 awards.

Available Funds and Projected Award Volume

The FY 2014 Appropriations Act includes funding of \$11.236 million for the Part-Time TAG for County Colleges Program.

Language in the FY 2014 Appropriations Act allows HESAA to retain the unexpended balances from FY 2013 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 2013-2014 full-time TAG award table. That is, awards for students demonstrating the highest need (those with a New Jersey Eligibility Index (NJEI) below 1500) are based on 2011-2012 tuition levels less approximately 10.15% - a two-year lag; awards for all other eligible county college students are based on 2009-2010 tuition levels less approximately 10.15% - a four-year lag.

Current projections indicate that the \$11.236 million appropriation will fund the Part-Time TAG Award Table shown in Attachment B. This budget estimate reflects a 5% growth rate in the number of award recipients, which equates to approximately 642 new awards in FY 2014.

Recommendation

It is recommended that the Board approve Resolution 12:13 Adopting Attachment A as the Part-Time TAG for County Colleges Award Table for Academic Year 2013-2014. Depending upon the student's NJEI, this table will provide awards ranging from a maximum of \$644 to a minimum of \$283 per semester for eligible students enrolled for 6-8 credits, and a maximum of \$966 to a minimum of \$425 for students enrolled for 9-11 credits.

Attachments (3)

RESOLUTION 12:13

**ADOPTING A PART-TIME TUITION AID GRANT FOR COUNTY COLLEGES
AWARD TABLE FOR ACADEMIC YEAR 2013-14**

Moved by: Dr. Jon Larson
Seconded by: Mr. James Allen

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) 2014 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 2014 Appropriation for the Part-Time (TAG) for County Colleges Program is \$11.236 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 2013-2014 Full-Time TAG Award Table as follows:

- Awards for students demonstrating the highest need (those with a New Jersey Eligibility Index (NJEI) below 1500) are based on 2011-2012 tuition levels less approximately 10.15% - a two-year lag;
- Awards for all other eligible county college students are based on 2009-2010 tuition levels less approximately 10.15% - a four-year lag; 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 TAG Award Table for AY 2013-2014 (Attachment A); and be it further

RESOLVED: That the attached Part-Time TAG for County Colleges Award Table for AY 2013-2014 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 commitment to higher education access and affordability for all New Jersey citizens.

July 24, 2013

STATE OF NEW JERSEY
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGES AWARD TABLE FOR
2013-2014

NJEI	1/2 Time Semester Award (6-8 credits)	3/4 Time Semester Award (9-11 credits)
0-1499	\$644	\$966
1500-2499	561	842
2500-3499	486	729
3500-4499	379	569
4500-5499	283	425

**PART-TIME TAG FOR COUNTY COLLEGES PROGRAM
FY2014 Budget Estimate**

Awards in the First Cell at 2011-12 Tuition Level (A Two-Year Lag) Less Approximately 10.15%
 All Other Awards at 2009-10 Tuition Level (A Four-Year Lag) Less Approximately 10.15%
 Number of Awards Increased by 5% (642 Awards) Over FY 2013 Projection

NJJEI	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 3/4 Awards	Est. # of All Awards	Est. Total Cost	Proj. Headcount
0-1499	2,511	\$644	\$1,617,084	3,121	\$966	\$3,014,886	5,632	\$4,631,970	4,495
1500-2499	1,418	\$561	\$795,498	1,425	\$842	\$1,199,850	2,843	\$1,995,348	2,230
2500-3499	901	\$486	\$437,886	992	\$729	\$723,168	1,893	\$1,161,054	1,487
3500-4499	878	\$379	\$332,762	837	\$569	\$476,253	1,715	\$809,015	1,345
4500-5499	770	\$283	\$217,910	773	\$425	\$328,525	1,543	\$546,435	1,188
Total	6,478	\$525	\$3,401,140	7,148	\$803	\$5,742,682	13,626	\$9,143,822	10,745

FY2014 Appropriation 11,236,000

EST. FY2014 MODEL COST 9,143,822

2,092,178



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: Joel Mayer, Esquire
Chief Compliance Officer 

SUBJECT: Resolution 13:13 - Consideration and Approval of the Higher Education Student Assistance Authority 2012 Annual Report Pursuant to Executive Order 37 (Corzine).

DATE: July 24, 2013

Summary

Please find attached for your review, comment and approval Resolution 13:13 - Consideration and Approval of the Higher Education Student Assistance Authority 2012 Annual Report Pursuant to Executive Order 37 (Corzine).

Background

Paragraph 2 of Executive Order 37 (Corzine) requires each State authority to prepare a comprehensive report concerning the authority's operations on an annual basis.

Executive Order 37 requires that the annual report set forth the significant actions of the authority from the previous year, including a discussion of the degree of success the authority had in promoting the State's economic growth strategies and other policies. The report is also required to include the authority's financial statements and to identify internal financial controls at the authority that govern expenditures, financial reporting, procurement, and other financial matters and transactions. Pursuant to Executive Order 37, the report shall also contain a certification by the appropriate senior staff member that during the preceding year the authority has, to the best of their knowledge, followed all of the authority's standards, procedures, and internal controls, or, where such certification is not warranted, shall set forth the manner in which such controls were not followed and a description of the corrective action to be taken by the authority.

The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2012 Annual Report in compliance with Executive Order 37.

Recommendation

It is recommended that the Board approve Resolution 13:13, Consideration and Approval of the Higher Education Student Assistance Authority 2012 Annual Report pursuant to Executive Order 37 (Corzine) and authorize submittal of the 2012 Annual report to the Governor's Authorities Unit, and posting on HESAA's website, hesaa.org.

Attachments

1. Resolution 13:13
2. Higher Education Student Assistance Authority 2012 Annual Report.

RESOLUTION 13:13

CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2012 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)

Moved by: Ms. Christy Van Horn
Seconded by: Ms. Jean McDonald Rash

WHEREAS: Paragraph 2 of Executive Order 37 (Corzine) requires each State authority to prepare a comprehensive report concerning the authority's operations on an annual basis; and

WHEREAS: Executive Order 37 requires that the annual report set forth the significant actions of the authority from the previous year, including a discussion of the degree of success the authority had in promoting the State's economic growth strategies and other policies; and

WHEREAS: The report is also required to include the authority's financial statements and to identify internal financial controls at the authority that govern expenditures, financial reporting, procurement, and other financial matters and transactions; and

WHEREAS: Pursuant to Executive Order 37 the report shall also contain a certification by the appropriate senior staff member(s) that during the preceding year the authority has, to the best of their knowledge, followed all of the authority's standards, procedures, and internal controls, or, where such certification is not warranted, shall set forth the manner in which such controls were not followed and a description of the corrective action to be taken by the authority; and

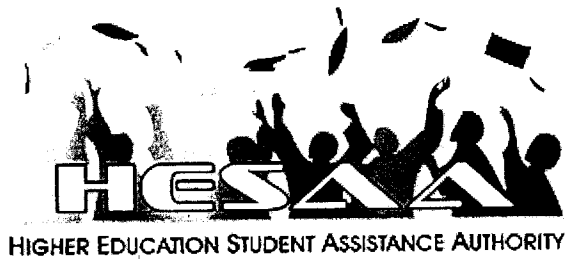
WHEREAS: The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2012 Annual Report in compliance with Executive Order 37.

