

LEGISLATIVE HISTORY CHECKLIST

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LAWS of 1999

CHAPTER: 46

NJSA:18A:71A-1

(New Jersey higher education -- consolidate student assistance functions)

BILL NO: A2217(Substituted for S1184 - 1st Reprint)

SPONSOR(S):Wolfe and Doria

DATE INTRODUCED:June 11, 1998

COMMITTEE:

ASSEMBLY: Education

*SENATE:*Education

AMENDED DURING PASSAGE:Yes

DATES OF PASSAGE:

*ASSEMBLY:*January 28, 1999

*SENATE:*December 10, 1998

DATE OF APPROVAL:March 12, 1999

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: *YES*^{2nd} Reprint

(Amendments during passage denoted by superscript numbers)

A2217

SPONSORS STATEMENT: *Yes* (Begins on page 96 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY: *Yes*

SENATE: *Yes*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

S1184

SPONSORS STATEMENT: *Yes (Begins on page 94 of original bill)*

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *Yes*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

LAST VERSION: *Yes (1st Reprint)*

(Amendments during passage denoted by superscript numbers)

GOVERNOR'S ACTIONS

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

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REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES: *No*

§1 Subtitle 12A New
Jersey Higher
Education Assistance
Authority.
Part 1
N.J.S. 18A:71A-1
To
N.J.S. 18A:71A-34
Part 2
N.J.S. 18A:71B-1
To
N.J.S. 18A:71B-52
Part 3
N.J.S. 18A:71C-1
To
N.J.S. 18A:71C-48
§2 - C. 18A:11-10
§§3-17, C. 38A:3-23
To C. 38A:3-37
§18 C. 18A:72F-13
§19 note to
C. 54A:6-25
§§20 - 25
C. 18A:62-23
To C. 18A:62-28
§§71,72 - Repealers
§73 Note To All
Sections

P.L. 1999, CHAPTER 46, *approved March 12, 1999*
Assembly, No. 2217 (Second Reprint)
(CORRECTED COPY)

1 AN ACT concerning higher education and revising parts of the
2 statutory law.

3

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

6

7 1. An additional Subtitle, 12A, is added to Title 18A of the New
8 Jersey Statutes as follows:

9

SUBTITLE 12A

10 NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE
11 AUTHORITY

12

13 **Part 1.—Authority Structure and General Provisions**

14

15 18A:71A-1. Short Title.

16 Section 1 shall be known and may be cited as the “Higher

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:

¹ Assembly AED committee amendments adopted June 15, 1998.

² Senate SED committee amendments adopted October 19, 1998.

1 Education Student Assistance Authority Law.”

2

3 18A:71A-2. Terms Defined.

4 As used in this act, unless the context indicates another or different
5 meaning, the following words shall have the following meanings:

6 “Authority” means the Higher Education Student Assistance
7 Authority established pursuant to this act, or any body, entity,
8 commission, or department succeeding to the principal functions
9 thereof or to whom the powers conferred upon the authority by this
10 act shall be given by law.

11 “Board” means the governing body of the authority appointed or
12 elected pursuant to N.J.S.18A:71A-4 of this article.

13 “Bond” means bonds, notes or other obligations of the authority
14 issued pursuant to this act.

15 “Commission” means the New Jersey Commission on Higher
16 Education.

17 “Eligible institution” means, unless otherwise defined by this act or
18 by the authority by regulation, an institution having a participation
19 agreement with the authority which is further defined in 20 U.S.C.
20 s.1071 et seq., and which includes an institution of higher education,
21 a proprietary institution of higher education, a postsecondary
22 vocational institution and a vocational school, provided that the
23 institution or school is licensed or approved by the appropriate agency
24 or department and accredited or preaccredited by a nationally
25 recognized accrediting association.

26 “Executive director” means the chief executive and administrative
27 officer of the authority.

28 “Fund” means the Higher Education Student Assistance Fund.

