October 2, 2018

Mr. Frank Haines
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex
P.O. Box 068
Trenton, NJ 08625

Dear Mr. Haines:

Pursuant to your letter dated May 31, 2018, it was requested that I provide a written response to the questions posed by Assemblywoman Pinto Marin, Assemblyman Clifton, Assemblyman Thomson and Assemblyman DiMaio following the May 21, 2018 hearing of the Assembly Budget and Appropriations Committee. The questions and their subsequent answers are as follows:

Assemblywoman Pinto Marin:

Does the proposed budget allow the Department of Community Affairs and the New Jersey Housing and Mortgage Finance Agency to meet their funding commitments to affordable housing projects?

The proposed budget does allow the Department of Community Affairs and the New Jersey Housing and Mortgage Finance Agency to meet their funding commitments for affordable housing projects. In addition to the remaining funding available from the federal CDBG-DR Sandy grant, $95 million is expected to be raised from the portion of the realty transfer fee dedicated for affordable housing and will be used to support a variety of programs supporting affordable housing. Further, the New Jersey Housing and Mortgage Finance Agency, an authority which does not rely on direct funding from the State, has a variety of programs creating, rehabilitating, and preserving affordable housing.

Assemblyman Clifton:

According to recent news reports, the Administration will soon be introducing a college loan forgiveness program for students who choose to work in New Jersey after graduation. Please provide additional detail regarding the loan forgiveness program. What is the total cost of the program? What is the maximum amount of student loan debt that may be forgiven for an individual graduate? Which fields or occupations would be eligible to participate in the loan forgiveness program?

Please see attachment A.
Assemblyman Thomson:

What input did you provide to the Governor during the formulation of his conditional veto of Senate Bill No. 5, which transfers management of the Police and Firemen’s Retirement System (PFRS) from the Division of Pensions and Benefits in the Department of the Treasury to the Board of Trustees of the PFRS?

As indicated in the Governor’s conditional veto message, Treasury advised the Governor on the impact of the immediate transfer of $26 million of PRFS assets, including the risk of immediately destabilizing the value of all the State’s pension funds, including the PFRS fund, pursuant to the legislation as provided to the Governor. Treasury also provided input on the cost associated with unnecessary replication of investment management functions currently performed by the State’s Division of Investment (estimated at $12 million a year). In addition, Treasury provided insight on the role of the Board under the bill in setting its own rate of return and its potential adverse impact on local government, the State and the other pension funds.

Assemblyman DiMaio:

The Executive’s May revenue update indicates that total FY 2019 anticipated revenue from Interfund Transfers is increased by $31.5 million from $466.9 million to $498.4 million. Please identify each interfund transfer for which the amount anticipated to be transferred has changed and explain the reasons for each change.

The increase of $31.5 million is due to the following 2 updates:

1) Enterprise Zone Assistance Fund $23.06 million is based upon both the increased sales tax rate and a revised projection of overall sales tax growth in the UEZs.
2) State Owned Real Property Trust Fund $8.4 million is based upon new information on pending asset sales. Revenue from such sales is posted to the General Fund per GP #86.

Sincerely,

[Signature]

Elizabeth Maher Muoio
State Treasurer

c: Cathy Brennan, Deputy State Treasurer
    David Ridolfino, Acting Director, Office of Management and Budget
New Jersey STEM Loan Redemption Program

**Program Purpose:** to provide an incentive for individuals in certain high-growth occupations in science, technology, engineering, and mathematics (STEM) fields to make a long-term commitment to building and maintaining a career in New Jersey, thus enabling innovative New Jersey businesses to attract and retain the talent they need for success and growth.

The program will offer 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 the state of New Jersey for a period of not less than four years and up to eight years. After certification that an employee has worked for at least four years in a designated high-growth STEM occupation in New Jersey, the New Jersey Higher Education Student Assistance Authority (HESAA) will redeem up to $2,000 each year of program participants' 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 could also request approval from HESAA for other forms of contribution with similar value.

**An Eligible Participant must:**

- Be a resident of New Jersey and maintain domicile in the State during participation in the program;
- Have earned a degree from an approved STEM degree program from an institution of higher education located in New Jersey.
- Have worked full-time in an approved high-growth STEM occupation at a New Jersey employer for a minimum of four years before applying to the program.
- After applying for the program, work for an additional one to four years of employment in an approved high-growth STEM occupation at a New Jersey employer;
- Annually receive certification from his or her current employer, attesting that the employee is working in an approved high-growth STEM occupation,
- Annually receive approval from his or her current employer for an employer matching payment;
- Have an outstanding balance with a State or Federal student loan program and not be in default on any student loan.

