

A4050

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill) Yes

A4051

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill) Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: Yes

Joint Committee meeting of Senate Higher Education Committee [and] Senate Legislative Oversight Committee : the Committees will receive testimony from Gabrielle Charette, executive director of the Higher Education Student Assistance Authority, and other invited guests on the administration of the New Jersey College Loans to Assist State Students (NJCLASS) loan program; the following bill will be considered: Senate bill 743 [August 8, 2016, Trenton, New Jersey] / meeting recorded and transcribed by the Office of Legislative Services, Public Information Office, Hearing Unit.

Call number: [974.90 C697, 2016b](#)

NEWSPAPER ARTICLES: Yes

"Christie signs bill to forgive college loans if student dies," Associated Press State Wire: New Jersey, December 5, 2016

"Christie OKs student-loan forgiveness bill," Star-Ledger, December 6, 2016

"Christie signs bill to forgive college loans if student dies," Press of Atlantic City, December 5, 2016

"NJ college loans to be forgiven in death," Asbury Park Press, December 5, 2016

"Christie spares families from student loan debt after borrower dies," nj.com, December 5, 2016

"New law forgives loans to students who die in debt," NorthJersey.com, December 5, 2016

"New law forgives N.J. college loan if student dies," Philadelphia Inquirer, December 5, 2016

RWH/CL

SENATE, No. 743

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator M. TERESA RUIZ

District 29 (Essex)

Co-Sponsored by:

Senators Madden, Diegnan and Weinberg

SYNOPSIS

Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of the borrower's death.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 9/9/2016)

1 AN ACT concerning student loans offered through the New Jersey
2 College Loans to Assist State Students (NJCLASS) Loan
3 Program and supplementing chapter 71C of Title 18A of the New
4 Jersey Statutes.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. a. In the event of the death of an eligible student borrower,
10 the authority shall fully discharge the obligation of the student
11 borrower and a parent or guardian who cosigned the loan.

12 b. The executor or administrator of the student borrower's
13 estate shall provide written notification to the authority of the
14 student borrower's death and shall provide the authority with a
15 certified copy of the death certificate within 120 days of the student
16 borrower's death.

17

18 2. This act shall take effect immediately.

19

20

21

STATEMENT

22

23 This bill directs the Higher Education Student Assistance
24 Authority (HESAA) to forgive student loans offered through the
25 New Jersey College Loans to Assist State Students (NJCLASS)
26 Loan Program in the event of a student borrower's death.

27 NJCLASS Loans are awarded by HESAA and may be used by
28 undergraduate and graduate students to pay for school-related
29 expenses including tuition and fees, books, supplies, and room and
30 board. Under the program, if a borrower dies while the loan is still
31 in repayment, a person who cosigned the loan (such as a parent)
32 will assume responsibility for the debt's repayment. Student loans
33 obtained through the federal government are generally discharged in
34 the event of the borrower's death.

35 This bill provides that, in the event of an NJCLASS student
36 borrower's death, HESAA must fully discharge the obligation of the
37 student borrower and a parent or guardian who cosigned the loan.
38 Under the bill, the executor or administrator of the student
39 borrower's estate must provide written notification to the authority
40 of the student borrower's death and must provide the authority with
41 a certified copy of the death certificate within 120 days of the
42 student borrower's death.

SENATE, No. 743

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator M. TERESA RUIZ

District 29 (Essex)

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman PATRICIA EGAN JONES

District 5 (Camden and Gloucester)

Assemblyman TIM EUSTACE

District 38 (Bergen and Passaic)

Assemblyman R. BRUCE LAND

District 1 (Atlantic, Cape May and Cumberland)

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

Assemblyman BOB ANDRZEJCZAK

District 1 (Atlantic, Cape May and Cumberland)

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

Co-Sponsored by:

**Senators Madden, Diegnan and Weinberg and Assemblywoman Sumter,
Assemblyman Wolfe, Assemblywoman Pinkin, Assemblyman Holley,
Assemblywomen Mosquera, Rodriguez-Gregg and Assemblyman Singleton**

SYNOPSIS

Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of the borrower's death.

CURRENT VERSION OF TEXT

As reported by the Senate Higher Education Committee with technical review.

(Sponsorship Updated As Of: 9/16/2016)

S743 BEACH, SARLO

2

1 AN ACT concerning student loans offered through the New Jersey
2 College Loans to Assist State Students (NJCLASS) Loan
3 Program and supplementing chapter 71C of Title 18A of the New
4 Jersey Statutes.

5

6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8

9 1. a. In the event of the death of an eligible student borrower,
10 the authority shall fully discharge the obligation of the student
11 borrower and a parent or guardian who cosigned the loan.

12 b. The executor or administrator of the student borrower's
13 estate shall provide written notification to the authority of the
14 student borrower's death and shall provide the authority with a
15 certified copy of the death certificate within 120 days of the student
16 borrower's death.

17

18 2. This act shall take effect immediately.