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board approves the attached Higher Education Student Assistance Authority 2012 Annual Report; and be it further

RESOLVED: That the attached Higher Education Student Assistance Authority 2012 Annual Report shall be submitted to the Governor's Authorities Unit and posted on the HESAA website, hesaa.org.

July 24, 2013



The Authority on Financial Aid

2012 ANNUAL REPORT

HESAA's Mission

The Higher Education Student Assistance Authority (HESAA) is the only New Jersey State agency with the sole mission of providing students and families with financial and informational resources for students to pursue their education beyond high school. These include grants, scholarships, loans, loan redemption programs, a college savings plan and comprehensive outreach programs.

Board Members As of December 31, 2012

Executive Committee

Chairperson

Richard Garcia
Public Member

Rochelle Hendricks
Secretary of Higher Education
SECRETARY'S DESIGNEE
Gregg Edwards

Vice Chairperson

Christy Van Horn
Public Member

Dr. Jon Larson*
Representative
County Colleges

Secretary-Treasurer

Gabrielle Charette, Esq.
Executive Director
Ex-Officio (non-voting)

Julio Marenco
Representative
Educational Opportunity Fund
Ex Officio

Andrew P. Sidamon-Eristoff
State Treasurer
Ex-Officio
TREASURER'S DESIGNEE
Christopher McDonough

Elaine Papas-Varas
Representative
UMDNJ

Anthony Falcone
Public Member

Michele Petrucelli*
Chair
Student Advisory Committee
Ex-Officio

Dr. Harvey Kesselman
Representative
State Colleges and Universities

Ms. Jean McDonald Rash
Representative
Rutgers University

Members

Mr. James Allen
Public Member

David Reeth*
Vice Chair
Student Advisory Committee
Ex-Officio

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

Maria Torres
Public Member

George L. Garcia, Esq.
Public Member

*Member as of July 25, 2012

Message from HESAA's Executive Director

Periodically every organization needs to take a hard look at where it is and where it wants to be. In 2012 HESAA did just that through a series of strategic planning sessions. This effort has allowed HESAA to set a direction for the future and identify priority projects to be accomplished in the coming years. This ongoing initiative will allow HESAA to better serve New Jersey's students, families and higher education institutions.

While we devoted a considerable amount of time to planning in 2012, no one should think that planning was HESAA's exclusive accomplishment. On the contrary, we also implemented a number of initiatives and programs. For example in May of 2012 Governor Christie signed into law legislation making a number of changes to the NJ STARS and NJ STARS II programs. The most notable of the changes was the provision that allows NJ STARS II awards to be used at non-public institutions of higher education in New Jersey. HESAA hosted a training session for financial aid administrators at independent colleges and universities to introduce them to the NJ STARS II program and has been providing ongoing guidance to institutions and students regarding the programs' new parameters.

HESAA also implemented the new Governor's Urban Scholarship program created by Governor Christie in June of 2012. This program provides students who reside in 14 high need cities and who graduate in the top 5% of their high school class with a GPA of 3.0 or higher a \$1,000 scholarship. This annual award is renewable for up to four years of attendance. HESAA solicited the top 5% of the graduating class from all New Jersey high schools, notified eligible students of their ability to participate in the program and processed the awards of those who elected to accept the scholarship. While tackling new projects is important, it is equally important to know when partnering with another entity is a better option than going it alone. HESAA came to that conclusion with respect to the servicing of Direct Loans (DL) under the Federal Direct Loan program. HESAA entered into a partnership agreement with its sister state agency in Missouri, MOHELA, to service its guaranty agency allotment of 100,000 DL accounts. Given the federal landscape, the partnership has proved both fruitful and fortuitous.

Speaking of student loans, in 2012 the Nation continued to witness an increase in student indebtedness. This is an issue that is of great concern at HESAA. Due to a successful bond sale, HESAA was able to lower interest rates on two of its NJCLASS loan products. Our financial literacy and extensive outreach programs emphasize the importance of borrowing wisely and avoiding over-borrowing.

Last but certainly not least, in 2012 HESAA continued its core mission of administering the Tuition Aid Grant (TAG) program, the most generous need based student aid program in the nation. In 2012 HESAA awarded over \$330 million in TAG funds to over 80,000 students. TAG has instilled the notion throughout New Jersey that you need not be born to affluent or educated parents in order to achieve the dream of a higher education. HESAA could not be more proud of our core mission.

Sincerely,



Making Education Accessible and Affordable is One of HESAA's Proudest Missions

GRANTS

Still the Nation's premier and most generous need-based program, HESAA's Full-Time Tuition Aid Grant program (TAG), provided 72,540 awards totaling \$302,465,270 in FY 2012. HESAA's Part-Time Tuition Aid Grant program for County Colleges provided an additional 10,874 awards totaling \$8,237,525.

HESAA also supports the infrastructure used by the Office of the Secretary of Higher Education to administer the Educational Opportunity Fund (EOF) Program providing grants to approximately 13,042 students.

SCHOLARSHIPS

HESAA awarded over 7,600 merit-based scholarships in 2012, helping to keep the State's high achieving students in New Jersey through the Edward J. Bloustein Distinguished Scholar Award, Urban Scholar Programs, Governor's Urban Scholars, NJ STARS and NJ STARS II Programs.

COLLEGE SAVINGS PLAN

NJBEST provides families the opportunity to start an independent savings account for a child's college fund, and offers a scholarship for eligible savers who attend school in New Jersey. As of the end of FY2012, the NJBEST program had 212,484 accounts with over \$3.1 billion of assets under management.

STUDENT LOAN PROGRAMS

HESAA's NJCLASS program remained a model for similar State-based supplemental student loan programs and was once again one of the Nation's leading and lowest cost fixed-rate supplemental student loan programs. In Fiscal Year 2012, NJCLASS originated over 18,100 individual loans totaling almost \$258 million.

Grants and Scholarships Programs

TUITION AID GRANT (TAG)

Helping students who attend New Jersey institutions, TAG consistently ranks among the five most generous grant programs in the nation, based upon award values.

- FY 2012 AWARDS: 72,540 students totaling \$302,465,270

PART-TIME TUITION AID GRANT (TAG) FOR COUNTY COLLEGE STUDENTS

Students enrolled for between 6 and 11 credits in a degree or certificate program at any of New Jersey's 19 county colleges may be eligible for these awards.

- FY 2012 AWARDS: 10,876 students totaling \$8,237,525

EDUCATIONAL OPPORTUNITY FUND GRANTS (EOF)

This program provides financial assistance and educational support services to low-income New Jersey undergraduate and graduate students.

- FY 2012 AWARDS: 13,042 students in totaling slightly over \$16,000,000

EDWARD J. BLOUSTEIN DISTINGUISHED SCHOLAR AWARD

This four-year renewable scholarship recognizes the exceptional academic performance of New Jersey's high school students. The award is based upon a student's high school class rank and SAT scores. This program is being phased out and was only available to renewal students in FY 2012.

