

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 806

STATE OF NEW JERSEY

DATED: FEBRUARY 13, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 806.

The New Jersey Better Educational Savings Trust (NJBEST) Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

This bill provides that the scholarship may be awarded to a student in any semester of attendance or enrollment. Under the current statutory language, the Higher Education Student Assistance Authority (HESAA) has denied scholarships to students who did not realize that they were required to apply for the scholarship in their first semester of enrollment. The bill corrects that problem and ensures that otherwise eligible students receive the scholarship to which they are entitled.

FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that this bill would increase expenditures to the HESAA. Since the bill expands the period of eligibility for a student beneficiary to receive a NJBEST scholarship, HESAA would incur costs to fund scholarships for individuals who otherwise would not have qualified absent the bill.

The OLS notes that NJBEST scholarships are fully funded by administrative fee income collected by HESAA for the NJBEST 529 College Savings Plan. Therefore, the bill would only result in an expenditure increase to HESAA and would not affect State costs since the State does not appropriate funds for the NJBEST program.

Information provided informally by HESAA to the OLS indicates that, during the three most recently completed academic years, between 37 and 68 applicants for NJBEST scholarships were denied each year because they did not apply during their initial semester of attendance or enrollment at a New Jersey institution of higher education. HESAA indicated that the amount of scholarships that would have been awarded in each of those years ranged from \$55,250 to \$85,250.