P.L.2016, CHAPTER 71, *approved December 5, 2016*
Senate, No. 743 (*First Reprint*)

1 AN ACT concerning ¹**【student loans offered through】**¹ the New
2 Jersey College Loans to Assist State Students (NJCLASS) Loan
3 Program and supplementing chapter 71C of Title 18A of the New
4 Jersey Statutes.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. a. In the event of the death of an eligible student borrower
10 ¹under the NJCLASS Loan Program¹, the authority shall fully
11 discharge the obligation of the student borrower and a parent or
12 guardian who cosigned the loan.

13 b. The executor or administrator of the student borrower's
14 estate shall provide written notification to the authority of the
15 student borrower's death and shall provide the authority with a
16 certified copy of the death certificate within 120 days of the student
17 borrower's death.

18
19 ¹2. a. In the event that an eligible student borrower under the
20 NJCLASS Loan Program becomes totally and permanently
21 disabled, the authority shall fully discharge the obligation of the
22 student borrower and a parent or guardian who cosigned the loan.
23 To qualify for the loan discharge the student borrower shall provide
24 the authority with a written statement from a physician, who is a
25 doctor of medicine or osteopathy and is legally authorized to
26 practice, certifying that the student borrower is totally and
27 permanently disabled.

28 b. As used in this section, “totally and permanently disabled”
29 means the condition of a student borrower who is unable to work
30 and earn money or attend school because of an injury or illness that
31 is expected to continue indefinitely or result in death. A student
32 borrower shall be considered totally and permanently disabled even
33 if the student borrower continues to receive an equal or greater
34 amount of income from the source of income that was used to meet
35 the minimum income requirements at the time the loan was
36 approved.¹

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted September 15, 2016.

1 ¹3. a. In the event that an eligible student borrower under the
2 NJCLASS Loan Program becomes temporarily totally disabled, the
3 authority shall grant a deferment of payment of loan principal and
4 interest. To qualify for the loan deferment, the student borrower
5 shall provide the authority with a written statement from a
6 physician, who is a doctor of medicine or osteopathy and is legally
7 authorized to practice, certifying that the student borrower is
8 temporarily totally disabled. The deferment shall begin on the date
9 that the student borrower's temporary total disability is certified to
10 begin and shall end on the date that the eligible student's temporary
11 total disability is certified to end. Interest on the loan shall not
12 accrue during the period of deferment.

13 b. As used in this section, "temporary total disability" means
14 that the student borrower is unable to work and earn money or
15 attend school during the period needed to recover from the injury or
16 illness. A student borrower shall be considered temporarily totally
17 disabled even if the student borrower continues to receive an equal
18 or greater amount of income from the source of income that was
19 used to meet the minimum income requirements at the time the loan
20 was approved.¹

21
22 ¹[2.] 4.¹ This act shall take effect immediately.

23
24
25
26
27 Directs Higher Education Student Assistance Authority to
28 forgive certain student loans in the event of student borrower's
29 death or total and permanent disability and grant deferment for
30 temporary total disability.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 743

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: OCTOBER 6, 2016

SUMMARY

- Synopsis:** Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of student borrower's death or total and permanent disability and grant deferment for temporary total disability.
- Type of Impact:** Expenditure increase
- Agencies Affected:** Higher Education Student Assistance Authority

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$1,403,000	\$1,516,000	\$1,638,000
State Revenue		Minimal Loss	

- The Office of Legislative Services (OLS) estimates that Senate Bill No. 743 (1R) of 2016 will result in increased costs to the State of \$1,403,000 in the first year, \$1,516,000 in the second year, and \$1,638,000 in the third year. Also, OLS projects this bill to have a minimal indeterminate loss in annual State revenue collections. However, the OLS notes that the fiscal impact will vary depending on the actual number of deaths of student borrowers, the number of student borrowers who become totally and permanently disabled, and the amount of outstanding NJCLASS loans of those student borrowers.

BILL DESCRIPTION

Senate Bill No. 743 (1R) of 2016 directs the Higher Education Student Assistance Authority (HESAA) to forgive student loans under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program in the event of a student borrower's death. The NJCLASS loans may be used by undergraduate and graduate students to pay for school-related expenses including tuition and fees, books, supplies, and room and board. Under the program, if a student borrower dies while the loan is in repayment, a person who cosigned the loan, such as the parent, would

assume responsibility for the loan's repayment. Student loans obtained through the federal government are generally discharged in the event of the borrower's death.

Under the bill, in the event of an NJCLASS student borrower's death, HESAA must fully discharge the obligation of the student borrower and a parent or guardian who cosigned the loan. The executor or administrator of the student borrower's estate must provide written notification to HESAA of the student borrower's death and provide the authority with a certified copy of the death certificate within 120 days of the student borrower's death.

Also, in the event that an NJCLASS student borrower becomes totally and permanently disabled, the authority must fully discharge the obligation of the student borrower and a parent or guardian who cosigned the loan. The student borrower must provide the authority with a written statement from a physician certifying that the student borrower is totally and permanently disabled.

