ANNUAL REPORT

Empowering Student Success:
Making Postsecondary Education
More Affordable and Accessible for a
Stronger and Fairer New Jersey
Message from NJ Governor Philip D. Murphy

I am pleased to recognize the achievements of the New Jersey Higher Education Student Assistance Authority (HESAA) over the past year. As detailed in this 2018 Annual Report, HESAA has played a vital role in advancing my Administration’s agenda to expand economic opportunity for every New Jersey resident, by providing the financial resources and crucial information that students and their families need to successfully pursue post-secondary education.

New Jersey’s future economic prosperity depends on our commitment to help our state’s residents obtain the education and skills they need in the 21st-century workforce. To build a stronger and fairer New Jersey, we must re-invest in our residents to offer them the tools to succeed in the jobs of today and compete for the jobs of tomorrow.

HESAA led several initiatives in 2018 to make post-secondary education more affordable and help New Jersey students, regardless of their life circumstances, earn a high-quality credential that prepares them for life after college. By enhancing New Jersey’s Tuition Aid Grant program to better support working adult students who are returning to college; expanding state-funded financial aid to New Jersey Dreamers; implementing our initial pilot for tuition-free community college; and providing more affordable student loan repayment options to borrowers facing economic hardship, HESAA has worked in partnership with Secretary of Higher Education Zakiya Smith-Ellis and New Jersey’s higher education institutions to close equity and attainment gaps and expand opportunity.

To grow our innovation economy, we must also help talented college graduates live and work in New Jersey. I proposed the STEM Loan Redemption program, and I was pleased to sign it into law in December 2018, to reduce the burden of student loan debt for graduates of our state’s world-class STEM degree programs who choose to live in New Jersey and contribute their talents to high-growth New Jersey businesses.

In the coming years, I am committed to building on our progress to ensure a stronger future for all of New Jersey’s residents, by strengthening supports for students, making key investments in college affordability, and achieving the vision of our new State Plan for Higher Education to make the promise of post-secondary education a reality for current and future generations.

Sincerely,

Philip D. Murphy
Governor
Message from Executive Director David J. Socolow

On behalf of the New Jersey Higher Education Student Assistance Authority, I’m delighted to present the HESAA 2018 Annual Report. The accomplishments detailed in this year’s report could not have been achieved without coordination and support from HESAA’s partners and stakeholders. Together, we have made college access, equity, and affordability a priority for all the students in our state.

Thanks to the strong leadership of Governor Murphy and his administration, HESAA launched significant initiatives over the past year, reaching more students and helping more families overcome financial obstacles to a postsecondary degree. Special thanks are due to our extraordinarily productive partnership with the Secretary of Higher Education, Dr. Zakiya Smith Ellis, and her team. We are also grateful to the members of the New Jersey legislature for their steadfast support of expanding opportunity through robust financial aid for college students.

HESAA’s staff are dedicated to serving the students and families of New Jersey. I salute their commitment to improving our services in 2018 and embracing a new focus on advancing our state’s success by helping more of New Jersey’s residents earn the postsecondary credentials they need to succeed in the knowledge-based economy. I also want to express my appreciation to the members of HESAA’s Board for their consistent and enthusiastic support, encouragement, and good counsel.

HESAA’s support of students depends on our close collaboration with the leaders of New Jersey’s colleges and universities. Many thanks to all who share our mission of making college more affordable, particularly our valuable partners in the financial aid community at every institution of higher education across the state. Through our collective work and our ongoing dialogue about improving state financial aid, we have reached more students and helped more families than ever before.

Sincerely,

David J. Socolow
Executive Director
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In 2018, Governor Phil Murphy announced a State Plan for a “Stronger and Fairer New Jersey Economy,” setting forth a bold vision of “reestablishing New Jersey as an economic and innovation leader, as a place where diverse talent, companies, and ideas flourish, where real pathways exist to the middle class, where all residents can prosper in the economy, without compromising on environmental stewardship, fiscal prudence, and high labor standards.”

Higher education will play a central role in achieving this vision. The Plan for a Stronger and Fairer New Jersey Economy includes a major emphasis on “Investing in People,” with the goal of building on our state’s talent and diversity to “reinvest in New Jersey residents to ensure all can succeed in the jobs of today and are well positioned for the jobs of tomorrow.”

To foster students’ success and promote New Jersey’s economic growth, postsecondary education must become more affordable. HESAA is dedicated to helping families pay for a student’s path to and through college.