29 “Lender” or “eligible lender” includes the authority and any
30 institution authorized to make loans under 20 U.S.C. s.1071 et seq.
31 which has entered into a participation agreement with the authority.

32 “Member” means an individual appointed or elected to the board of
33 the authority or serving ex-officio on the board.

34 “State college” means any college or university created pursuant to
35 chapter 64 of Title 18A of the New Jersey Statutes.

36

37 18A:71A-3. Higher Education Student Assistance Authority
38 Created.

39 The Higher Education Student Assistance Authority, a body
40 corporate and politic, shall be established in the Executive Branch of
41 the State Government and for the purposes of complying with the
42 provisions of Article V, Section IV, paragraph 1 of the New Jersey
43 Constitution, the authority is allocated in but not of the Department of
44 State. The authority shall constitute an instrumentality of the State
45 exercising public and essential governmental functions, and the
46 exercise by the authority of the powers conferred by this act in the

1 furthering of access to postsecondary education, whether by loans,
2 grants, scholarships or other means, shall be deemed and held to be an
3 essential governmental function of the State. The authority shall
4 submit its budget request directly to the Division of Budget and
5 Accounting in the Department of the Treasury.

6
7 18A:71A-4. Board of the Authority.

8 a. The Board of the Higher Education Student Assistance Authority
9 shall consist of 18 members as follows: the State Treasurer, ex-
10 officio, or a designee; the chairperson of the Commission on Higher
11 Education, ex-officio or a designee from among the public members
12 of the commission; the chairperson of the Board of Directors of the
13 Educational Opportunity Fund, ex-officio, or a designee from among
14 the public members of the board; five representatives from eligible
15 institutions in this State, including one from Rutgers, the State
16 University, one from either the New Jersey Institute of Technology or
17 the University of Medicine and Dentistry of New Jersey, one from the
18 county colleges, one from the State colleges, and one from the
19 independent institutions of higher education in the State; two students
20 from different collegiate institutional sectors; seven public members
21 who shall be residents of this State, including one who shall represent
22 a lender party to a participation agreement with the authority; and the
23 executive director of the authority, or designee, who shall be an ex-
24 officio, non-voting member of the board.

25 b. The seven public members, including the lender member, shall be
26 appointed by the Governor with the advice and consent of the Senate.
27 No more than four of the public members shall be members of the
28 same political party. The institutional representatives shall be
29 nominated by the respective institution in the case of Rutgers, the
30 State University, New Jersey Institute of Technology, and University
31 of Medicine and Dentistry of New Jersey. The remaining institutional
32 representatives shall be nominated by the respective sector association.
33 Institutional representatives shall be appointed by the Governor with
34 the advice and consent of the Senate. The student members shall be
35 the individuals that the Student Advisory Committee elects as its
36 chairperson and vice-chairperson. The Student Advisory Committee
37 shall be created by the board to include students from all collegiate
38 institutional sectors. The necessary appointments shall be made within
39 45 days of the enactment of P.L. , c. (C.) (now pending before the
40 Legislature as this bill).

41 c. Public and institutional members of the board shall serve a term
42 of four years and until a successor is appointed and qualified, except
43 in the case of the first members so appointed, four of whom shall be
44 appointed for a term of four years, four of whom shall be appointed
45 for a term of three years, two of whom shall be appointed for a term
46 of two years, and two of whom shall be appointed for a term of one

1 year. Student members shall serve a term of office not to exceed two
2 years. Any vacancy in the membership of the board, occurring
3 otherwise than by expiration of term, shall be filled in the same manner
4 as the original appointment or election was made, but for the
5 unexpired term only.

6

7 18A:71A-5. Executive Director.

8 a. The executive director of the authority shall be appointed by the
9 Governor and shall serve at the pleasure of the Governor during the
10 Governor's term of office and until a successor is appointed and
11 qualified, except that the person holding the office of Executive
12 Director of Student Assistance Programs in the Office of Student
13 Assistance in, but not of, the Department of the Treasury, on the
14 effective date of this act shall be the initial executive director of the
15 authority. The executive director shall receive annual compensation,
16 which shall be payable as other State compensation is paid.