Under the provisions of the bill, if an NJCLASS student borrower becomes temporarily totally disabled, the authority must grant a deferment of payment of loan principal and interest. The student borrower must provide the authority with a written statement from a physician certifying that the student borrower is temporarily totally disabled. The deferment will begin on the date that the student borrower's temporary total disability is certified to begin and end on the date that the student's temporary total disability is certified to end. Interest on the loan will not accrue during the period of deferment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that Senate Bill No. 743 (1R) of 2016 will result in increased costs to the State of \$1,403,000 in the first year, \$1,516,000 in the second year, and \$1,638,000 in the third year. However, the OLS notes that the fiscal impact will vary depending on the actual number of deaths of student borrowers, the number of students who are totally and permanently disabled, and the amount of outstanding NJCLASS loans of those student borrowers.

The NJCLASS Loan Program, which is available to cover the educational costs of both undergraduate and graduate students, is projected to have 111,680 outstanding loans valued at \$2.3 billion in FY 2017. Pursuant to N.J.S.18A:71C-23, an eligible borrower is an eligible student, or any parent, spouse, legal guardian, or other relative who is providing financial support for a dependent eligible student. According to HESAA, for the typical NJCLASS loan, a borrower needs a cosigner if the borrower cannot meet the credit requirements of the loan program.

The OLS assumed that the majority of the student borrowers in repayment were in the 25-34 year old age group. According to the most recent data compiled by the National Center for Health Statistics, the death rate for persons in this age group who have some college or a college degree is 59.8 deaths per 100,000 persons. The OLS then used the average increases in the number of outstanding loans and the total value of those loans over the past 10 fiscal years, including the FY 2017 Governor's Budget Estimate, in order to calculate the potential number of loans that would be forgiven under the bill and the total costs of those loans. Using these

assumptions, in FY 2017, HESAA would forgive 67 NJCLASS loans due to the death of student borrowers at a cost to the authority of \$1,380,000, as shown in Table 1.

In addition, the OLS used data compiled by the Centers for Disease Control and Prevention (CDC) and the United States Census Bureau to estimate the number of totally and permanently disabled student borrowers who would be eligible for loan forgiveness under the bill. The OLS used the average number of New Jersey adults who have a college degree and who are limited in any activities because of physical, mental, or emotional problems. The OLS estimated the total and permanent disability rate for persons in the 25-34 year old age group who have a college degree at 1.02 per 100,000 persons. The OLS then used the average increases in the number of outstanding loans and the total value of those loans over the past 10 fiscal years, including the FY 2017 Governor's Budget Estimate, in order to calculate the potential number of loans that would be forgiven under the bill and the total costs of those loans. Using these assumptions, in FY 2017, HESAA would forgive 1 NJCLASS loan due to the total and permanent disability of a student borrower at a cost to the authority of \$23,000, as shown in Table 1 below.

Table 1: Projected Costs of S-743 (1R)			
	Base FY 2017	FY 2018	FY 2019
<i>Student Death Estimate</i>			
Number of Outstanding Loans	111,680	112,998	114,331
Value of Outstanding Loans	\$ 2,305,826,349	\$ 2,491,154,680	\$ 2,691,378,578
Deaths per NJCLASS cohort	67	68	68
% Potential Loans Forgiven	0.059814	0.059824	0.059826
Cost of Loans Forgiven	\$ 1,380,000	\$ 1,490,000	\$ 1,610,000
<i>Student Total and Permanent Disability Estimate</i>			
Number of Outstanding Loans	111,680	112,998	114,331
Value of Outstanding Loans	\$ 2,305,826,349	\$ 2,491,154,680	\$ 2,691,378,578
Disability per NJCLASS cohort	1	1	1
% Potential Loans Forgiven	0.000985	0.001062	0.00105
Cost of Loans Forgiven	\$23,000	\$26,000	\$28,000
Total Cost of Loans Forgiven	\$1,403,000	\$ 1,516,000	\$ 1,638,000

The OLS notes that Senate Bill No. 743 (1R) of 2016 will have a minimal indeterminate loss of revenue to the State in the event that an NJCLASS student borrower becomes temporarily totally disabled and the authority grants a deferment of payment of loan principal and interest. Under current law, an NJCLASS student borrower who becomes temporarily totally disabled is liable for the interest that accrues on his or her NJCLASS loans during the period of deferment; however, under the bill, interest will not accrue on NJCLASS loans during the deferment period.

It should also be noted that NJCLASS loans, pursuant to N.J.S.18A:71C-22, are primarily, if not entirely, funded through the annual sale of bonds. According to HESAA, the bond indenture determines the amount of bond proceeds available for each repayment option, which have differing interest rates. The HESAA repays the bondholders using the repayments received from each borrower. In order to discharge the debt obligations of deceased and totally and permanently disabled student borrowers, HESAA would need to find a way to compensate for the discharged debt obligations, either from existing HESAA funds or through new State appropriations.

Section: Education

*Analyst: Juan C. Rodriguez
Assistant Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE HIGHER EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 743

STATE OF NEW JERSEY

DATED: AUGUST 8, 2016

The Senate Higher Education Committee reports favorably Senate Bill No. 743.

This bill directs the Higher Education Student Assistance Authority (HESAA) to forgive student loans offered through the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program in the event of a student borrower's death.

NJCLASS Loans are awarded by HESAA and may be used by undergraduate and graduate students to pay for school-related expenses including tuition and fees, books, supplies, and room and board. Under the program, if a borrower dies while the loan is still in repayment, a person who cosigned the loan (such as a parent) will assume responsibility for the debt's repayment. Student loans obtained through the federal government are generally discharged in the event of the borrower's death.

