

NJASFAA Government Relations Newsletter

SPRING 2013

SPECIAL POINTS OF INTEREST:

- Spotlight on HESAA
- NJ Senate Bill 2187
- Budget Proposal 2014
- Impacts of Sequestration

INSIDE THIS ISSUE:

- Health Insurance Costs 2
- NJ Senate Bill 2187 2
- Budget proposal 3
- TILA 3
- Sequestration 4

HESAA Provides New Jersey Students with a Smoother Connection to Financial Aid

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As of October 2011, U.S. colleges and universities were federally mandated to post a net price calculator on their websites. Following this mandate, some New Jersey institutions advised HESAA that their net price calculators could not provide precise Tuition Aid Grant (TAG) estimates. Since TAG is an extremely generous program that benefits nearly one in three New Jersey students attending college in state on a full time basis, this lack of information in the net price calculation was a significant shortcoming.



Higher Education Student Assistance Authority

To address this issue, HESAA developed an automated electronic interface that facilitates a direct connection between its TAG Award Estimator tool and those net price calculators posted at the college websites.

HESAA has developed the interface in partnership with Student Aid Services (SAS). The interface, however, is not exclusive to SAS. HESAA will make the interface available to any net price calculator vendor serving a New Jersey institution. Several net price calculator vendors have already been in contact with the Authority.

A New Jersey higher education institution brought the need for the interface to HESAA's attention. HESAA encourages the higher education community to continue sharing your thoughts and suggestions with us.

Change to Plus Credit Checks

On February 11, 2013 NASFAA published information regarding a change to the time frame a PLUS credit check would remain valid. The change is a reversal in the way PLUS credit decisions were handled last December.

On December 18, 2012, the Department of Education extended the time frame a PLUS credit check could be accepted from 90 days to 180 days. The 180-day change was instituted to assist PLUS applicants who were impacted by changes to the PLUS approval process implemented in the fall of 2011. For PLUS applications received on or after February 1, 2013 the credit check time frame has been reverted to 90 days. In cases where an applicant has two credits checks administered within the last 90 day period, the most recent decision will be considered

Cost of Student Health Insurance Rises

The Patient Protection and Affordable Care Act (PPACA), known colloquially as “Obamacare,” contains regulations that affect our college and university student health insurance plans significantly. For example, PPACA requires that we phase in increased levels of coverage, ultimately resulting in unlimited coverage. Such changes mean escalating costs. Admittedly, it is often our neediest students who rely on our plans because they are not covered under a parent’s plan.

In New Jersey, there is a mandate requiring our institutions of higher education to “police” students’ insurance coverage. If students are unable to provide us with proof of coverage, then they must buy the college plan. As costs of student health insurance rise, many are concerned that some students will drop out of college rather than purchase extremely comprehensive and expensive insurance.

Therefore, bills have been introduced to address this challenge. S-2291 and A-3456 would eliminate the requirement that full-time students at county colleges in New Jersey maintain health insurance coverage. These bills were originally drafted to include ALL students; however, amendments restrict the bills’ scope to the county college sector. The Senate passed the legislation, but it still awaits action in the Assembly.



New Jersey Senate Bill 2187

On September 20, 2012, Senate Bill 2187 was introduced. The bill, if enacted, would require NJ institutions of higher education to provide prospective students a financial aid shopping sheet.

Similar to the Financial Aid Shopping Sheet introduced by the U.S. Secretary of Education (featured in the Fall 2012 newsletter), the purpose of NJ State’s shopping sheet is to provide students with clear information on the costs of attending college. However, unlike the Feds Shopping Sheet, NJ S2187 would require public and independent institutions of higher education to provide an even more detailed account on: the costs, loan options, estimated debt that a student will incur attending the issuing institution, completion rates, and cost comparisons from the issuing institutions to other public/independent institutions. In total, S2187 specifies ten items that must be provided to prospective students on the shopping sheet with the financial aid offer.