- FY 2012 AWARDS: 2,644 students totaling \$2,376,916

URBAN SCHOLAR AWARD

Based on class rank and high school GPA, this renewable scholarship is designed to support students from the State's urban and economically distressed areas. This program in its previous incarnation is being phased out and was only available to renewal students in FY 2012. The new Governor's Urban Scholarship is replacing this program.

- FY 2012 AWARDS: 1,087 students totaling \$934,774

JOHN R. JUSTICE LOAN REDEMPTION GRANT

This second year federal pilot program provides partial loan redemption of student loan debt for eligible prosecutors and public defenders who commit to continued service in their public offices.

- FY 2012 AWARDS: 30 recipients totaling over \$100,000

STUDENT TUITION ASSISTANCE REWARD SCHOLARSHIP (NJ STARS)

New Jersey students who graduate in the top 15% of their high school class are potentially eligible for this program, which statutorily covers county college tuition and fees for up to 18 credits per semester, for up to 5 semesters. The Fiscal Year 2012 budgetary footnote language limited the award to county college tuition.

- FY 2012 AWARDS: 2,072 students totaling \$5,283,556

NJ STARS II

NJ STARS II recipients are NJ STARS eligible students who graduated from a community college with a GPA of 3.25 or higher.

- FY 2012 AWARDS: 1,754 students totaling \$4,711,906

GOVERNOR'S URBAN SCHOLARSHIP PROGRAM

A merit based award of up to \$1000 annually for students ranked within the top five (5) percent of their high school class and have a minimum 3.0 GPA at the end of their junior year who reside in one of the following high need communities:

- Asbury Park
 - City of Camden
 - Irvington
 - East Orange
 - Jersey City
 - Millville
 - Plainfield
 - Lakewood Township
 - Newark
 - New Brunswick
 - Paterson
 - Roselle
 - City of Trenton
 - Vineland
- CY 2012 AWARDS: 230 students totaling \$220,000

Loans & Outreach

FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

As one of the original guaranty agencies in the Federal Family Education Loan Program, HESAA worked on behalf of the federal government to provide guarantees for federal student loans. Between 2000 and 2010, HESAA paid federal default fees on behalf of FFELP borrowers, saving those students well over \$39 million which would have otherwise been charged on student loans.

As of July 1, 2010, the FFELP program was largely abolished, with no new loans originated; however, HESAA continues to earn revenues as guarantor for its very large portfolio of FFELP loans which were made prior to July 1, 2010. The abolition of the FFELP program provided the Authority with a new landscape of opportunities; and in 2011, HESAA began to take advantage of those possibilities. Following HESAA's acceptance by the United States Department of Education as an eligible not-for-profit servicer, the Authority partnered with the Missouri Higher Education Loan Authority (MOHELA) as a servicer of 100,000 federal Direct Loans. Servicing fees on those loans both offset further reductions in FFELP guarantor revenues and provide additional support for other critical HESAA programs. HESAA continues to evaluate additional opportunities to participate in USDE sponsored programs and looks forward to pursuing those opportunities which align with HESAA's mission while strengthening revenue.

NJ COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS)

HESAA recognizes that many students and families often need help in closing the gap between financial aid and college costs and is proud to assist those families by providing the NJCLASS loan. Available to New Jersey residents as well as out of state students who attend school in New Jersey,

NJCLASS offers one of the most affordable fixed-rate supplemental loans in the entire nation. In 2012 HESAA was once again the Nation's top not-for-profit issuer of supplemental student loans.

HESAA.ORG WEBSITE

The HESAA.org website provides timely, reliable, and valuable information that students, parents and financial aid professionals can access at their convenience. In addition to comprehensive program information and important details and FAQs regarding filing and dates and instructions, HESAA's NJCLASS borrowers can now process loan payments on line.

MAPPING-YOUR-FUTURE.ORG

Information on selecting a school, planning for college, and paying for college can be found at this award-winning website, co-sponsored by HESAA. The site schedules forums to answer questions for students and their families.

R.E.A.L. SUCCESS

HESAA offers a Repayment Education About Loans (R.E.A.L.) Success program that educates students about the importance of repaying their student loans, managing delinquencies and controlling defaults.

The program is comprised of six components and includes Real Money 101 – a curriculum designed to promote awareness about the importance of building sound money and debt management skills – and Cohort e-manager, which allows schools to manage delinquencies and reduce defaults.

HESAA's Contributions towards Advancing the Economic Growth Strategy of the State of New Jersey

In 2012 HESAA continued its proud and long-standing tradition of promoting the State's overarching economic growth strategy by assisting in the continuing development of a well-educated, world-class workforce in the state of New Jersey. In that regard, HESAA was again at the forefront of the State's critical initiatives by continuing to assist the State's students in obtaining a higher education which remains essential for competing in regional and global economies. As a direct result of services and expertise provided by the dedicated and professional HESAA staff, more New Jersey students and families than ever before were provided with the information and resources to access and afford higher education. The overwhelming majority of New Jersey's high school graduates remain intent on continuing their postsecondary education; and, in 2012, HESAA assisted a great number of those students by providing many critical products and services including, grant and scholarship funds, loan redemptions, low cost private student loans, student loan servicing and student outreach. HESAA continues to recognize the importance of identifying and serving those populations where postsecondary education participation rates are low, and in 2012 HESAA's client services staff increased the number of student outreach presentations available to those communities in an ongoing effort to provide those families and students with information and advice on how to achieve their goals of attaining postsecondary education.

In fiscal year 2012, the Authority provided almost \$258 million in NJCLASS loans to 18,158 borrowers. In addition, HESAA processed well over 500,000 grant applications and awarded a total of \$310,703,795 in Full-Time and Part-Time TAG funds to New Jersey students in fiscal year 2012. The combined grant and loan dollars administered by HESAA assist students as they advance their goals of achieving education beyond high school and also advance the State's interests in maintaining and growing a highly educated and highly skilled work force. Given the continued challenges presented by the difficult economic landscape in 2012, greater retention of New Jersey's highly educated and highly skilled workforce remains that much more critical in further promoting the State's economic interests to attract and retain business in the State.

In the aftermath of Hurricane Sandy, HESAA extended TAG and EOF filing deadlines for students. HESAA also extended loan forbearance to Sandy impacted borrowers.

Retention of the State's best and brightest students was once more promoted by the Authority's administration of the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) and New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Programs. These programs provide tuition for qualifying students for up to 18 credits per semester for attendance at the resident county college (NJ STARS) and provide funds for each semester for qualifying students who transfer from a county college to any TAG eligible 4 year school in the State (NJ STARS II). Together with the additional grant and scholarship programs administered by HESAA, these programs promote the State's economic priority of the continued development of a world-class, highly educated work force.