This bill provides that, in the event of an NJCLASS student borrower's death, HESAA must fully discharge the obligation of the student borrower and a parent or guardian who cosigned the loan. Under the bill, the executor or administrator of the student borrower's estate must provide written notification to the authority of the student borrower's death and must provide the authority with a certified copy of the death certificate within 120 days of the student borrower's death.

This bill was pre-filed for introduction in the 2016-2017 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

STATEMENT TO
SENATE, No. 743

with Assembly Floor Amendments
(Proposed by Assemblyman MAZZEO)

ADOPTED: SEPTEMBER 15, 2016

These Assembly floor amendments provide that the Higher Education Student Assistance Authority will forgive student loans under the NJCLASS Loan Program in the event of the student borrower's total and permanent disability. The bill in its original form only required loan forgiveness in the event of the death of a student borrower. The amendments also require the authority to grant a deferment of payment of loan principal and interest in the event that a student borrower becomes temporarily totally disabled.

ASSEMBLY, No. 2761

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 8, 2015

Sponsored by:

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman PATRICIA EGAN JONES

District 5 (Camden and Gloucester)

Assemblyman TIM EUSTACE

District 38 (Bergen and Passaic)

Assemblyman R. BRUCE LAND

District 1 (Atlantic, Cape May and Cumberland)

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

Assemblyman BOB ANDRZEJCZAK

District 1 (Atlantic, Cape May and Cumberland)

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

Co-Sponsored by:

Assemblywoman Sumter, Assemblyman Wolfe, Assemblywoman Pinkin,

Assemblyman Holley and Assemblywoman Mosquera

SYNOPSIS

Directs Higher Education Student Assistance Authority to forgive certain student loans in event of borrower's death.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 9/9/2016)

1 AN ACT concerning student loans offered through the New Jersey
2 College Loans to Assist State Students (NJCLASS) Loan
3 Program and supplementing chapter 71C of Title 18A of the New
4 Jersey Statutes.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. a. In the event of the death of an eligible student borrower,
10 the Higher Education Student Assistance Authority shall fully
11 discharge the obligation of the student borrower and a parent or
12 guardian who cosigned the loan.

13 b. The executor or administrator of the student borrower's
14 estate shall provide written notification to the authority of the
15 student borrower's death and shall provide the authority with a
16 certified copy of the death certificate within 120 days of the student
17 borrower's death.

18

19 2. This act shall take effect immediately.

20

21

22

STATEMENT

23

24 This bill directs the Higher Education Student Assistance
25 Authority (HESAA) to forgive student loans offered through the
26 New Jersey College Loans to Assist State Students (NJCLASS)
27 Loan Program in the event of a student borrower's death.

28 NJCLASS Loans are awarded by HESAA and may be used by
29 undergraduate and graduate students to pay for school-related
30 expenses including tuition and fees, books, supplies, and room and
31 board. Under the program, if a borrower dies while the loan is still
32 in repayment, a person who cosigned the loan (such as a parent)
33 will assume responsibility for the debt's repayment. Student loans
34 obtained through the federal government are generally discharged in
35 the event of the borrower's death.

36 This bill provides that, in the event of an NJCLASS student
37 borrower's death, HESAA must fully discharge the obligation of the
38 student borrower and a parent or guardian who cosigned the loan.
39 Under the bill, the executor or administrator of the student
40 borrower's estate must provide written notification to the authority
41 of the student borrower's death and must provide the authority with
42 a certified copy of the death certificate within 120 days of the
43 student borrower's death.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2761, 4050 and 4051
STATE OF NEW JERSEY
217th LEGISLATURE

DATED: OCTOBER 6, 2016

SUMMARY

- Synopsis:** Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of student borrower’s death or total and permanent disability and grant deferment for temporary total disability.
- Type of Impact:** Expenditure increase.
- Agencies Affected:** Higher Education Student Assistance Authority

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$1,403,000	\$1,516,000	\$1,638,000
State Revenue		Minimal Loss	

- The Office of Legislative Services (OLS) estimates that the Assembly Committee Substitute for Assembly Bill Nos. 2761, 4050, and 4051 of 2016 will result in increased costs to the State of \$1,403,000 in the first year, \$1,516,000 in the second year, and \$1,638,000 in the third year. Also, OLS projects this bill to have a minimal indeterminate loss in annual State revenue collections. However, the OLS notes that the fiscal impact will vary depending on the actual number of deaths of student borrowers, the number of student borrowers who become totally and permanently disabled, and the amount of outstanding NJCLASS loans of those student borrowers.

BILL DESCRIPTION

The Assembly Committee Substitute for Assembly Bill Nos. 2761, 4050 and 4051 of 2016 directs the Higher Education Student Assistance Authority (HESAA) to forgive student loans under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program in the event of a student borrower’s death. The NJCLASS loans may be used by undergraduate and graduate students to pay for school-related expenses including tuition and fees, books, supplies, and room and board. Under the program, if a student borrower dies while the loan is in

repayment, a person who cosigned the loan, such as the parent, would assume responsibility for the loan's repayment. Student loans obtained through the federal government are generally discharged in the event of the borrower's death.