**NJ’s Student-Centered State Plan for Higher Education**

In 2018, Governor Murphy’s new administration reached out to stakeholders across the state to craft a state plan for higher education to reach more students, close equity gaps, hold institutions and the state accountable for measurable success, and support the Governor’s economic development strategy by enhancing New Jersey’s competitiveness in the global marketplace.

As New Jersey’s Secretary of Higher Education, Zakiya Smith Ellis, and her team developed the plan, HESAA contributed ideas and expertise on making college more affordable so that a postsecondary degree can be within everyone’s reach throughout the state. The State Plan lays out a student-centered vision to refocus New Jersey’s higher education policy, and includes key recommendations to increase affordable postsecondary options and to provide consistent support to students to help them get to – and through – college. The new plan, entitled “Where Opportunity Meets Innovation,” includes significant recommendations for connecting students with the financial means available to earn a postsecondary degree and working closely with businesses to establish and grow internships, apprenticeships, and career programs.

The finalized state plan can be viewed here: [www.state.nj.us/highereducation/stateplan.shtml](http://www.state.nj.us/highereducation/stateplan.shtml).
Governor Murphy also took the first step toward making community college tuition-free, putting the dream of higher education within reach of more students and more families. The Community College Opportunity Grant (CCOG) initiative is helping New Jersey’s young people and working adults earn postsecondary degrees to advance their careers – and it will help build the talented workforce that is the engine of our state’s economy. With the initial funding provided in the 2019 budget, HESAA worked to establish policies, procedures, and technology to administer a last-dollar grant award pilot program for eligible students enrolled in 13 of the state’s 19 community colleges during the Spring 2019 semester. The Office of the Secretary of Higher Education (OSHE) also provided funding to each of the state’s 19 community colleges to plan for future phases of the CCOG program and to help identify and recruit eligible students.

Eligibility for the first semester CCOG pilot included any community college student with an adjusted gross income between $0 and $45,000 who attends one of the 13 county colleges at least half time. Any student meeting these criteria qualifies for a grant that pays the balance of their tuition and approved educational fees, after first applying all other grants and scholarships the student receives. Thousands of students whose family incomes are below $45,000 were found to have a remaining unmet need to pay for tuition and/or fees, which will be covered by CCOG.

Students and parents struggling to pay term bills or taking out student loans for county college, are the main beneficiaries of this last-dollar aid. HESAA worked with county college financial aid staff around the state, coordinating efforts to recruit and enroll financially at-risk students. HESAA and OSHE worked closely on focused outreach to the colleges’ financial aid officers, academic advisors, and others through webinars, in-person conferences, memos, a state-funded digital awareness campaign, and group meetings with input and discussion from all of New Jersey’s county college presidents.

HESAA’s statewide digital campaign yielded 1.6 million impressions, reaching more than 100,000 households and generating more than 20,000 visits to HESAA’s dedicated web pages.
The Tuition Aid Grant (TAG) program is at the heart of HESAA’s mission of helping students afford college. The TAG program supports the college dreams of one-third of all full-time undergraduate students enrolled in New Jersey institutions. TAG is the nation’s largest state-funded, need-based student assistance program in terms of aid awarded per undergraduate enrolled. With funding based on financial need, TAG is designed to support state residents to study what they want and where they choose in New Jersey.

New Jersey’s TAG eligibility formula historically measured students’ economic need without sufficiently accounting for the wages that independent students earn to meet the demands of other expenses outside of higher education. In 2018, the HESAA Board voted to enhance the Income Protection Allowance for independent students. For these students, the amount of income not counted in determining TAG eligibility was modestly increased. Due to this reform, more than 1,500 working adult students received TAG awards in 2018 which are $935 greater, on average, than what these students would have received under the need calculation formula in prior years. The TAG formula also takes into consideration the many students, including working adults, who attend New Jersey’s county colleges less than full-time. Maximum awards for Academic Year 2017-18 for part-time TAG for county colleges were $683 for half-time students and $1,024 for three-quarter time students.