The most recently published statistics from the United States Bureau of Labor Statistics, the principle Federal agency responsible for measuring labor market activity, reveal annual compensation figures based upon attained educational degrees as follows:

- High School Diploma \$33,904
- Bachelor Degree \$55,432
- Professional Degree \$90,220

Increased annual salaries result in increased income tax revenues, thereby advancing the State's economic growth. More recently published data establishes positive trends regarding employment for those who continue on to postsecondary education. Specifically, the number of college-educated workers has increased almost every year. Over the period from 1992 to 2009, the number of college-educated workers increased from 27 million to 44 million. In contrast, the number of employed individuals with only a high school diploma or without a high school diploma has remained steady or decreased. A detailed look at unemployment rates by educational attainment for 2011 reveals the following:

- Professional Degree 2.1%
- Master's Degree 3.5%
- Bachelor's Degree 4.5%
- Associate Degree 6.2%
- Some College (no degree) 7.7%
- High School Diploma 8.3%
- Less than a High School Diploma 12.4%

Despite the challenging employment landscape these statistics continue to show the tremendous advantage gained by continuing on to postsecondary education but, the entire picture cannot be summed up in raw numbers. According to the College Board, a national research and advocacy organization devoted to post-secondary preparation and success, students who attend institutions of higher education obtain a wide range of personal, financial, and other lifelong benefits. In addition, taxpayers and society as a whole derive a multitude of direct and indirect benefits when citizens have access to postsecondary education. Accordingly, an uneven rate of participation in higher education across different segments of society is a matter of urgent concern not only to the individuals directly affected, but also to public policymakers in New Jersey and at the federal level. College graduates contribute to vastly increased tax revenues and rely significantly less on government support programs. Moreover, college graduates are more likely than non-graduates to receive health insurance and pension benefits from their employers and also tend to lead healthier lifestyles, reducing overall healthcare costs to themselves and to society. College-educated parents engage in more educational activities with their children which helps prepare them for academic success, resulting in enhanced postsecondary educational opportunities for future generations.

Again in 2012, through the administration of its programs, HESAA was proud to assist a greater number of New Jersey's students in attaining their goals of higher education. These same programs further promote the State's interest in attracting new businesses, including new technology and high technology businesses, by providing a more highly trained and better educated work force.

The Authority's continued administration of various loan redemption programs also continued in 2012. Each of these valuable programs advanced the State's interests by strengthening critical infrastructure needs in New Jersey's underserved communities and professions. In 2012 HESAA continued to administer the John R. Justice Loan Redemption Grant Program which, by redeeming a portion of eligible recipients' student loan debt, provided incentives for current prosecutors and public defenders in New Jersey to remain in their important offices, thereby strengthening the pool of experienced attorneys in each office. The Authority also continued its administration of the Social Services Student Loan Redemption Program (SSSLRP) confirm phase-out figures which provided incentives for college graduates to work in the social services field with public or non-profit social service agencies. The program is designed to address the current and projected shortage of social service direct care professionals in the State of New Jersey, and to ensure the provision of quality services to persons in need, including persons with mental illness, developmental and other disabilities. The Social Services Student Loan Redemption program provided loan redemption to recent college graduates who were hired as full-time direct care professionals at eligible social service agencies. Eligible participants received \$5000 per year of full-time qualified service for up to four years with a \$20,000.00 maximum redemption. This program was not available to new participants in 2012.

In addition, the Authority again administered the Teaching Fellows Program which recognizes New Jersey's shortage of teachers who instruct students in the critical need areas of mathematics, science, foreign language, and special education. Additionally, the Program recognizes the difficulty that certain New Jersey school districts have in acquiring and retaining talented teachers. In 2012, the Teaching Fellows Program addressed these issues by rewarding those teaching in selected school districts in New Jersey with student loan redemption. Finally, the Authority again administered the Primary Care Physician and Dentist Loan Redemption Program and the Nursing Faculty Loan Redemption Program in 2012. The Primary Care program promotes access to primary care services in medically underserved areas of the State by improving the distribution of primary care health providers, including physicians, dentists, physician assistants and certified nurse practitioners and certified nurse midwives, by redeeming eligible student loan expenses of providers in exchange for specified periods of service in medically underserved areas. The program provides up to \$120,000 in student loan redemption for two to four years of service as a primary care provider in areas of medicine defined by the Commissioner of Health and Senior Services or the U.S. Department of Health and Human Services in areas identified by the Commissioner of Health and Senior Services as experiencing a health professional shortage. HESAA has always been proud of its role in helping to support and strengthen New Jersey's underserved communities by administering these loan redemption programs.

The Nursing Faculty Loan Redemption program addresses shortages of nursing faculty in the state by providing student loan redemption for full-time faculty employment at New Jersey schools of nursing. The program provides up to \$50,000 in student loan redemption for over a five year period.

HESAA's Contribution in Furtherance of the State's Priority of Promoting Fiscal Responsibility

HESAA is entirely self-supported by its own revenue and received no operating aid from the State. HESAA's non-State revenue supports the administration of State and Federal student aid programs including TAG, financial aid training, outreach programs, and provides direct borrower benefits to New Jersey students without a State appropriation for administration.

Once again HESAA's continued participation in the State's comprehensive annual internal control management and evaluation program as determined by the New Jersey Treasurer's Office of Management and Budget (OMB) process revealed no weaknesses in the Authority's internal control environment. Moreover, HESAA complies with all State-mandated procurement and financial control directives. HESAA's accounts are on the Treasury's cash management system and the Authority's off-line accounts are audited by an independent public accounting firm. No findings were issued by the Authority's independent auditors, Clifton Larson Allen, LLP.

HESAA is proud to remain an integral part of assuring that New Jersey continues to grow and improve an ever expanding, highly educated, highly competitive workforce.

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

	June 30,	
	2012	2011
Assets		
Cash and Cash Equivalents	\$ 534,574,794	\$ 201,949,351
Investments	3,190,329,353	3,121,094,202
Receivables		
Federal Government	11,232,681	14,027,173
Loans	2,105,375,024	2,017,897,701
Other	60,415,514	56,839,927
Fixed Assets, Net	579,538	555,382
Other Assets		
Due from Intergovernmental Agencies	5,828,456	1,458,260
Deferred Charges	16,574,020	17,384,660
Total Assets	\$ 5,924,909,380	\$ 5,431,206,656
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued expenses	\$ 96,418,112	\$ 46,196,336
Due to federal government	6,927,384	7,204,845
Revenue bonds payable	2,493,510,000	2,102,026,306
Total Liabilities	2,596,855,496	2,155,427,487
Fund Balances		
Reserved for Loan Servicing	162,844,909	181,903,064
Restricted	3,165,208,975	3,093,876,105
Total Fund Balances	3,328,053,884	3,275,779,169
Total Liabilities and Fund Balances	\$ 5,924,909,380	\$ 5,431,206,656