Under the bill, in the event of an NJCLASS student borrower's death, HESAA must fully discharge the obligation of the student borrower and a parent or guardian who cosigned the loan. The executor or administrator of the student borrower's estate must provide written notification to HESAA of the student borrower's death and provide the authority with a certified copy of the death certificate within 120 days of the student borrower's death.

Also, in the event that an NJCLASS student borrower becomes totally and permanently disabled, the authority must fully discharge the obligation of the student borrower and a parent or guardian who cosigned the loan. The student borrower must provide the authority with a written statement from a physician certifying that the student borrower is totally and permanently disabled.

Under the provisions of the bill, if an NJCLASS student borrower becomes temporarily totally disabled, the authority must grant a deferment of payment of loan principal and interest. The student borrower must provide the authority with a written statement from a physician certifying that the student borrower is temporarily totally disabled. The deferment will begin on the date that the student borrower's temporary total disability is certified to begin and end on the date that the student's temporary total disability is certified to end. Interest on the loan will not accrue during the period of deferment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the Assembly Committee Substitute for Assembly Bill Nos. 2761, 4050 and 4051 of 2016 will result in increased costs to the State of \$1,403,000 in the first year, \$1,516,000 in the second year, and \$1,638,000 in the third year. However, the OLS notes that the fiscal impact will vary depending on the actual number of deaths of student borrowers, the number of students who are totally and permanently disabled, and the amount of outstanding NJCLASS loans of those student borrowers.

The NJCLASS Loan Program, which is available to cover the educational costs of both undergraduate and graduate students, is projected to have 111,680 outstanding loans valued at \$2.3 billion in FY 2017. Pursuant to N.J.S.18A:71C-23, an eligible borrower is an eligible student, or any parent, spouse, legal guardian, or other relative who is providing financial support for a dependent eligible student. According to HESAA, for the typical NJCLASS loan, a borrower needs a cosigner if the borrower cannot meet the credit requirements of the loan program.

The OLS assumed that the majority of the student borrowers in repayment were in the 25-34 year old age group. According to the most recent data compiled by the National Center for Health Statistics, the death rate for persons in this age group who have some college or a college degree is 59.8 deaths per 100,000 persons. The OLS then used the average increases in the number of outstanding loans and the total value of those loans over the past 10 fiscal years,

including the FY 2017 Governor's Budget Estimate, in order to calculate the potential number of loans that would be forgiven under the bill and the total costs of those loans. Using these assumptions, in FY 2017, HESAA would forgive 67 NJCLASS loans due to the death of student borrowers at a cost to the authority of \$1,380,000, as shown in Table 1.

In addition, the OLS used data compiled by the Centers for Disease Control and Prevention (CDC) and the United States Census Bureau to estimate the number of totally and permanently disabled student borrowers who would be eligible for loan forgiveness under the bill. The OLS used the average number of New Jersey adults who have a college degree and who are limited in any activities because of physical, mental, or emotional problems. The OLS estimated the total and permanent disability rate for persons in the 25-34 year old age group who have a college degree at 1.02 per 100,000 persons. The OLS then used the average increases in the number of outstanding loans and the total value of those loans over the past 10 fiscal years, including the FY 2017 Governor's Budget Estimate, in order to calculate the potential number of loans that would be forgiven under the bill and the total costs of those loans. Using these assumptions, in FY 2017, HESAA would forgive 1 NJCLASS loan due to the total and permanent disability of a student borrower at a cost to the authority of \$23,000, as shown in Table 1 below.

Table 1: Projected Costs of ACS of A-2761, 4050, and 4051			
	Base FY 2017	FY 2018	FY 2019
<i>Student Death Estimate</i>			
Number of Outstanding Loans	111,680	112,998	114,331
Value of Outstanding Loans	\$ 2,305,826,349	\$ 2,491,154,680	\$ 2,691,378,578
Deaths per NJCLASS cohort	67	68	68
% Potential Loans Forgiven	0.059814	0.059824	0.059826
Cost of Loans Forgiven	\$ 1,380,000	\$ 1,490,000	\$ 1,610,000
<i>Student Total and Permanent Disability Estimate</i>			
Number of Outstanding Loans	111,680	112,998	114,331
Value of Outstanding Loans	\$ 2,305,826,349	\$ 2,491,154,680	\$ 2,691,378,578
Disability per NJCLASS cohort	1	1	1
% Potential Loans Forgiven	0.000985	0.001062	0.00105
Cost of Loans Forgiven	\$23,000	\$26,000	\$28,000
Total Cost of Loans Forgiven	\$1,403,000	\$ 1,516,000	\$ 1,638,000

The OLS notes that the Assembly Committee Substitute for Assembly Bill Nos. 2761, 4050 and 4051 of 2016 will have a minimal indeterminate loss of revenue to the State in the event that an NJCLASS student borrower becomes temporarily totally disabled and the authority grants a deferment of payment of loan principal and interest. Under current law, an NJCLASS student borrower who becomes temporarily totally disabled is liable for the interest that accrues on his or her NJCLASS loans during the period of deferment; however, under the bill, interest will not accrue on NJCLASS loans during the deferment period.