17 b. The executive director shall be:

18 (1) the chief executive and administrative officer of the authority
19 having general charge and supervision of the work of the authority;

20 (2) the appointing authority and official agent of the authority for
21 all purposes. The authority shall delegate to the executive director the
22 power to employ financial and computer experts, attorneys,
23 accountants, managers, and such other employees and agents as may
24 be necessary; to fix their compensation; and to promote and discharge
25 the employees and agents;

26 (3) the budget request officer and the approval officer of the
27 authority;

28 (4) an officer and an ex-officio, non-voting member of the board;
29 and

30 (5) authorized, subject to law, to select a designee to act in his
31 place or stead and to have authority over all matters concerning the
32 employment and compensation of staff not classified under Title 11A
33 of the New Jersey Statutes.

34

35 18A:71A-6. Organization of the Board.

36 a. Meetings of the board shall be held at such time and place as the
37 members shall determine. A majority of the members in office at a
38 meeting at which public members of the board are present shall be
39 necessary to constitute a quorum for the transaction of business, and
40 the acts of a majority of the members present at a meeting at which a
41 quorum is present shall be the acts of the authority. The board shall
42 hold all meetings attended by, or open to, all members of the board in
43 accordance with the "Open Public Meetings Act," P.L. 1975, c.231
44 (C.10:4-6 et seq.).

45 b. A true copy of the minutes of every meeting of the board shall be
46 forthwith delivered by and under the certification of the secretary

1 thereof, to the Governor. No action taken at the meeting by the board
2 shall have force or effect until 10 days after the copy of the minutes
3 has been delivered. If, in the 10-day period, the Governor returns the
4 copy of the minutes with a veto of any action taken by the authority or
5 any member thereof at the meeting, the action shall be null and of no
6 effect. If the Governor does not return the minutes within the 10-day
7 period, any action therein recited shall have force and effect according
8 to the wording thereof. At any time prior to the expiration of the 10-
9 day period, the Governor may sign a statement of approval of any such
10 action of the board, in which case the approved action shall not
11 thereafter be disapproved.

12 Notwithstanding the provisions of this section, with regard to the
13 authorization or sale of bonds of the authority, the authority shall
14 furnish to the Governor a certified copy of the minutes of the meeting
15 at which the bonds are authorized or sold after the taking of the
16 action, and the Governor shall indicate approval or disapproval of the
17 action prior to the end of the business day upon which the certified
18 copy of the minutes was furnished to the Governor.

19 The powers conferred in this section upon the Governor shall be
20 exercised with due regard for the rights of the holders of bonds of the
21 authority at any time outstanding, and nothing in, or done pursuant to,
22 this section shall in any way limit, restrict or alter the obligation or
23 powers of the authority or any representative or officer of the
24 authority to carry out and perform in every detail each and every
25 covenant, agreement or contract at any time made or entered into by
26 or on behalf of the authority with respect to its bonds or for the
27 benefit, protection or security of the holders thereof.

28 c. The officers of the board shall be a chairperson, a vice-
29 chairperson, and one person to act as secretary and treasurer. The
30 chairperson and vice-chairperson shall be elected from among the
31 public members of the board by the board annually and shall hold
32 office until their successors are elected or until their earlier death,
33 disability, resignation, or removal. The secretary and treasurer shall
34 be the executive director or designee. Any vacancy of the chairperson
35 or vice-chairperson caused by the death, disability, resignation, or
36 removal of any officer shall be filled by the members of the board.

37

38 18A:71A-7. Limitation of Liability, Conflict of Interest,
39 Compensation.

40 a. The personal liability of members of the board, which shall be a
41 public entity under the "New Jersey Tort Claims Act," N.J.S.59:1-1
42 et seq., shall be limited to the extent permitted by N.J.S.59:1-1 et seq.,
43 this act, and other applicable New Jersey law.