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

	<u>Year ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Revenues		
Appropriations	\$ 311,925,768	\$ 348,518,751
Federal and other grants	63,253,395	88,802,421
Fees	175,215,779	169,644,553
Investment earnings	67,624,084	486,703,730
Other	<u>858,464,401</u>	<u>763,562,104</u>
Total Revenues	1,476,483,427	1,857,231,559
Expenditures		
Direct Grant Aid to Students	326,412,566	313,538,322
Program expenses	941,719,857	709,799,299
Administrative expenses	27,535,291	20,890,282
Debt service interest	<u>107,246,665</u>	<u>99,694,138</u>
Total Expenditures	1,402,914,379	1,143,922,041
Excess of Revenues over Expenditures	73,569,048	713,309,518
Less:		
Year-end Lapsed Funds	(3,976,799)	(11,090,148)
Net Assets - Beginning of Year	<u>3,258,461,635</u>	<u>2,573,559,799</u>
Net Assets - End of Year	<u>\$ 3,328,053,884</u>	<u>\$ 3,275,779,169</u>

Certification of Compliance with Executive Order 37

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

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

By: _____

Gabrielle Charette, Esq.
Executive Director

By: _____

Eugene Hutchins
Chief Financial Officer



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

4 QUAKERBRIDGE PLAZA

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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: Anthony Falcone *A.F.*
Board Budget Committee

SUBJECT: Resolution 14:13 Approving HESAA's FY 2014 Administrative and Capital Budgets

DATE: July 24, 2013

As part of HESAA's annual budget process to ensure the Board's oversight of the programmatic and administrative activities of the Authority, on June 25, 2013 staff presented the FY 2014 administrative and capital budgets to the Board Budget Committee for its review and approval. On July 9, 2013 the Executive Director provided the Committee with a revised schedule of planned capital expenditures. The Budget Committee approved the budgets as revised 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 2014 HESAA revenues 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. HESAA administrative revenues projected for FY 2014 total \$31.7 million, an increase of \$0.8 million or 2.5% above FY 2013 levels, as detailed in the attached Schedule I. These revenues are broken down as follows:

Federal Student Loan Program Administration – HESAA is projected to earn \$13.5 million under its Guaranty Agency Agreements with the federal government, a decrease of \$0.3 million from FY 2013. This includes revenue

earned from the collection of defaulted student loans, the rehabilitation of previously defaulted loans, the maintenance of existing loan guarantees, and the prevention of loans from going into default. The revenue stream also includes \$400,000 in College Access Challenge Grant funding as part of joint efforts with the Secretary of Higher Education's Office. The major decreases in the projected revenues result from a reduction in the number of defaulted borrowers qualifying to rehabilitate their loans combined with a decreasing portfolio balance.

NJCLASS Program Administration – HESAA anticipates earning \$14.6 million for the origination and servicing of NJCLASS loans, an increase of \$1.0 million from FY 2013. HESAA retains 1% of the 3% origination fee charged to borrowers with the other 2% deposited to a Default Reserve within the NJCLASS Bond Trust Estates. HESAA also earns a servicing fee and administrative fee from the Bond Trust Estate which is paid from the spread between the cost of capital and the loan rate, as required by the rating agencies for all tax-exempt structured finance bonds. HESAA also retains revenue from the recovery of NJCLASS loans that have defaulted. NJCLASS revenue is increasing due to an increase of administrative fees on loans from the new bond fund to 50 basis points from 10 basis points, an increase in the size of the portfolio, as well as increased recoveries from NJCLASS defaulted loans. Revenue increases are partially offset by reduced servicing fees due to an anticipated reduction in the number of new NJCLASS loans.

NJBEST Administration – NJBEST revenue for FY 2014 is projected to total \$3.6 million from fees and interest earnings related to the NJBEST trust for oversight of the program. This amount is reduced by \$0.6 million set aside for future NJBEST scholarship obligations resulting in net revenues available for administration of \$3.0 million.

Expenditure and Capital Budgets

Operating Expenditures – HESAA's administrative expenditure budget for FY 2014 totals \$29.97 million, which is an increase of \$1.2 million, or 4.2%, from the FY 2013 final budget, as detailed in the attached Schedule I. Increases in fringe benefits costs and contractual salary increases of \$0.9 million account for 75% of the total increase, while discretionary spending for all other costs are increasing by \$0.3 million or 1.05%. The budget funds 163 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. It should be noted that once again the FY 2014 budget contains no salary increases for HESAA employees other than \$0.1 million in incremental increases mandated under existing collective bargaining agreements. During FY 2013 we had 5 retirements and resignations which have been refilled at lower salary levels with the approval of the Governor's office.

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:

- Increase of 7.4% in the fringe benefit composite rate charged by the State results in an increase of \$0.8 million or a 19.7% over FY 2013.
- Additional Temporary Personnel of \$0.2 million will give the agency the ability to meet peak program demands and train replacements for critical vacancies due to pending retirements of key personnel.
- The replacement of outdated equipment and vehicles will provide savings of \$0.1 million in reduced maintenance parts and labor. (See attached Schedule I.)

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 Act (FISMA) compliance. The capital fund has been funded via budgeted transfers of federal Guaranty Agency Operating Fund balances over the years and is restricted by the federal Higher Education Act to expenditures associated with the delivery of student financial aid. This fund has a projected opening balance of \$8.3 million as of July 1, 2013. The major expenditures for next year include retiring six vehicles from the HESAA motor pool and only replacing three of them for an overall pool reduction, upgrades to telecommunications and network capacities, improved disaster recovery capability through direct backup of the federal data center systems to the secure disaster recovery site, upgrades to the mainframe software, hardware, and internal networks software procurements and security system enhancements necessary to meet FISMA requirements. Another major investment will be made in imaging software that improves customer service, reduces paper and storage costs and supports the initiation of electronic bill presentment for HESAA’s borrowers. 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. The expenditure budget for the capital fund is \$1.90 million, an increase of \$37K, 2% over the FY 2013 budget as detailed in attached Schedule II.

Summary

FY 2014 administrative revenues of \$31.7 million will exceed budgeted expenditures of \$29.4 million by \$2.3 million. HESAA has continued to contain administrative costs wherever possible and these reserves will be available for additional investments in HESAA’s infrastructure in support of federal contracts that will result in better service to constituents and continued improvements to staff productivity. The Board Budget Committee recommends that the Board approve Resolution 14:13 Approving HESAA’s FY 2014 Administrative and Capital Budgets.

Attachments

RESOLUTION 14:13

APPROVING HESAA's FY 2014 ADMINISTRATIVE AND CAPITAL BUDGETS

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

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 2014 administrative and capital budgets to the Board for its review and approval; and

WHEREAS: On June 25, 2013 the Board's Budget Committee met with staff to review and approve the FY 2014 administrative and capital budgets; and

WHEREAS: The Board Budget Committee approved the FY 2014 administrative and capital budgets as revised on July 9, 2013 for consideration by the full Board.

NOW THEREFORE, LET IT BE:

RESOLVED: That the Board hereby approves the FY 2014 administrative and capital budgets as advanced by the Budget Committee and described in the attachment to this resolution.