It should also be noted that NJCLASS loans, pursuant to N.J.S.18A:71C-22, are primarily, if not entirely, funded through the annual sale of bonds. According to HESAA, the bond indenture determines the amount of bond proceeds available for each repayment option, which have differing interest rates. The HESAA repays the bondholders using the repayments received from each borrower. In order to discharge the debt obligations of deceased and totally and permanently disabled student borrowers, HESAA would need to find a way to compensate for the discharged debt obligations, either from existing HESAA funds or through new State appropriations.

FE to ACS for A2761

4

Section: Education

*Analyst: Juan C. Rodriguez
Assistant Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

ASSEMBLY HIGHER EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, Nos. 2761, 4050 and 4051**

STATE OF NEW JERSEY

DATED: SEPTEMBER 8, 2016

The Assembly Higher Education Committee reports favorably an Assembly Committee Substitute for Assembly Bill Nos. 2761, 4050, and 4051.

This committee substitute directs the Higher Education Student Assistance Authority (HESAA) to forgive student loans offered through the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program in the event of a student borrower's death or total and permanent disability.

The bill provides that in the event of the student borrower's death or total and permanent disability, HESAA must fully discharge the obligation of the student borrower and a parent or guardian who cosigned the loan. In the case of the death of a student borrower, the executor or administrator of the student's estate must provide HESAA with a certified copy of the student's death certificate within 120 days of the death. In the case of a student borrower who becomes totally and permanently disabled, the student must provide HESAA with a written statement from a licensed physician certifying that the student borrower is totally and permanently disabled.

The committee substitute also requires HESAA to grant a deferment of payment of loan principal and interest in the event that a student borrower becomes temporarily totally disabled. The deferment will begin on the date that the student borrower's temporary total disability is certified to begin and will end on the date that the temporary total disability is certified to end. Written certification of the temporary total disability will be provided by a licensed physician. Interest on the loan will not accrue during the period of deferment.

ASSEMBLY, No. 4050

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED SEPTEMBER 8, 2016

Sponsored by:

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of student borrower's death or total and permanent disability and grant deferment for temporary total disability.

CURRENT VERSION OF TEXT

As introduced.



A4050 ZWICKER

2

1 AN ACT concerning the New Jersey College Loans to Assist State
2 Students (NJCLASS) Loan Program and supplementing chapter
3 71C of Title 18A of the New Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. In the event of the death of an eligible student borrower
9 under the NJCLASS Loan Program, the authority shall fully
10 discharge the obligation of the student borrower and a parent or
11 guardian who cosigned the loan.

12 b. The executor or administrator of the student borrower's
13 estate shall provide written notification to the authority of the
14 student borrower's death and shall provide the authority with a
15 certified copy of the death certificate within 120 days of the
16 student's borrower's death.

17
18 2. a. In the event that an eligible student borrower under the
19 NJCLASS Loan Program becomes totally and permanently
20 disabled, the authority shall fully discharge the obligation of the
21 student borrower and a parent or guardian who cosigned the loan.
22 To qualify for the loan discharge the student borrower shall provide
23 the authority with a written statement from a physician, who is a
24 doctor of medicine or osteopathy and is legally authorized to
25 practice, certifying that the student borrower is totally and
26 permanently disabled.

27 b. As used in this section, "totally and permanently disabled"
28 means the condition of a student borrower who is unable to work
29 and earn money or attend school because of an injury or illness that
30 is expected to continue indefinitely or result in death. A student
31 borrower shall be considered totally and permanently disabled even
32 if the student borrower continues to receive an equal or greater
33 amount of income from the source of income that was used to meet
34 the minimum income requirements at the time the loan was
35 approved.

36
37 3. a. In the event that an eligible student borrower under the
38 NJCLASS Loan Program becomes temporarily totally disabled, the
39 authority shall grant a deferment of payment of loan principal and
40 interest. To qualify for the loan deferment, the student borrower
41 shall provide the authority with a written statement from a
42 physician, who is a doctor of medicine or osteopathy and is legally
43 authorized to practice, certifying that the student borrower is
44 temporarily totally disabled. The deferment shall begin on the date
45 that the student borrower's temporary total disability is certified to
46 begin and shall end on the date that the eligible student's temporary
47 total disability is certified to end. Interest on the loan shall not
48 accrue during the period of deferment.

A4050 ZWICKER

1 b. As used in this section, “temporary total disability” means
2 that the student borrower is unable to work and earn money or
3 attend school during the period needed to recover from the injury or
4 illness. A student borrower shall be considered temporarily totally
5 disabled even if the student borrower continues to receive an equal
6 or greater amount of income from the source of income that was
7 used to meet the minimum income requirements at the time the loan
8 was approved.

9

10 4. This act shall take effect immediately.

11

12

13

STATEMENT

14

15 This bill directs the Higher Education Student Assistance
16 Authority (HESAA) to forgive student loans offered through the
17 New Jersey College Loans to Assist State Students (NJCLASS)
18 Loan Program in the event of a student borrower’s death or total
19 and permanent disability.