A combined total of 74,331 full- and part-time students were awarded TAG funding for academic year 2017-18. For a detailed breakdown of awards by sector, please see page 24.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Maximum TAG Awards 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>County College</td>
<td>$2,732</td>
</tr>
<tr>
<td>State College</td>
<td>$7,236</td>
</tr>
<tr>
<td>Public Research</td>
<td>$11,204 (NJIT) $9,656 (Rutgers) $8,240 (Rowan) $7,328 (Montclair)</td>
</tr>
<tr>
<td>Independent Colleges and Universities</td>
<td>$12,687</td>
</tr>
</tbody>
</table>
In 2018, Governor Murphy expanded access to postsecondary education by allowing New Jersey Dreamers to be eligible for state financial aid. Previously, children of undocumented families were not eligible for any state or federal funding to pursue a college degree. Last year, New Jersey became the 10th state to offer financial aid assistance to undocumented students who came here as children, grew up in the Garden State, attended at least three years of high school in New Jersey, graduated from one of our state’s secondary schools, and know no other home than the United States. As soon as Governor Murphy’s pen lifted off the page at the bill signing ceremony on May 9, 2018, HESAA launched a new state application for New Jersey Dreamers to use when applying for state-funded financial aid. The new Alternative Financial Aid Application was strategically designed to mirror the Free Application for Federal Student Aid (FAFSA), without requiring a social security number or sharing information with the federal government. This application helped verify students who graduated from a New Jersey high school, had applied for citizenship, had registered for Selective Service (for male students), and had family incomes within the threshold for receiving need-based tuition assistance grants from the state.

The Fall 2018 semester welcomed the first 513 NJ Dreamers eligible to receive state-funded financial aid at college campuses throughout New Jersey. These students had met all of the eligibility requirements and were enrolled in a participating New Jersey college or university. As with all New Jersey financial aid recipients, the academic progress of NJ Dreamers will be monitored as they progress towards their degree completion.

“**The success of these first 513 students, who are now attending county college, state colleges and universities, and independent institutions around the state, will have a positive impact on countless additional lives**”

This initial success could not have been achieved without the efforts of the financial aid professionals in New Jersey’s colleges and universities. Through financial aid workshops, webinars, HESAA University courses, and community-based organizations, HESAA reached out and collaborated with our partners at the institutions of higher education to assist eligible NJ Dreamers with the process of applying for state-funded financial aid.
While Tuition Aid Grants are the premier source of need-based financial aid in New Jersey, HESAA offers students in the Garden State several other opportunities to qualify for grants and scholarships.

**NJ STARS and STARS II**
Since 2004, the State of New Jersey has provided merit-based scholarships to high-achieving high school students. New Jersey Student Tuition Assistance Reward Scholarships (NJ STARS and NJ STARS II) support New Jersey high school graduates who rank in the top 15.0 percent of their class during junior or senior years of high school and choose to enroll in their home county college after high school.

In Academic Year 2017-18, a total of 2,150 New Jersey high school graduates benefited from the NJ STARS and NJ STARS II merit scholarships. For details by sector, see page 24.

HESAA awards qualifying students NJ STARS awards which fully cover tuition at their local county college. Students who receive NJ STARS grants and graduate from county college or earn an associate’s degree through an eligible dual enrollment program at their high school, and then go on to transfer to a participating bachelor’s degree-granting college or university in New Jersey are eligible for NJ STARS II grants of up to $2,500 per academic year ($1,250 per semester), for up to four semesters.

In Academic Year 2017-18, 533 students received a total of $511,200 in GUS awards and 31 received GUS persistency bonuses totaling $15,500.

**Governor’s Urban Scholarship**
The merit-based Governor’s Urban Scholarship (GUS) is awarded to students ranked within the top five (5) percent of their high school class who have a minimum grade point average of 3.0 at the end of their junior year. An additional eligibility requirement includes residency in one of 14 designated cities in New Jersey: Asbury Park, Camden, East Orange, Irvington, Jersey City, Lakewood, Millville, Newark, New Brunswick, Paterson, Plainfield, Roselle, Trenton, or Vineland. The award is renewable for up to four years and provides students with a persistency bonus in their last semester upon degree completion at a TAG-participating institution.

**Governor’s Industry Vocations Scholarship (GIVS)**
The GIVS scholarship is administered by HESAA and funded by the School Development Authority. This award benefits women and minority students pursuing a certificate or degree program in a construction-related field. The scholarship pays up to $2,000 per year for the cost of enrollment in an eligible program at one of New Jersey’s county colleges or county vocational/technical schools. The scholarship can be renewed for one year.
In Academic Year 2017-18, 92 students received $163,579 in GIVS scholarships.

**Law Enforcement Officers Memorial Scholarship**
This memorial scholarship is available to dependent children of New Jersey law enforcement officers killed in the line of duty. The award covers the cost of attendance, less other scholarships, grants, benefits, and other assistance awarded through HESAA. Awards are renewable for up to four years.

There were 10 recipients of this memorial scholarship in the 2017-18 Academic Year which totaled $232,908.