July 24, 2013

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Appropriated Administrative Revenues FY 2013-2014
(\$000)

	FY 2012 Final	FY 2013 Budget	FY 2014 Budget	\$ Increase (Decrease) From FY 2013	% Increase Decrease From FY 2013 Final
<u>Federal Student Loan Program Administration:</u>					
Net Retained Collections	5,464	5,295	5,365	\$69	1.3%
Proceeds from Sale of Rehabilitated Loans	3,822	4,298	4,285	(\$13)	-0.3%
Account Maintenance Fee	1,637	1,626	1,456	(\$170)	-10.4%
Loan Processing and Issuance Fee	0	0	0	\$0	0.0%
Default Aversion Fee	384	204	75	(\$129)	-63.3%
MOHELA	1,343	1,722	1,722	\$0	100.0%
Interest Earnings	44	33	24	(\$9)	-26.7%
Secondary Market Administrative Fees	274	263	175	(\$88)	-33.4%
Reimbursement of Default Fee to FSLR	14				
Council for Economic Education Grant	3	0	0	\$0	0.0%
College Access Challenge Grant	353	400	400	\$0	0.0%
Total Federal Student Loan Program Administration	\$13,337	\$13,842	\$13,502	(\$339)	-2.5%
<u>NJCLASS</u>					
Application Fees	2,592	2,370	2,819	\$449	18.9%
Servicing Fees	6,412	7,090	7,080	(\$11)	-0.2%
Administrative Fees	1,972	2,036	2,456	\$421	20.7%
Net Collection Revenue	1,539	2,030	2,253	\$223	11.0%
Interest Earnings	3	7	3	(\$4)	-59.9%
Total NJCLASS Program Administration	\$12,518	\$13,533	\$14,610	\$1,077	8.0%
<u>NJBEST:</u>					
Fee Income From Provider	3,757	3,980	4,121	\$141	3.5%
Interest Earnings	24	36	10	(\$27)	-73.8%
Scholarship Awards	(370)	(475)	(560)	(\$85)	17.9%
Total NJBEST Program Administration	\$3,412	\$3,541	\$3,570	\$29	0.8%
Total All Funds	\$29,266	\$30,916	\$31,683	\$767	2.5%
<u>FY 2014 HESAA Program Administrative Budgets</u>					
Salary and Wages	10,520	11,163	11,282	\$118	1.1%
Employee Benefits	3,877	4,243	5,078	\$835	19.7%
Materials/Supplies	255	458	578	\$120	26.2%
Services Other Than Personnel	13,589	10,681	10,871	\$190	1.8%
Maintenance and Fixed Charges	1,158	1,436	1,299	(\$137)	-9.5%
Special Purpose/Indirect Cost	223	236	210	(\$27)	-11.2%
Additions, Improvement and Equipment			\$89	\$89	100.0%
Total Program Administrative Expenditures	\$29,622	\$28,218	\$29,407	\$1,189	4.2%
Net Revenue Over/(Under) Expenditures	(356)	2,698	2,276	(423)	-15.7%

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
SFY 2013 AND SFY 2014 BUDGETS**

	FY 13 Budget	FY 13 Spend	FY14 Budget
Opening Balance, 7/1/12	\$8,937,743	\$8,937,743	\$8,258,865
Transfers to Capital Fund, FY 2013	\$0	\$404,224	
Cancellations of Prior Years Encumbrances	\$0	\$0	
Total Capital Fund Available, FY 2013	\$8,937,743	\$9,341,967	\$8,258,865
Total Purchases and Encumbrances From Capital Fund (See Below)	\$1,893,872	1,083,101.68	\$1,931,749
Ending Balance, 6/30/13	<u>\$7,043,871</u>	<u>\$8,258,865</u>	<u>\$6,327,116</u>

Capital Fund Purchases:

Avaya Interactive Voice Response (New Stations) Avaya System upgrade	\$15,000 *		\$246,780
New Network Infrastructure Equipment (Chassis Based)	\$20,000	\$20,477	\$20,000
Computer Room Air Study - appropriated for New Airconditioner	\$25,000 *		
Replacement of a string of thirty batteries in Liebert 50 KVA UPS	\$7,500	\$7,166	
Secure2Disk Backup and Recovery Services	\$25,000 *		
Facilities FISMA			
Bld 4 construction	\$100,000	\$100,000	
Mail room Integrity equipment	\$44,834	\$0	
ADT Building Security, CCTV	\$112,100 *		
Secure Shredding	\$2,500	\$0	
Periodic replacement of Network switches, routers, etc.	\$10,000	\$9,935	\$10,000
Replacement computers, scanners and printers	\$14,000	\$12,452	\$10,000
Web Security Infrastructure Load Balancer	\$10,000	\$9,775	
Replacement furniture	\$13,070	\$11,863	\$10,000
New Projector for Presentations and a new Printer that hooks up to lap top for Management Reviews (CCO)	\$2,000		\$2,000
Miscellaneous Hardware (IS)	\$10,000	\$9,561	\$20,000
Presentation equipment supplies	\$4,000 *		
FISMA - FSA Findings Responses			
Central Logging Software - appropriated for New Airconditioner	40,000.00 *		
Data Masking Software	30,000.00 *		
Web Application Program code auditing software	30,000.00 *		

Proposed FISMA Software Procurements

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
CAPITAL FUND
SFY 2013 AND SFY 2014 BUDGETS**

	<u>FY 13 Budget</u>	<u>FY 13 Spend</u>	<u>FY14 Budget</u>
Patch Management KACE Software - Balance appropriated for New Airconditioner	30,000.00	20,634.00	
Network Filtering Software	10,000.00	8,961.50	
Email Software Upgrade & Archival System	32,000.00 *		\$18,000
VPN Software	20,000.00	17,348.00	
LoJack Remote Tracking Software	10,000.00		
Imaging System	145,000.00		
Imaging System and Electronic Bill Presentment			\$658,883
Change Management /Configuration Software	25,000.00 *		
Virtual Tape System			\$90,000
AFX Migration and Installation	\$20,000		
Tivoli Access Manager (TIM and TAM)	\$90,000		
WebSphere Migration Assistance	\$25,000		
WebSphere Upgrade			\$150,000
Treasury - Imaging Database Development and Storage	\$125,000		\$0
Z/os Upgrade Assistance (1.9 to 1.14) including the associated (required) upgrading of the ISV software products	\$350,000	\$350,000	
Supplemental approval 12/17/2012 - Migration of IBM Processors	\$57,072	\$57,072	
Supplemental approval 12/17/2012 - Enterprise Server Hardware 60 mo	\$241,246	\$24,125	\$48,249
Supplemental approval 12/17/2012 - Storage Solution Subsystem 60 mo	\$124,184	\$12,422	\$24,837
Supplemental approval 12/17/2012 - New Airconditioner	\$74,366	\$73,211	
	<u>\$1,893,872</u>	<u>745,001.68</u>	<u>\$1,308,749</u>
PC Replacements			\$300,000
e-Sign upgrade			\$225,000
Web service load balancer			\$10,000
Three new cars			\$65,000
Envelope Opener			\$5,000
Postage Machine			\$18,000
Total FY 2014 Budget			<u><u>\$1,931,749</u></u>

* FY 2013 Capital Fund authorizations in planning phase and encumbered for completion in FY 2014.