20 The bill provides that in the event of the student borrower’s
21 death or total and permanent disability, HESAA must fully
22 discharge the obligation of the student borrower and a parent or
23 guardian who cosigned the loan. In the case of the death of a
24 student borrower, the executor or administrator of the student’s
25 estate must provide HESAA with a certified copy of the student’s
26 death certificate within 120 days of the death. In the case of a
27 student borrower who becomes totally and permanently disabled,
28 the student must provide HESAA with a written statement from a
29 licensed physician certifying that the student borrower is totally and
30 permanently disabled.

31 The bill also requires HESAA to grant a deferment of payment of
32 loan principal and interest in the event that a student borrower
33 becomes temporarily totally disabled. The deferment will begin on
34 the date that the student borrower’s temporary total disability is
35 certified to begin and will end on the date that the temporary total
36 disability is certified to end. Written certification of the temporary
37 total disability will be provided by a licensed physician. Interest on
38 the loan will not accrue during the period of deferment.

ASSEMBLY, No. 4051

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED SEPTEMBER 8, 2016

Sponsored by:

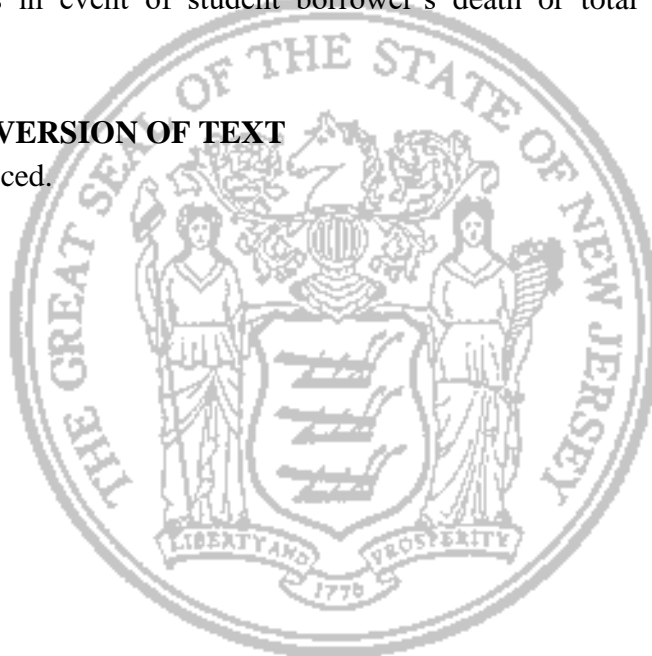
Assemblywoman MILA M. JASEY
District 27 (Essex and Morris)
Assemblyman DANIEL R. BENSON
District 14 (Mercer and Middlesex)
Assemblyman RAJ MUKHERJI
District 33 (Hudson)
Assemblyman TIM EUSTACE
District 38 (Bergen and Passaic)
Assemblyman JOHN F. MCKEON
District 27 (Essex and Morris)
Assemblywoman PAMELA R. LAMPITT
District 6 (Burlington and Camden)

SYNOPSIS

Directs Higher Education Student Assistance Authority to forgive certain student loans in event of student borrower's death or total and permanent disability.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/9/2016)

1 AN ACT concerning student loans under the New Jersey College
2 Loans to Assist State Students (NJCLASS) Loan Program and
3 supplementing chapter 71C of Title 18A of the New Jersey
4 Statutes.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. a. In the event of the death of an eligible student borrower
10 under the NJCLASS Loan Program, the authority shall fully
11 discharge the obligation of the student borrower and a parent or
12 guardian who cosigned the loan.

13 b. The executor or administrator of the student borrower's
14 estate shall provide written notification to the authority of the
15 student borrower's death and shall provide the authority with a
16 certified copy of the death certificate within 120 days of the
17 student's borrower's death.

18
19 2. a. In the event that an eligible student borrower under the
20 NJCLASS Loan Program becomes totally and permanently
21 disabled, the authority shall fully discharge the obligation of the
22 student borrower and a parent or guardian who cosigned the loan.
23 To qualify for the loan discharge, the student borrower shall
24 provide the authority with a written statement from a physician,
25 who is a doctor of medicine or osteopathy and is legally authorized
26 to practice, certifying that the student borrower is totally and
27 permanently disabled.

28 b. As used in this section, "totally and permanently disabled"
29 means the condition of a student borrower who is unable to work
30 and earn money or attend school because of an injury or illness that
31 is expected to continue indefinitely or result in death. A student
32 borrower shall be considered totally and permanently disabled even
33 if the student borrower continues to receive an equal or greater
34 amount of income from the source of income that was used to meet
35 the minimum income requirements at the time the loan was
36 approved.

37
38 3. This act shall take effect immediately.

39
40
41 STATEMENT

42
43 This bill directs the Higher Education Student Assistance
44 Authority (HESAA) to forgive student loans offered through the
45 New Jersey College Loans to Assist State Students (NJCLASS)
46 Loan Program in the event of a student borrower's death or total
47 and permanent disability.