44 b. Each member of the board shall comply with the "New Jersey
45 Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.).

46 c. The members of the board shall receive no compensation for their

1 services, but shall be reimbursed for their actual expenses necessarily
2 incurred in the performance of their duties.

3

4 18A:71A-8. General Powers of the Authority.

5 The authority shall have the power to:

6 a. adopt by-laws for the regulation of its affairs and the conduct of
7 its business;

8 b. maintain an office at such place or places within the State as it
9 may designate;

10 c. adopt an official seal and alter the same at pleasure;

11 d. sue and be sued in its own name;

12 e. retain legal counsel of its choosing. The authority may choose
13 representation by the Attorney General; however, as to claims of a
14 tortious nature, the authority shall elect within 75 days of the effective
15 date of this act whether it, and its employees, shall be represented in
16 all such matters by the Attorney General. If the authority elects not to
17 be represented by the Attorney General, it shall be considered and its
18 employees considered employees of a sue and be sued entity for the
19 purposes of the "New Jersey Tort Claims Act" only. The authority
20 shall be required in that circumstance to provide its employees with
21 defense and indemnification consistent with the terms and conditions
22 of the Tort Claims Act in lieu of the defense and indemnification that
23 such employees would otherwise seek and be entitled to from the
24 Attorney General pursuant to N.J.S.59:10-1 et seq. and P.L.1972, c.48
25 (C.59:10A-1 et seq.);

26 f. make and enter into all contracts and agreements necessary or
27 incidental to the performance of its duties and the execution of its
28 powers under this act;

29 g. borrow money and to issue bonds, notes and other obligations of
30 the authority to carry out any purposes of the authority under this act,
31 including, without limitation: (1) making or purchasing loans under
32 any provision of this act; (2) purchasing from lenders approved notes
33 or participations in approved notes as provided by law; and (3)
34 refunding of outstanding bonds; but it shall not in any manner, directly
35 or indirectly, pledge the credit of the State;

36 h. receive and accept, from any federal or other public agency or
37 governmental entity, grants, including block grants, or loans for or in
38 aid of its programs and powers under this act, and to receive aid and
39 contributions from any other source, of money, property, labor, and
40 other things of value, to be held, used and applied only for the
41 purposes for which the grants, loans and contributions may be made;

42 i. acquire, lease as lessee, hold and dispose of real and personal
43 property or any interest therein, in the exercise of its powers and the
44 performance of its duties under this act;

45 j. complete, administer, operate, obtain and authorize payment for
46 insurance on and maintain, renovate, repair, modernize, lease or

- 1 otherwise deal with any property acquired or held by it pursuant to
2 this act;
- 3 k. authorize payment for disbursements, costs, commissions,
4 attorney's fees and other reasonable expenses related to and necessary
5 for the making and protection of guaranteed and other authority loans
6 and the recovery of moneys, loans or management of property
7 acquired in connection with the loans;
- 8 l. adopt rules and regulations to implement this act; and
- 9 m. do all acts and things necessary or appropriate to carry out the
10 objects and purposes of this act.

11

12 18A:71A-9. Further Powers of the Authority.