While the purpose of the shopping sheet proposed in this bill is to provide students

a standardized comparable consumer tool to make informed decisions about where to attend school, this is applicable if students are only comparing NJ schools. The information can potentially create a disadvantage to NJ institutions when students are using the proposed shopping sheet to make choices between NJ and non-NJ schools, due to the fact the same information would not be readily available for the latter. In addition, institutions may have a difficult time to provide a financial aid award in the same timeframe as out of state schools due to the complexity and availability of the information required to report.

If the NJ Legislature decides to move forward with the development of a shopping sheet, Senate Bill 2187 may be better as the start of the discussion of a state’s shopping sheet. Whereas the final proposed bill should be developed with the consultation of the financial aid community and higher education institutions.

To read the Senate Bill 2187 please visit the following link,

http://www.njleg.state.nj.us/2012/Bills/S2500/2187_11.PDF.

Governor Christie's Budget Proposal and Higher Education

. On Tuesday February 26, 2013 Governor Christie delivered his 2014 Fiscal Year budget proposal to a joint session of the New Jersey Legislature. The Governor is proposing increases to funding for Higher Education.

The Governor proposed an additional \$16.1 million for the full-time Tuition Assistance Grant (TAG). He also requested an additional \$876,00 for Part-time TAG for community colleges. Until the budget is passed HESAA will be not able to say how this would affect award levels but they do anticipate awards being higher in all cells for all sectors.

Governor Christie proposed a total of \$10.6 million for the NJ Stars and the NJ Stars II programs. This is a decrease from the 2013 budget that reflects reductions in forecasted costs.

The Governor also proposed \$1 million for the Governor's Urban Scholarship program. This program which started last year provides a merit based award to students in 14 designated high-need communities.



Private Education Loan Disclosures

The Truth in Lending Act involves close-end (non-revolving) credit disclosures be made before consummation. Students borrowing from private education loans, according with the Truth in Lending Act, loans must receive disclosures:

1. Disclosure on or with an application must contain general information about the range of rates, fees, and other terms that may apply. Additional information about federal student loan alternatives for the student must be accompanied.
2. After loan approval disclosure must have the of specific rate and term information including the information currently required by TILA
3. At consummation final disclosure

is similar to the approval disclosure specific rate and term information including the information currently required by TILA and at least 3 days before disbursement.

It is important for schools to understand that if they have institutional loan programs, those programs may be subject to TILA and the disclosure requirements. Institutional programs are exempt only if the loan repayment term is less than 90 days or is an interest free loan with a loan term of less than one year."

<http://www.ifap.ed.gov/fregisters/FR102809InstitutionandLenderrequirements.html>



Impact of Sequestration on Title IV Programs

On March 1, 2013 the Department of Education announced how the sequester will impact the Title IV programs and provided an update on March 15, 2013

- **Federal Pell Grant Program:** Exempt from sequestration. No changes to 2012-2013 and 2013-2014 (AY) Payment Schedules.
- **Federal Work-Study (FWS) and Federal Supplemental Educational Opportunity Grant (FSEOG) Programs:** Funding reductions for 2013-2014 AY. ED will include the reduction in final FWS and FSEOG institutional allocations expected to be released later in the spring.
- **Federal Direct Loan Program:** The annual and aggregate loan limits for Direct loans will not change. Loan origination fees will increase for loans *first disbursed* on or after March 1, 2013. For DSL and DUL loans the origination fee will increase from 1 percent to 1.051 percent of the principal loan amount. For PLUS loans for parents, graduate and

professional student borrowers the fee will increase from 4 percent to 4.204 percent of the principal loan amount. Institutions should continue to award and disburse Direct Loans using the 1 percent and 4 percent loan fee amounts and will not be responsible or liable for the difference in the fees until the Department of Ed issues further guidance.

- **Iraq-Afghanistan Service Grant Program:** There is a reduction in award amounts where the *first disbursement* is made on or after March 1, 2013. Any grant made under this program that would require the new award amount must be reduced by 37.8 percent from the award the student would otherwise have been eligible.

TEACH Grant Program: Reduction of a TEACH grant would only apply to awards where the *first disbursement* is made on or after March 1, 2013. Any award made under this program that would require the new award amount must be reduced by 12.6 percent from the award the student would otherwise have been eligible.



New Jersey Association of Student Financial Aid Administrators, Inc.

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