A4051 JASEY, BENSON

3

1 The bill provides that in the event of the student borrower's
2 death or total and permanent disability, HESAA must fully
3 discharge the obligation of the student borrower and a parent or
4 guardian who cosigned the loan. In the case of the death of a
5 student borrower, the executor or administrator of the student's
6 estate must provide HESAA with a certified copy of the student's
7 death certificate within 120 days of the death. In the case of a
8 student borrower who becomes totally and permanently disabled,
9 the student must provide HESAA with a written statement from a
10 licensed physician certifying that the student borrower is totally and
11 permanently disabled.

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Governor Chris Christie Signs Legislation Strengthening New Jersey Residents' Security

Monday, December 5, 2016

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State of New Jersey OFFICE OF THE GOVERNOR

Takes Action on Pending Legislation

Trenton, NJ – Governor Chris Christie today signed a package of legislation designed to make New Jerseyans safer. The measures include requirements for schools to conduct yearly security training alongside first responders (A-3349/S-2438) and that existing and any new school architectural plans include certain security measures (A-3348/S-2439). Additionally, A-1946/S-1257 expands domestic violence statutes to include cyber-harassment.

"We must make every effort to ensure New Jersey citizens are safe and secure whether they are in their school buildings or online," said Governor Christie. "These new laws will require safety measures to be built into new school construction and all school personnel to be trained annually on safety and security. Additionally, I have signed a bill to address one of the fastest growing threats we face in the 21st century, cyber-harassment. This new law will help victims of domestic violence whose abusers choose to attack through the web and social media outlets."

Governor Chris Christie also took action on the following legislation:

BILL SIGNINGS:

S-384/A-3470 (Greenstein/Johnson) - Requires correctional facilities to provide inmates with prescription medication that was prescribed for chronic conditions existing prior to incarceration

S-743/ACS for A-2761 (Beach, Sarlo, Ruiz/Mazzeo, Zwicker, Jasey, Vainieri Huttle, Schaer, Jones, Eustace, Land, Gusciora, Andrzejczak, Downey, Houghtaling, Benson, Mukherji, McKeon, Lampitt) - Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of student borrower's death or total and permanent disability and grant deferment for temporary total disability

S-1041/A-1449 (Weinberg, Gordon/Lampitt, Benson, Vainieri Huttle, Tucker, Wimberly, Downey) - Requires DHS to develop timeline for use by individuals with developmental disabilities to gain benefit of State and federal programs; requires posting timeline on DHS, DCF, and DOE websites

S-2024/A-3793 (Madden, Oroho/Eustace, Peterson, Conaway, Mukherji, Benson, McKnight) - Clarifies that product approval from U.S. Food and Drug Administration is not required for drug manufacturer to file registration statement, and specifies timeframe by which DOH must review registration statements

S-2337/A-3985 (Sacco, Allen/Jimenez, O'Scanlon, Mukherji, Benson, Peterson) - Permits law enforcement agencies to buy firearms directly from manufacturers; clarifies permits and identification cards not required

S-2338/A-3914 (Whelan, Stack/Mazzeo) - Allows existing rural development areas zoned for industrial use under pinelands comprehensive management plan to be included as eligible areas under certain business incentive programs

A-1878/S-2404 (Wimberly/Rice) - Increases to under \$15,000 from under \$10,000 amount of permitted annual compensation paid to TPAF retiree reemployed as athletic coach by former school district within 180 days of

retirement

A-2519/S-1152 (DeAngelo, Holley, Mazzeo, Downey, McKnight/Greenstein, Beach) - Directs Attorney General to develop plan to disseminate Amber and Silver Alert information through social media

A-3662/S-2374 (Schaer, Caride, Vainieri Huttie, Mukherji, McKnight, Chiaravalloti, Quijano/Weinberg, Pou) – "Rosa-Bonilla Family Act"; concerns development of carbon monoxide poisoning educational program for drivers

A-3748/S-2115 (DeAngelo, Eustace, Mukherji, Holley, Benson, Beach/Cruz-Perez) - Requires DMVA to create registry for organizations providing services to veterans

AJR-23/SJR-30 (Andrzejczak, Land, Wimberly, Taliaferro/Van Drew) - Designates third weekend in October each year as "Shuck, Sip, and Slurp Weekend" to promote NJ oysters, wine, and beer

AJR-24/SJR-36 (Andrzejczak, Houghtaling/Van Drew, Connors) - Declares aquaculture an important State economic driver and urges State to include aquaculture industry in its economic development plans

AJR-25/SJR-14 (Land, Andrzejczak/Van Drew) - Recognizes Delaware Bayshore as region of special significance in NJ

AJR-98 (Space, Taliaferro) - Designates June of each year as "Native Plant Appreciation Month"

BILLS VETOED:

S-51/A-547 (Lesniak, Cunningham/Pinkin, Sumter, Vainieri Huttie, Gusciora, Muolo) – ABSOLUTE - Restricts use of isolated confinement in correctional facilities

S-92/A-2815 (Whelan/Mosquera, Jones, DeAngelo, Mazzeo, Johnson, Houghtaling) – CONDITIONAL - Revises "Overseas Residents Absentee Voting Law" to mirror federal law; permits overseas voters to vote in any election; permits use of federal write-in absentee ballot to vote, register or request ballot for all elections

Press Contact:

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609-777-2600



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