**Survivor Tuition Benefits (STB)**
This scholarship benefits eligible children and surviving spouses of New Jersey firefighters, emergency service workers, and law enforcement officers killed in the line of duty. The award provides students with free tuition at any public institution of higher education in New Jersey. This award also pays for enrollment at participating independent institutions within the state. The award amount cannot exceed the highest tuition charged at a New Jersey public institution.

In Academic Year 2017-18, there were four recipients who received a total of $32,983.

**World Trade Center Scholarship**
This scholarship benefits the dependent children and surviving spouses of New Jersey residents who were victims of 9/11. The award amount is $5,000 per year ($2,500 per semester). Eligible students can apply for this funding to attend both in-state and out-of-state institutions.

In Academic Year 2017-18, a total of 94 students benefitted from this scholarship which represents $455,000 in funding.
HESAA helps families to save for future college expenses. Long-term consistent savings is one of the best ways to avoid student debt. NJBEST is the state’s 529 college savings plan that provides families a tax-advantage savings option and has helped fund higher education for thousands of students. In 2018, almost 250,000 students were benefitting from their families’ savings in NJ 529 funds, with a total of $5.5 billion in assets.

### NJBEST Scholarships

To further encourage saving, HESAA offers an NJBEST scholarship. When NJBEST assets are used to pay for qualified expenses at any accredited postsecondary school in New Jersey, the student can receive an extra benefit the first semester of their freshman year, a tax-free scholarship.

The minimum scholarship amount is $500 and requires a contribution of at least $1,200 and the account to have been open for at least four years. The amount of the scholarship increases by $250 for every two additional years the account was open and for every $600 in additional savings contributions, up to a maximum amount of $1,500, depending on the number of years and level of contributions.

- Student must be the beneficiary of an NJBEST 529 College Savings Plan opened for at least four years.
- Total contributions to the NJBEST 529 plan must be at least $1,200.
- The contributor must have made a withdrawal for qualified education expenses from the NJBEST account for which the student is the beneficiary.
- Either the student or contributor must be a New Jersey resident at the time of college attendance.
- The student must be enrolled at least half-time in an eligible New Jersey higher education institution.
- The scholarship may be awarded only once to an eligible beneficiary and only for the beneficiary’s first semester of attendance at any eligible New Jersey institution of postsecondary education.

In academic year 2017-18, HESAA awarded 515 students an NJBEST Scholarship for a combined award amount of $616,425.

<table>
<thead>
<tr>
<th>Savings Contributions</th>
<th>Full Years Account Open</th>
<th>Scholarship Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,200</td>
<td>4</td>
<td>$500</td>
</tr>
<tr>
<td>$1,800</td>
<td>6</td>
<td>$750</td>
</tr>
<tr>
<td>$2,400</td>
<td>8</td>
<td>$1,000</td>
</tr>
<tr>
<td>$3,000</td>
<td>10</td>
<td>$1,250</td>
</tr>
<tr>
<td>$3,600</td>
<td>12</td>
<td>$1,500</td>
</tr>
</tbody>
</table>

### NJBEST College Savings & NJBEST Scholarships

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars Invested</th>
<th>Student Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$5.5 Billion</td>
<td>248,850</td>
</tr>
<tr>
<td>2017</td>
<td>$5.2 Billion</td>
<td>249,270</td>
</tr>
<tr>
<td>2016</td>
<td>$4.7 Billion</td>
<td>247,698</td>
</tr>
</tbody>
</table>

1 Fiscal Year ends June 30th
In a strategic effort to support innovative businesses in attracting and retaining talent, Governor Murphy established a unique STEM loan redemption program. Through a new law signed by the Governor in December of 2018, this program offers an incentive for professionals to build and maintain their career in certain high-growth occupations in science, technology, engineering, and mathematics (STEM) fields in New Jersey.

The program offers student loan redemption in exchange for an employee’s commitment to full-time employment in a designated high-growth STEM occupation at an employer in New Jersey for a period of at least four years and up to eight years. After an employer’s certification that an employee has worked for at least four years in a designated high-growth STEM occupation in New Jersey, up to $2,000 will be redeemed each year of a program participant’s eligible student loan expenses, for up to four years, up to a maximum of $8,000. Of the annual $2,000 loan redemption payment, $1,000 will be funded through a State appropriation, with the balance matched by an equal contribution from the participant’s current employer. Employers may also request approval from HESAA for others forms of contribution with similar value.

For full details visit: www.hesaa.org/Pages/LoanRedemptionPrograms.aspx
With the rising net price of college and the $31,000 lifetime cap on federal student loans for dependent undergraduates, many students and families turn to supplemental family loans to help pay for postsecondary education. To serve this need, HESAA is dedicated to strengthening the NJCLASS loan program in order to continue to offer lower interest rates than what most New Jersey middle-class families are charged for private supplemental loans or federal Parent PLUS loans.