13 The authority shall have the following powers to:

- 14 a. further access to postsecondary education, whether by loans,
15 grants, scholarships, savings programs, or other means as approved by
16 the Legislature to meet the expenses of postsecondary education;
- 17 b. make, assist in the placing of federally guaranteed student loans,
18 service or otherwise provide such loans:
- 19 (1) to persons who are residents of this State or who reside outside
20 this State who are attending and are in good standing in, or who plan
21 to attend, any eligible institution located in this State or elsewhere; or
- 22 (2) to parents of persons meeting the requirements set forth in
23 paragraph (1) of this subsection, in order to assist them in meeting the
24 expenses of postsecondary education;
- 25 c. guarantee the loans in subsection b. of this section upon such
26 terms and conditions as the authority may prescribe; provided that the
27 amounts may not exceed the annual and aggregate amounts authorized
28 under 20 U.S.C.s.1071 et seq.;
- 29 d. buy and sell approved notes evidencing loans made under this act,
30 and to buy and sell participations in approved notes made pursuant to
31 this act, either by buying and selling directly or by establishing a
32 separate entity which will serve as a secondary market for student
33 loans under the oversight of the authority, which entity shall take
34 action and adopt rules subject to the approval of the authority;
- 35 e. be the State guaranty agency for the State of New Jersey and
36 engage in programs which state guaranty agencies are authorized to
37 participate in pursuant to 20 U.S.C. s.1071 et seq.;
- 38 f. be the lead State agency in coordination with the commission in
39 determining policy on student assistance issues;
- 40 g. assist students who are parties to loans made, funded, or
41 guaranteed under this act to qualify for federal interest subsidy, special
42 allowance, loan forgiveness or other applicable benefits;
- 43 h. establish a separate entity or utilize established agencies to
44 administer loan programs, which entity or agencies shall administer
45 authority loan programs and adopt rules subject to the approval of the
46 authority. Loans made by the entity or agencies shall be subject to the

- 1 same criteria as to amount, interest and payment as are other loans
2 authorized under this act, and shall be given to students who are
3 eligible for loans under the terms and conditions of the law but have
4 been unable to secure them;
- 5 i. be an agency of communication with departments and agencies of
6 the United States on the availability of grants or loans to this State for
7 purposes related to or similar to those set forth in this act;
- 8 j. request and receive from any department, division, board, bureau,
9 commission or agency of the State or any subdivision thereof the
10 assistance and data necessary to properly carry out its powers, duties
11 and functions;
- 12 k. make and service loans to eligible borrowers through State loan
13 programs established by law;
- 14 l. administer loan redemption and related fellowship programs
15 established by law;
- 16 m. administer and coordinate grant, scholarship and tuition aid
17 programs as established by law;
- 18 n. be the primary State agency for the administration of non-campus
19 based federal grant and scholarship programs for students seeking to
20 meet the expenses of postsecondary education;
- 21 o. inform the public of financial aid programs to meet the expenses
22 of postsecondary education;
- 23 p. perform audit and review functions, including federally mandated
24 lender and school reviews, campus level State student financial aid
25 program reviews and State-mandated annual internal control reviews;
26 and
- 27 q. assist the Attorney General in the investigation of alleged
28 violations of all criminal statutes related to fraud or a breach of
29 fiduciary obligations committed by any person who has obtained or
30 aided and abetted in obtaining loans, loan guarantees, scholarships,
31 and grants or other moneys from this authority; and to work in
32 conjunction with the appropriate prosecuting authorities in the
33 prosecution of cases where it is determined that evidence of criminal
34 activity exists.

35

36 18A:71A-10. Contracts, Purchases, Records, Travel.

- 37 a. The authority, in the exercise of its power to make and enter into
38 contracts and agreements necessary or incidental to the performance
39 of its duties and the execution of its powers, shall adopt standing
40 operating rules and procedures providing that, except as hereinafter
41 provided, no contract on behalf of the authority shall be entered into
42 for the doing of any work, or for the hiring of equipment or vehicles,
43 when the sum to be expended exceeds the sum of \$12,300 or, after
44 June 30, 1998, the amount determined pursuant to subsection b. of
45 this section, unless the authority shall first publicly advertise for bids
46 therefor, and shall award the contract to the lowest responsible bidder.

1 Waiver of bid advertising and of actual bidding shall be made by
2 resolution of the authority for those goods, services, and contracts
3 described in sections 4 and 5 of P.L.1954, c.48 (C.52:34-9 and 52:34-
4 10). Special rules shall apply to the procurement of professional
5 services when the authority shall consider a variety of factors
6 associated with rendering the professional services, including price, in
7 awarding of a contract.