"Approved high-growth STEM occupation" means full-time employment in a position included within one of the following Standard Occupational Codes: operations research analysts, statisticians, mathematicians, software developers (applications), software developers (systems software), web developers, computer systems analysts, biomedical engineers, computer and information systems managers, geological and petroleum technicians, hydrologists, geoscientists (other than hydrologists and geographers), environmental engineers, actuaries, physicists, biochemists, and biophysicists. Employment in these occupations is projected to grow more than 10% in New Jersey from 2014-2024. The eligible occupations will be updated every two years using Bureau of Labor Statistics projections.

"An approved STEM degree program" means a bachelor’s degree, master’s degree, or doctorate in science, technology, engineering, or mathematics fields.

"Eligible student loan expenses" means the cumulative total of the annual Federal and/or State of New Jersey student loans covering the cost of attendance at an approved STEM degree program. HESAA will assist participants in selecting their most advantageous loan redemption option (considering factors such as the interest rates, repayment terms, remaining balances, etc. associated with participants' multiple student loans).
FREQUENTLY ASKED QUESTIONS:

Who is eligible to participate in the New Jersey STEM Loan Redemption program?
New Jersey residents who have graduated from an approved high-growth STEM degree program at a New Jersey college or university and have worked continuously full-time in a STEM occupation in New Jersey for at least four years.

What type of student loans can be redeemed?
Any federal or New Jersey state (N.JCLASS) student loans for which you are the borrower are eligible, up to the program maximum of $8,000 total. Loans that someone else borrowed on your behalf (such as Parent PLUS loans) are not eligible for redemption.

How do I apply?
If you meet the qualifications, download and print the application. Once you have completed your sections, provide it to your employer to complete the application. Your employer will attach all required documentation together with the employer matching contribution and submit it to the Higher Education Student Assistance Authority (HESAA) as a single package.

Do I have to reapply each year?
No. Once you have been accepted into the program, and have signed your service agreement, program funds are reserved for your entire service commitment. However, your employer will need to provide an Employer Certification and employer matching contribution annually in order for you to remain in the program.

What happens if the program runs out of money?
The STEM Loan Redemption Program is proposed to be funded through a State of New Jersey appropriation. As a result, funds are limited for this program. If you are already in the program (with a signed service agreement), then funds will be reserved for your entire service term. Once funds are allotted, no further applications will be accepted. As funds become available, participants on any wait list may be offered service agreements before new applications are accepted.

What documents do I need to send to support eligible student loan balances?
A copy of the most recent eligible student loan billing statement is required.

What happens after I apply?
HESAA will review your completed application, and if all eligibility criteria are met, we will send a letter and service agreement. You must read the agreement, sign it, date it, and have it notarized. Return both pages of the agreement to our office. Keep a copy for your records. We will also notify applicants who do not meet the eligibility criteria.

How long is the service agreement/commitment?
Although you may withdraw from the program at any time, the maximum service commitment is four years.

I've returned the service agreement. When will my loans be redeemed?
Each year, prior to your employment anniversary date, you will receive an "Employment Certification" form for you and your employer to complete. Your employer will return the completed form to HESAA along with the employer's matching contribution. Once HESAA receives this form, we will send the loan redemption payment to your lender(s), together with instructions for how the lender should apply the payments to your loan balance(s). We also will notify you when the payment is sent to your lender(s). The annual loan redemption
payment will be the sum of $1,000 in state funds, plus any matching contribution provided by your employer, up to a maximum total of $2,000 per year.

**Can I remain in the program if I change jobs?**
Yes. After initially joining the STEM Loan Redemption program, you must maintain continuous full-time employment in an eligible high-growth STEM occupation, but there is no requirement to remain with the same employer. On the application deadline each year you are participating in the program, your current employer must certify your employment and provide the employer matching contribution. If you change jobs and are no longer working in an eligible high-growth STEM occupation at the time of the annual application deadline, you are no longer eligible to participate in the program.

**My student loans are in default. Am I eligible to participate in the program?**
No. Defaulted student loans are not considered eligible for redemption under the program guidelines.

**Are there tax implications to participating in this program?**
Yes, the payment made on your behalf is considered taxable income. This income will be reported to you via a 1099 Form during the month of January after the payment is made. You should consult a tax professional regarding your individual situation.

**I received a notice stating that I am not eligible for participation. Where can I appeal this decision?**
A written appeal may be submitted to the Higher Education Student Assistance Authority’s Director of Legal and Governmental Affairs within 30 days of the date of the notification of ineligibility. The written appeal must include a copy of the notification of ineligibility received by the applicant from the Authority and the reason(s) why the applicant feels he or she is eligible to participate in the program along with any documentation which the applicant has obtained to support the appeal.