HESAA’s mission is to help families pay for a student’s college education, by first identifying all the federal, state, and institutional aid for which they qualify before considering student loans. For many families who have trouble paying tuition after applying eligible grants, scholarships, and federal loans, NJCLASS loans are the most affordable option. NJCLASS family loans have proven to be particularly valuable for middle-class families financing a New Jersey student’s college education, as nearly 40 percent of the NJCLASS borrowers each year have incomes between $40,000 and $80,000. NJCLASS loans are available to New Jersey residents for certified costs of attendance at any approved college or university. To encourage out-of-state students to seek their degree in New Jersey, these loans are also available to students who enroll in a participating New Jersey institution of higher education, no matter where the students and families reside.

In August of 2018, HESAA produced its inaugural edition of the NJCLASS Annual Report. In accordance with the requirements of P.L. 2017, c. 129, HESAA’s report to the Governor and the Legislature included demographic information about the borrowers of NJCLASS loans.

To access the full report, visit: www.hesaa.org/Documents/Financial/AnnualReports/NJCLASSAnnualReport1August2018.pdf

For more information see HESAA’s Student Loan Guide.
In 2018, HESAA introduced several major reforms to help borrowers struggling to repay their NJCLASS family loan debt. HESAA added the Household Income Affordable Repayment Plan (HIARP) as a complement to the Repayment Assistance Program (RAP) established in 2017, and piloted a new approach to reaching balanced settlement agreements with borrowers of NJCLASS loans that are in default. Early in 2019, the New Jersey legislature recognized the success of HESAA’s reforms, by passing a package of legislation to codify these initiatives.

RAP and HIARP work in tandem to help struggling borrowers avoid defaulting on their loans, helping those who qualify with up to two years of assistance in RAP, with potential future assistance from HIARP. When all parties to an eligible NJCLASS loan face financial hardship, RAP and HIARP offer reduced monthly payments calculated to be affordable based on the combined household income of all of the parties to the loan. Borrowers with eligible loans can enroll in RAP for up to two years. During RAP, all payments are applied to the outstanding principal balance, so borrowers can pay down their balance without accruing additional interest. All interest that accrues during the RAP period is paid by HESAA on the borrowers’ behalf. In addition, monthly payments on eligible NJCLASS loans are reduced to no more than 10% of the total household income of all of the parties to the loan that exceeds 150% of the federal poverty guideline for their family size, with a minimum monthly payment of $5 per eligible loan. RAP is available for NJCLASS loans originated on or after June 1, 2017.

HIARP provides additional payment relief when all parties to the loan continue to face financial hardship after exhausting two years of RAP eligibility, starting with standard NJCLASS loans originated on or after June 1, 2018. Through HIARP, monthly payments on eligible Standard NJCLASS loans shall be reduced to 15% of the total of the household income of all of the parties to the loan that exceeds 150% of the federal poverty guideline for their family size, with a minimum monthly payment of $25. The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination. Any remaining balance at the end of 25 years will be forgiven. During the HIARP period, interest continues to accrue on the loan.

In addition, in June 2018, HESAA implemented a new process for settlements which allows borrowers to repay defaulted loans through more affordable monthly payment extended terms, and enables HESAA to repair the credit ratings of borrowers who consistently comply with such payment plans, while ensuring NJCLASS loans are repaid.
Outreach to Students, Families, School Counselors, and Community Groups

Throughout 2018, HESAA played a vital role in the state’s public conversation about college affordability, bringing attention to the need for effective financial aid grants to reduce the net prices that students pay and to solutions for the increasing levels of student loan debt. Several news media outlets have amplified these positive messages, including coverage on NJTV and NJ 101.5 radio about the tuition-free community college initiative. HESAA has also broadened our stakeholder outreach to include more community-based organizations, partnering with several groups to present a live social media broadcast.

Over the past year, HESAA reached more than 58,000 individuals through informational events for students, families, school counselors, and community groups in every county of New Jersey. More than 900 secondary school counselors participated in a Financial Aid Training Institute conducted by HESAA staff at 10 different locations across the state. These high school counselors has consistently expressed their appreciation for the opportunity to bring back lessons learned at these workshops to the high school students and families they advise. HESAA delivered financial aid presentations at 350 high schools around the state, as well as five middle schools, and provided information to the public at several dozen additional venues, including libraries, community support centers, constituent services conferences sponsored by federal and state legislators’ offices, adult learning centers, Upward Bound and GEAR UP events, and college/career fairs.