8 This subsection shall not prevent the authority from having any work
9 done by its own employees, nor shall it apply when the safety or
10 protection of its or other public property requires. In the case of
11 exigency or emergency, the authority shall, by resolution passed by the
12 affirmative vote of a majority of its members, declare the exigency or
13 emergency to exist, and set forth in the resolution the nature thereof
14 and the approximate amount to be so expended.

15 b. The Governor, in consultation with the Department of the
16 Treasury, shall, not later than March 1 of each odd-numbered year,
17 adjust the threshold amount set forth in subsection a. of this section,
18 or the threshold amount resulting from any adjustment under this
19 subsection, in direct proportion to the rise or fall of the consumer
20 price index for all urban consumers in the New York City and the
21 Philadelphia areas as reported by the United States Department of
22 Labor. The Governor shall, no later than June 1 of each odd-
23 numbered year, notify the authority of the adjustment. The adjustment
24 shall become effective July 1 of each odd-numbered year.

25 c. The authority, in the exercise of its power to make purchases and
26 enter into contracts, leases and agreements necessary or incidental to
27 the performance of its duties and the execution of its powers, shall
28 adopt standing operating rules and procedures providing that, subject
29 to subsections a. and b. of this section, for purchases, contracts, leases
30 and agreements payable exclusively with or out of funds transferred
31 from the Higher Education Student Assistance Fund, the purchases,
32 contracts, leases and agreements shall be subject to the authority's sole
33 approval. Approval of the purchases, contracts, leases, and
34 agreements shall not be required by any other department, division,
35 board, bureau, agency, office or officer of the State.

36 d. The authority, without advertising for bids, or after having
37 rejected all bids obtained pursuant to advertising therefor, may
38 purchase any materials, supplies or equipment pursuant to a contract
39 or contracts for the materials, supplies or equipment entered into on
40 behalf of the State. Any department, division, commission, board,
41 bureau, agency, office or officer of the State may, by joint action with
42 the authority, purchase any articles used or needed by the State and
43 the authority.

44 e. Records subject to the record retention requirements set forth
45 under 20 U.S.C.s.1071 et seq., 20 U.S.C.s.1070c et seq., and 20
46 U.S.C.s.1104 et seq. and implementing regulations and rules shall not

1 be "public records" for purposes of the "Destruction of Public Records
2 Law (1953)", P.L.1953, c.410 (C.47: 3-15 et seq.), notwithstanding
3 the provisions of any law to the contrary.

4 f. The executive director shall have the power to approve of travel
5 consistent with Office of Management and Budget travel regulations,
6 except that for travel that is payable exclusively with or out of funds
7 transferred from the Higher Education Student Assistance Fund, no
8 approval shall be required by the Director of the Office of
9 Management and Budget.

10

11 18A:71A-11. Certain Pension, Benefits, and Employment
12 Classification Provisions Applicable to Employees of the Authority.

13 a. Notwithstanding the provisions of any law to the contrary, any
14 former employee of the Office of Student Assistance who was a
15 participant in the alternate benefit program, P.L.1969, c.242
16 (C.18A:66-168 et seq.), and who has continued in uninterrupted
17 service with the State may continue to participate in the alternate
18 benefit program on the same terms as other eligible employees.

19 b. Notwithstanding the provisions of any law to the contrary,
20 professional administrative staff of the authority are eligible to
21 participate in the alternate benefit program under the provisions of
22 P.L.1969, c.242 (C.18A:66-168 et seq.).

23 c. Notwithstanding the provisions of any law to the contrary,
24 eligible employees of the authority shall be eligible to obtain
25 supplemental tax-deferred annuities with outside investment carriers
26 on the same basis and with the same carriers as available to members
27 of the alternate benefit program under the provisions of P.L.1969,
28 c.242 (C.18A:66-168 et seq.).

29 d. The total number of employees in unclassified service including
30 the number of vacant unclassified service positions on the date this act
31 becomes effective shall not decrease without prior authorization by the
32 board.

33

34 18A:71A-12. Limitations on Issue of Bond Anticipation Notes and
35 Other Obligations.

