



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
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Executive Director

May 21, 2013

Honorable Paul A. Sarlo, Chairman
Attention: David J. Rosen
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex
Trenton, NJ 08625-0068

Dear Senator Sarlo:

Thank you for your letter of May 14, 2013 regarding your request for written responses to inquiries raised during the May 6, 2013 Senate Budget and Appropriations Committee meeting. Below please find the Higher Education Student Assistance Authority's responses.

Senator Cunningham:

* The recommended FY 2014 budget language that limits NJ STARS awards to \$1250 per student per semester for the 2013-2014 academic year appears applicable to both the NJ STARS I and NJ STARS II programs, even though the language later references NJ STARS II. Please verify that the recommended language is applicable only to NJ STARS II awards. If necessary, please provide the committee with any suggested language changes to clarify the intent of the language.

HESAA Response:

The language in question appears on page D308 of the budget and reads as follows: "Notwithstanding the provisions of Section 7 of P.L. 2012, c. 8 or any other law or regulation to the contrary, the amount hereinabove appropriated to the New Jersey Student Tuition Assistance Reward Scholarship is subject to the following conditions: no award shall exceed \$1250 per student per semester for the 2013-2014 academic year.."

Since Section 7 of P.L. 2012, c. 8 speaks exclusively to NJ STARS II, HESAA can verify that the recommended language is applicable only to NJ STARS II awards.

* How many students are grandfathered under the NJ STARS II program pursuant to section 7 of P.L. 2012, c.8? What is the estimated cost savings of limiting the NJ STARS II awards of grandfathered student to \$1,250 per student per semester, according to the FY 2014 budget language?

HESAA Response:

There are a maximum of 145 students grandfathered under the NJ STARS II program pursuant to section 7 of P.L. 2012, c.8. At this time there is no way to know if or when these students will return for their fourth year of eligibility. Hypothetically, if all eligible students returned for their fourth year, the cost savings of limiting the grandfathered students to \$1,250 per student per semester would be \$306,312 to the state and another \$306,312 to the state colleges and universities, as the grandfathered students would be entitled to an institutional match.

Senator Pennacchio:

* Please provide a table that compares the NJCLASS loan program with similar programs in other states, and includes the interest rates and administrative fees charged. At the budget hearing, the Executive Director of HESAA indicated there were 12 states with such programs.

HESAA Response:

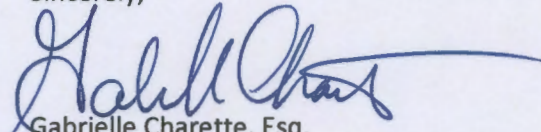
Below please find the table requested. As a point of clarification, I indicated that there were 12 other states in addition to New Jersey that offer their students a state sponsored supplemental loan program.

State	Loan Term	Rates	Origination Fee
Alaska	10 year	6.45 - 7.2%	5%
Connecticut	140 months	5.95%	3%
Iowa	10,15,18 years	7.75-7.9%	0-4%
Kentucky	10, 15 years	6.75-7.75%	2-3%
Maine	5, 15 years	7.25%	4%
Massachusetts	10, 15 years	5.99-8.09%	4-7%
Minnesota	10, 20 years	7.25%	0%
New Jersey	10, 15, 20, 25 years	6.15%, 7.05%, 8.05%	3%
North Dakota	10, 25 years	4.37% - 5.37%	0-3%
Rhode Island	10, 15 years	6.39-7.49%	0-4%
South Carolina	10, 15 years	6.75-8.75%	1-3%
Texas	10, 20 years	5.25%	3-5%
Vermont	10, 15 years	6.6-7.9%	0-5%

Source: Bank of America Merrill Lynch, Student Loan Finance Market Update, December 17, 2012

I trust the above answers are responsive to your request. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gabrielle Charette", with a long horizontal flourish extending to the right.

Gabrielle Charette, Esq.
Executive Director