HESAA employees also delivered presentations using REAL Money 101, HESAA’s financial literacy curriculum, at 16 libraries, YMCAs, and neighborhood centers last year, covering topics such as banking, savings, budgeting, investments, and financing college. Through HESAA’s partnership with EverFi, HESAA is providing a valuable interactive financial literacy program to students at 64 high schools around the state. In academic year 2017-18, more than 2,000 students benefitted from this program, as measured by their significant average increases in assessment scores. As the Board recommended last year, HESAA extended this valuable service to New Jersey’s colleges and universities at no charge to the institutions.
Executive Committee

Chairperson
Christy Van Horn
Public Member

Vice Chairperson
Maria Ivette Torres
Public Member

Secretary-Treasurer
David J. Socolow
Executive Director, HESAA
Ex-Officio

Elizabeth Maher Muoio
State Treasurer
Ex-Officio
Treasurer’s Designee
Robert Shaughnessy

Dr. Jon Larson
Representative
Community Colleges

Members

Bader Qarmout
Representative
Educational Opportunity Fund
Ex-Officio

Jean McDonald Rash
Representative
Rutgers University

Dr. Zakiya Smith Ellis
Secretary of Higher Education
Ex-Officio

Stephan Lally
Chairperson, Student Advisory Committee
Ex-Officio

Michael Scardina
Vice Chairperson, Student Advisory Committee
Ex-Officio

Message from HESAA Board
Chair Christy Van Horn

As the Chair of the HESAA Board, I am pleased to report that 2018 was a productive year in which several student-focused initiatives were implemented. In a unified effort, the Board promoted Governor Murphy’s vision for college affordability enhanced by several of HESAA’s programs, including improvements to the Tuition Aid Grant program, expanded access to state-funded financial aid, reforms to the NJCLASS family loan program, and the first pilot program for tuition-free community college.

To each of my fellow Board members, thank you. I sincerely appreciate your work as individuals, as committee members, and as a collective Board. Your contributions make a difference that we can often witness immediately. The students and families of New Jersey each benefit from your careful consideration and guidance of our state’s financial aid system.

Finally, a thank you to all of HESAA’s staff and Executive Director David Socolow, who was appointed in February 2018 and hit the ground running. I look forward to working with all of you to continue improving New Jersey’s financial aid programs.
Executive Director
David J. Socolow

Chief Financial Officer
Jerry Traino

Chief of Staff
Hanifa L. Barnes, Esq.

Chief Compliance Officer
and Ombudsman
Gregory Foster, Esq.

Chief Information Officer
Ruth Odom

Director of Legal and
Government Affairs
Marnie Grodman, Esq.

Director of Grants and Scholarships
Kathryn Safran

Acting Director of Student Loans
David Gillespie

Acting Director of Client Services
André Maglione

Controller
Arthur Quaranta, CPA

Director of Human Resources
Patricia Maske

Director, Audits and Quality Assurance
Jill Schmid

Director of Communications
Jennifer Azzarano
NJACSA committee representatives provide valuable recommendations and guidance to HESAA on the operations and policies of all grant, scholarship, and loan programs currently administered by the Authority.

State College and Universities Representative
Jim Anderson
Director of Financial Aid
Montclair State University

County College Representative
Karyn Arnold
Associate Director of Financial Aid
Brookdale Community College

Rutgers (The State of NJ University) Representative
Ann Marie Bouse
Manager of Compliance & Quality Assurance
Rutgers University

Secretary of Higher Education Representative
Hasani Carter
Statewide EOF Executive Director

NJASFAA Representative
Rabbi Gedalya Green
Associate Director of Financial Aid
Beth Medrash Govoha of America

Independent Colleges and Universities Representative
Susan Gross
Director of Financial Aid
Stevens Institute of Technology

NJ Bursar’s Association Representative
Orley Guzi
Director of Student Accounting
Kean University

Educational Opportunity Fund Representative
Ruben Melendez
EOF Director
Union County College

Representative of State Research Universities
Ivon Nunez
Director of Student Financial Aid Services
New Jersey Institute of Technology
Karen Aguirre
Ramapo College of New Jersey

Ariadni Aguilar
Montclair State University

Stephanie Berdugo-Hernandez
Rowan College at Burlington County

Ken Borda
Rutgers University

Gloria Brewster (Alternate)
New Jersey Institute of Technology

Surina Chock
Fairleigh Dickinson University

Axel Daniel Esquivel
Seton Hall University

Dianne Nieves (Alternate)
College of St. Elizabeth

John Nwankwo (Alternate)
Rutgers University

Philomene Sanon
Union County College

Mercedes Sears (Alternate)
Brookdale Community College
Ensuring Compliance through Institutional Management Reviews

To fulfill our role as a responsible steward of the taxpayers’ money and promote compliance with state law, each year HESAA conducts institutional management reviews to verify that New Jersey’s higher education institutions properly follow all applicable federal and state statutes, regulations, policies, and procedures governing the awards and record-keeping for state-funded grants and scholarship programs.