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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, Esquire 
Executive Director

FROM: André Maglione 
Acting Director, Client Services

SUBJECT: Resolution 15:13- Approving the Procurement of Interactive Online Loan Delinquency Aversion Counseling Program

DATE: July 24, 2013

Background

The Office of the Secretary of Higher Education administers the Federal College Access Challenge Grant (CACG) in partnership with Higher Education Student Assistance Authority (HESAA). The purpose of the College Access Challenge Grant Program (CACGP) is to foster partnerships among federal, state, and local governments and philanthropic organizations through challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. HESAA is charged with promoting financial awareness and outreach.

One of HESAA's programmatic responsibilities is to provide students and parents/guardians with individualized financial aid information and assistance. One of the tools HESAA agreed to use to provide this assistance is an interactive on-line loan delinquency aversion counseling program. As such, on May 23, 2013, HESAA issued a Request for Proposals (RFP) to procure an interactive on-line loan delinquency aversion counseling program. The term of the contract will be for one year.

HESAA mailed the RFP to three companies known to offer the financial literacy programs, 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 two companies, but only one was deemed responsive. As such, HESAA's Acting Director of Client Services and Director of Communications reviewed the responsive proposal and determined that the company, Aspire Resources, Inc., a wholly owned subsidiary of Iowa Student Loan, could meet HESAA's needs at a fair price.

The program proposed by Aspire, Student Loan Game Plan, is an interactive software tool that assists in reducing student loan overall indebtedness, reducing delinquency and reducing default by educating applicants and cosigners about responsible borrowing decisions. Student Loan Game Plan helps students understand ways to borrow less, and set the foundation for a financially responsible future.

The initial set up fee for this program is \$1,500 and the annual licensing and maintenance fees for the three available models are: \$20,000 for the borrower version, \$5,000 for the high school version and \$5,000 for the soon to be available co-signer version. Upon the Board's approval HESAA will be licensing the borrower and cosigner modules.

Recommendation

It is recommended that the Board approve Resolution 15:13 Approving the Procurement of an Interactive Online Loan Delinquency Aversion Counseling Program from Aspire Resources, Inc. 6775 Vista Drive, West Des Moines, Iowa 50266 at a cost of \$1,500 for initial set up and \$25,000 for annual licensing fees.

Attachment

Resolution 15:13

RESOLUTION 15:13

**APPROVING PROCUREMENT OF INTERACTIVE ONLINE LOAN DELINQUENCY
AVERSION COUNSELING PROGRAM**

Moved by: Mr. James Allen
Seconded by: Ms. Christy Van Horn

WHEREAS: The Higher Education Student Assistance Authority (HESAA) in partnership with the Office of the Secretary of Higher Education administers the Federal College Access Challenge Grant (CACG); and

WHEREAS: HESAA is charged with promoting financial awareness and outreach; and

WHEREAS: One of the tools HESAA agreed to use to provide this assistance is an interactive on-line loan delinquency aversion counseling program; and

WHEREAS: May 23, 2013, HESAA issued a Request for Proposals (RFP) to procure an interactive on-line loan delinquency aversion counseling program; and

WHEREAS: HESAA's Acting Director of Client Services and Director of Communications reviewed the one responsive proposal and determined that the firm could meet HESAA's needs at a fair price.

NOW, THEREFORE, LET IT BE:

RESOLVED: The Board approves the procurement of the Student Loan Game Plan from financial literacy software from Aspire Resources, Inc. 6775 Vista Drive, West Des Moines, Iowa 50266 at a cost of \$1,500 for initial set up and \$25,000 for annual licensing fees.

July 24, 2013



State of New Jersey

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CHRIS CHRISTIE
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KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esquire
Executive Director 

FROM: Ron Castor
Project Coordinator 

SUBJECT: Resolution 16:13- Approving the Appointment of a Computer Equipment Maintenance Vendor

DATE: July 24, 2013

Background

The Higher Education Student Assistance Authority (HESAA) has maintained a data center with various types and models of computer equipment since 1984. Although much of the equipment has been updated throughout the years, HESAA continues to utilize older equipment as well. In order to ensure that the older equipment remains serviceable, HESAA contracts with an outside vendor for regular service and maintenance.

On June 7, 2013 HESAA issued a Request for Proposals (RFP) for computer equipment maintenance vendors for a three year term with two possible one year extensions. HESAA mailed the RFP to seven companies known to provide the required 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 Signature Technology Group Inc. HESAA's Project Coordinator and Acting Chief Information Officer reviewed the proposal and determined that Signature Technology Group could meet HESAA's needs at a fair price. Additionally, Signature Technology Group is under State Contract for similar services for other types of computer equipment. The total price for services is based on the list of equipment HESAA provided in the RFP. HESAA reserved the right to add or remove computer equipment from the list which may change the total cost of the contract.

Recommendation

It is recommended that the Board approve Resolution 16:13 Approving the Appointment of Signature Technology Group, Inc., 2424 West Desert Cove Ave., Phoenix, AZ 85029 as HESAA's Computer Maintenance Vendor for an initial three-year term with two optional one year extensions. The initial three year cost for this contract is \$99,892.80 which is subject to fluctuate based on HESAA staff adding or deleting pieces of equipment to the maintenance list.

Attachment

Resolution 16:13

RESOLUTION 16:13

APPROVING THE APPOINTMENT OF A COMPUTER MAINTENANCE VENDOR

Moved by: Ms. Christy Van Horn
Seconded by: Ms. Jean McDonald Rash

WHEREAS: The Higher Education Student Assistance Authority (HESAA) has maintained a data center with various types and models of computer equipment since 1984; and

WHEREAS: In order to ensure that older equipment remains serviceable, HESAA contracts with an outside vendor for regular service and maintenance; and

WHEREAS: One of the tools HESAA agreed to use to provide this assistance is an interactive on-line loan delinquency aversion counseling program; and

WHEREAS: On June 7, 2013 HESAA issued a Request for Proposals (RFP) for computer equipment maintenance vendors for a three year term with two possible one year extensions; and

WHEREAS: HESAA's Project Coordinator and Acting Chief Information Officer reviewed the proposal and determined that Signature Technology Group could meet HESAA's needs at a fair price.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the appointment of Signature Technology Group, Inc., 2424 West Desert Cove Ave., Phoenix, AZ 85029 as HESAA's Computer Maintenance Vendor for an initial three-year term with two optional one year extensions; and be it further

RESOLVED: That the Board approves an initial three year cost for this contract of \$99,892.80, subject to fluctuation based on HESAA staff adding or deleting pieces of equipment to the maintenance list.

July 24, 2013



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CHRIS CHRISTIE
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KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esquire
Executive Director 

FROM: Joel S. Mayer, Esquire, CCEP
Chief Compliance Officer 

SUBJECT: Resolution 17:13 Approving Procurement of IBM DataCap and Content Manager
On Demand Imaging and Electronic Bill Presentment Software

DATE: July 24, 2013

Background

The Higher Education Student Assistance Authority (HESAA) is seeking to purchase components of IBM's Enterprise Content Management Suite as part of a comprehensive imaging (IBM DataCap) and electronic bill presentment (IBM Content Manager On Demand) software solution to significantly enhance and support HESAA's current business applications, staff efficiency and customer service. Purchase of this software solution also provides the infrastructure necessary to achieve Federal Information Security Management Act (FISMA) compliance by sharply reducing the Authority's reliance on paper-based processes.