The management reviews are also designed to provide institutions with recommendations on how to improve the operations of all business offices assisting in the administration of their students’ financial aid, such as the Financial Aid, Admissions, Registrar, Bursar, and Accounting offices.

HESAA conducts two principal categories of institutional reviews: Limited and Full Scale. Limited reviews focus on areas with the greatest potential for error such as reconciliations, certification of student eligibility, dependency override, and professional judgement cases. Full-scale reviews have more in-depth testing and consist of the limited review components as well as adding a review of verification and professional income cases. Multiple variables are evaluated to determine if an institutional review is going to be limited or full scale. These variables include, but are not limited to, the total dollar amount of awards received, length of time since the last review, recent news or changes at the institution, unexpected trends observed, and findings reported in single audit reports.

During the 2017-2018 fiscal year, HESAA’s program review team performed three full-scale reviews and five limited reviews. Additionally, HESAA conducted ad-hoc reviews to follow up on the single audit findings for three institutions, as well as a statewide review of the NJ STARS program at all 19 community colleges.
### Financial Statements

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

#### As of June 30,  

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJBEST</td>
<td>$3,215,087</td>
<td>$4,436,414</td>
</tr>
<tr>
<td>NJCLASS/FFELP</td>
<td>542,915,289</td>
<td>639,001,203</td>
</tr>
<tr>
<td>Other</td>
<td>13,732,046</td>
<td>13,509,474</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJBEST</td>
<td>5,498,510,257</td>
<td>5,220,966,990</td>
</tr>
<tr>
<td>NJCLASS/FFELP</td>
<td>15,052</td>
<td>18,582</td>
</tr>
<tr>
<td>Other</td>
<td>62,057,086</td>
<td>44,778,500</td>
</tr>
<tr>
<td><strong>Receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal government</td>
<td>3,280,730</td>
<td>3,254,641</td>
</tr>
<tr>
<td>Loans</td>
<td>1,685,994,513</td>
<td>1,794,851,950</td>
</tr>
<tr>
<td>Other</td>
<td>61,615,470</td>
<td>59,912,081</td>
</tr>
<tr>
<td><strong>Fixed Assets, Net</strong></td>
<td>3,159,585</td>
<td>3,465,480</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$7,874,495,115</td>
<td>$7,784,195,313</td>
</tr>
<tr>
<td><strong>Deferred Outflow - Interest Rate Swaps</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liabilities and Fund Balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>$51,417,449</td>
<td>$51,507,217</td>
</tr>
<tr>
<td>Due to Federal Government</td>
<td>7,289,276</td>
<td>7,960,940</td>
</tr>
<tr>
<td>Revenue Bonds Payable</td>
<td>1,964,045,000</td>
<td>2,174,275,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,022,751,724</td>
<td>2,233,743,157</td>
</tr>
<tr>
<td><strong>Financial Instrument Liability - Interest Rate Swaps</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund Balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for Loan Servicing</td>
<td>280,518,907</td>
<td>256,815,637</td>
</tr>
<tr>
<td>Restricted</td>
<td>5,571,224,484</td>
<td>5,293,636,519</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>5,851,743,390</td>
<td>5,550,452,156</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td>$7,874,495,115</td>
<td>$7,784,195,313</td>
</tr>
</tbody>
</table>
State of New Jersey  
Higher Education Student Assistance Authority
Combined Statements of Revenues, Expenditures and Changes in Net Assets