The current paper-based filing and archiving system regularly requires staff to physically retrieve documents from multiple locations, often requiring certain documents to be retrieved from off-site storage. That process is very inefficient, often preventing borrower questions from being answered in a timely manner and contributing to increased call times, wait times, and volume. The IBM DataCap solution will allow staff to instantly retrieve digital images of entire borrower files across the Authority to greatly enhance efficiency and customer service while significantly reducing storage and other costs.

The IBM Content Manager On Demand software solution will allow the Authority to, over time, virtually eliminate the need to print and mail NJCLASS loan statements to borrowers by providing on line bill presentment. Cost savings realized through reductions in paper usage,

printing, and mailing costs will, over time, exceed the combined cost of the software, licenses, and associated professional services.

Pursuant to N.J.S.A. 18A:71A-10 d., HESAA, without advertising for bids, may purchase materials, supplies or equipment pursuant to a contract entered into on behalf of the State.

IBM DataCap and Content Manager On Demand software and licenses for Phase I are available for purchase pursuant to NJ State Contract number 77560 at the total cost of \$658,883 including professional services. HESAA will be able to finance the license component of which \$101,800 will be over a period of five years at an interest rate not to exceed 3.13%. HESAA's capital budget has sufficient funds reserved to cover this year's expense.

Recommendation

It is recommended that the Board approve Resolution 17:13 Approving the Procurement of the IBM DataCap and Content Manager On Demand imaging and electronic bill presentment software and professional services pursuant to State contract for a total cost of \$658,883, of which, \$101,800 to be financed over five years at an interest rate not to exceed 3.13%.

Attachment

RESOLUTION 17:13

APPROVING PROCUREMENT OF IBM DATACAP AND CONTENT MANAGER ON DEMAND IMAGING AND ELECTRONIC BILL PRESENTMENT SOFTWARE

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

WHEREAS: The Higher Education Student Assistance Authority (HESAA) is seeking to procure specific software components of an enterprise content management imaging and electronic bill presentment, known as IBM's DataCap and Content Manager On Demand solution to enhance and support HESAA's current business applications, staff efficiency, and customer service; and

WHEREAS: Procurement of this software solution also provides infrastructure necessary to continue moving toward Federal Information Security Management Act (FISMA) compliance by significantly reducing the Authority's current reliance upon paper-based processes; and

WHEREAS: Pursuant to N.J.S.A. 18A:71A-10 d., HESAA, without advertising for bids, may purchase materials, supplies or equipment pursuant to a contract entered into on behalf of the State; and

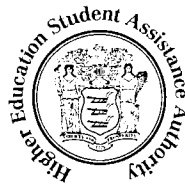
WHEREAS: The total cost of procurement, including software, licenses for Phase I and professional services will be \$658,883, of which, \$101,800 may be financed over a period of five years at an interest rate not to exceed 3.13%.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the procurement of the IBM DataCap and Content Manager On Demand software solution pursuant to NJ State Contract number 79022 at the cost of \$658,883 including professional services; and be it further

RESOLVED: That the Board approves financing \$101,800 of that cost over five years at an interest rate not to exceed 3.13%.

July 24, 2013



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KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: Student Advisory Committee

SUBJECT: 2013-2014 Student Advisory Committee

DATE: July 24, 2013

The first meeting of the 2013-2014 Student Advisory Committee (SAC) was held on June 21, 2012 at 2 Quakerbridge Plaza. Following the welcome and introductions, staff from the Higher Education Student Assistance Authority (HESAA) provided a comprehensive overview of HESAA programs, products, and services. In addition, the role and responsibilities of the SAC were also discussed.

Mr. David Reeth has been elected Chair of the 2013-2014 SAC. Mr. Reeth is a senior at Caldwell College majoring in Business Administration. He is a two-term President of the Student Government Association and a member of the college's Business Advisory Council. After graduation, David plans on continuing to grow the company he founded and grew from the age of 12, Awesome Auto, which now serves over 300 clients in New York and New Jersey.

Ms. Sumana Prasai has been elected as Vice Chair of the 2013-2014 SAC. Ms. Prasai is a student and on the dean's list at Kean University, pursuing a Bachelor of Science degree in Accounting, with a minor in Finance. She is originally born and raised in Nepal until the age of 15. Sumana is a computer lab assistant at Kean University under the federal work study program and works at Walgreen Pharmacy.

A list of the 2013-2014 SAC membership is attached.

Attachment

Members

2013-2014 Student Advisory Committee

David Reeth, Chair

Caldwell College

Sumana Prasai, Vice Chair

Kean University

Michele Petrucelli

Essex County College

Valerie Batista

Bergen Community College

Eduardo Bustamante

Kean University

Colleen Carrol

Princeton University

Opeyemi Alade

New Jersey Institute of Technology

Executive Director's Report Outline

- I. New NJCLASS Interest Rates
- II. New Scholarship, NJ-GIVS
- III. Facebook
- IV. Grants on the Web
- V. New Positions



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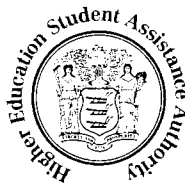
GABRIELLE CHIARETTE, ESQ.
Executive Director

RESOLUTION

*Expression of Appreciation to
Mr. Richard Garcia*

- WHEREAS: Mr. Richard Garcia has served with distinction on the Higher Education Student Assistance Authority Board since January 2008; and
- WHEREAS: During his years of service to HESAA, Mr. Garcia has demonstrated a sincere commitment to his duties as a Board member, as a public member of the Executive Committee in 2009 and served as Chair from 2010 through 2013; and
- WHEREAS: Mr. Garcia's experience in finance 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: 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. Garcia'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. Garcia's service and dedication; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Mr. Garcia 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. Garcia 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. Garcia.

Presented July 24, 2013



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KIM GUADAGNO
Lt. Governor

GABRIELLE CIARETTE, ESQ.
Executive Director

RESOLUTION

*Expression of Appreciation to
Ms. Michele Petrucelli*

- WHEREAS: Ms. Michele Petrucelli has served with distinction on the Student Advisory Committee (SAC) and was elected chairperson for 2012-2013; and
- WHEREAS: In her role as an officer of the SAC, Ms. Petrucelli served as a member of the Board of the Higher Education Student Assistance Authority (HESAA), effectively representing New Jersey students; and
- WHEREAS: Ms. Petrucelli has proven herself a devoted advocate for students of New Jersey, providing valuable input on policy matters affecting students and their access to education; and
- WHEREAS: Her 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 Ms. Petrucelli'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 Ms. Petrucelli's service and dedication; and be it further
- RESOLVED: That the Board of the Higher Education Student Assistance Authority expresses its appreciation to Ms. Petrucelli for her 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 Ms. Petrucelli for success in all of her 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 Ms. Petrucelli..

July 24, 2013