For the Years ended June 30, 

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Grant &amp; Scholarship Appropriations</td>
<td>$441,805,299</td>
<td>$421,760,044</td>
</tr>
<tr>
<td>Federal and Other Grants</td>
<td>38,658,251</td>
<td>46,436,147</td>
</tr>
<tr>
<td>Fees</td>
<td>22,553,168</td>
<td>22,672,092</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJBEST</td>
<td>112,131,964</td>
<td>75,262,983</td>
</tr>
<tr>
<td>NJCLASS</td>
<td>123,915,803</td>
<td>137,013,045</td>
</tr>
<tr>
<td>Other</td>
<td>694,789</td>
<td>1,676,179</td>
</tr>
<tr>
<td>NJBEST Subscriptions</td>
<td>1,486,530,302</td>
<td>1,287,363,168</td>
</tr>
<tr>
<td>Net Realized and Unrealized Gain/(Loss) on NJBEST Investments</td>
<td>209,895,362</td>
<td>517,075,813</td>
</tr>
<tr>
<td>Other</td>
<td>2,282</td>
<td>1,809</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>2,436,187,219</td>
<td>2,509,261,281</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Grant Aid to Students</td>
<td>444,807,282</td>
<td>392,617,713</td>
</tr>
<tr>
<td>NJBEST Redemptions</td>
<td>1,502,079,560</td>
<td>1,286,547,809</td>
</tr>
<tr>
<td>Program Expenses</td>
<td>85,112,912</td>
<td>97,207,335</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>18,919,333</td>
<td>16,690,136</td>
</tr>
<tr>
<td>Debt Service Interest</td>
<td>83,066,308</td>
<td>91,449,911</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>2,133,985,394</td>
<td>1,884,512,904</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating (Deficit) Surplus</td>
<td>302,201,825</td>
<td>624,748,376</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year-end Lapsed Funds</td>
<td>(910,591)</td>
<td>(28,583,643)</td>
</tr>
<tr>
<td><strong>Net Assets - Beginning of Year</strong></td>
<td>5,550,452,156</td>
<td>4,954,287,423</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets - End of Year</strong></td>
<td>$5,851,743,390</td>
<td>$5,550,452,156</td>
</tr>
</tbody>
</table>
### Financial Aid Academic Year 2017-18 Awarded by Program and Sector

#### County

<table>
<thead>
<tr>
<th>Program</th>
<th>TAG</th>
<th>Part-Time TAG for County Colleges</th>
<th>NJ STARS</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>14,011</td>
<td>7,172</td>
<td>1,444</td>
<td>27</td>
<td>105</td>
<td>22,759</td>
</tr>
<tr>
<td>Amount</td>
<td>$32,209,000</td>
<td>$8,627,342</td>
<td>$4,751,267</td>
<td>$23,000</td>
<td>$115,425</td>
<td>45,726,034</td>
</tr>
</tbody>
</table>

#### Rutgers/Montclair/NJIT/Rowan

<table>
<thead>
<tr>
<th>Program</th>
<th>TAG</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>25,864</td>
<td>400</td>
<td>307</td>
<td>217</td>
<td>26,788</td>
</tr>
<tr>
<td>Amount</td>
<td>$184,395,000</td>
<td>$951,439</td>
<td>$293,700</td>
<td>$272,000</td>
<td>185,912,139</td>
</tr>
</tbody>
</table>

#### State College/University

<table>
<thead>
<tr>
<th>Program</th>
<th>TAG</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>13,086</td>
<td>220</td>
<td>119</td>
<td>119</td>
<td>13,544</td>
</tr>
<tr>
<td>Amount</td>
<td>$73,154,000</td>
<td>$528,648</td>
<td>$110,500</td>
<td>$154,500</td>
<td>73,947,648</td>
</tr>
</tbody>
</table>

#### Independent

<table>
<thead>
<tr>
<th>Program</th>
<th>TAG</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>12,243</td>
<td>84</td>
<td>102</td>
<td>74</td>
<td>12,503</td>
</tr>
<tr>
<td>Amount</td>
<td>$118,630,751</td>
<td>$208,237</td>
<td>$90,500</td>
<td>$74,500</td>
<td>119,003,988</td>
</tr>
</tbody>
</table>

#### Proprietary

<table>
<thead>
<tr>
<th>Program</th>
<th>TAG</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>1,955</td>
<td>2</td>
<td>9</td>
<td>0</td>
<td>1,966</td>
</tr>
<tr>
<td>Amount</td>
<td>$18,338,249</td>
<td>$5,000</td>
<td>$9,000</td>
<td>$0</td>
<td>18,352,249</td>
</tr>
</tbody>
</table>

| Total Awards                                  | 67,159 | 2,150     | 564                           | 515               | Grand Total Awards | 77,560 |
| Total Amount                                  | $426,727,000 | $6,444,591 | $526,700                      | $616,425          | Grand Total Amount | $442,942,058 |
We jointly certify that in compliance with Paragraph 2 of Executive Order #37 (Corzine), 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 significant 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:

David J. Socolow
Executive Director

By:

Gerald V. Traino
Chief Financial Officer