36 The authority may issue bond anticipation notes and other short-term
37 obligations which may be renewed from time to time, but the
38 maximum maturity of the notes or obligations, including renewals
39 thereof, shall not exceed five years from the date of issue of the
40 original. The notes or obligations shall be paid from any revenues or
41 other moneys of the authority available therefor and not otherwise
42 pledged, or from the proceeds of sale of the bonds of the authority in
43 anticipation of which they were issued. The notes or obligations shall
44 be issued in the same manner as bonds, and the resolution or
45 resolutions authorizing them may contain any provisions, conditions
46 or limitations which a bond resolution of the authority may contain.

1 18A:71A-13. Bonds, Bond Anticipation Notes, Other Obligations:
2 General Provisions.

3 Except as may otherwise be expressly provided by the authority,
4 every issue of its bonds, notes or obligations shall be general
5 obligations of the authority payable from any revenues or moneys of
6 the authority, subject only to any agreements with the holders of
7 particular bonds, notes or obligations pledging any particular revenues
8 or moneys. Notwithstanding that bonds, notes, and other obligations
9 may be payable from a special fund, they shall be fully negotiable
10 within the meaning of Title 12A of the New Jersey Statutes, the
11 Uniform Commercial Code, subject only to the provision of the bonds,
12 notes, and other obligations for registration. The bonds may be issued
13 as serial bonds or as term bonds, or the authority, in its discretion, may
14 issue bonds of both types. The bonds shall be authorized by resolution
15 of the members of the authority and shall bear such date or dates,
16 mature at such time or times, not exceeding 35 years from their
17 respective dates, bear interest at such rate or rates including, but not
18 limited to, fixed, variable, floating or adjustable interest rates, be
19 payable at such time or times, be in such denominations, be in such
20 form, either coupon or registered, carry such registration privileges,
21 be executed in such manner, be payable in lawful money of the United
22 States of America at such place or places, and be subject to such terms
23 of redemption, as the resolution or resolutions may provide. The
24 bonds, notes or obligations may be sold at public or private sale for
25 such price or prices as the authority shall determine. Pending
26 preparation of the definitive bonds, the authority may issue interim
27 receipts or certificates which shall be exchanged for the definitive
28 bonds.

29 At any time prior to the issuance and sale of bonds or other
30 obligations by the authority under this act, the State Treasurer is
31 authorized to transfer from any available moneys in any fund of the
32 Treasury of the State to the credit of any fund of the authority those
33 sums which the State Treasurer may deem necessary. The sums so
34 transferred shall be returned to the same fund of the Treasury of the
35 State by the State Treasurer from the proceeds of the sale of the first
36 issue of authority bonds, notes or other obligations issued for the same
37 programmatic purpose as the funds transferred by the State Treasurer.

38

39 18A:71A-14. Bond Resolutions.

40 Any resolution or resolutions of the authority authorizing any bonds
41 or any issues of bonds may contain provisions, which shall be a part of
42 the contract with the holders of the bonds to be authorized as to:

- 43 a. the pledging of all or any part of the revenues of the authority;
- 44 b. the use and disposition of the revenues;
- 45 c. the setting aside of reserves or sinking funds, and the regulations
46 and disposition thereof;

- 1 d. limitations on the issuance of additional bonds, the terms upon
2 which additional bonds may be issued and secured and the refunding
3 of outstanding bonds;
- 4 e. the procedure, if any, by which the terms of any contract with
5 bondholders may be amended or abrogated, the amount of bonds the
6 holders of which must consent thereto, and the manner in which the
7 consent may be given;
- 8 f. limitations on the purpose to which the proceeds of sale of any
9 issue of bonds then or thereafter to be issued may be applied and
10 pledging the proceeds to secure the payment of the bonds or any issue
11 of the bonds;
- 12 g. defining the acts or omissions to act which shall constitute a
13 default in the duties of the authority to holders of its obligations and
14 providing the rights and remedies of the holders in the event of a
15 default; and
- 16 h. the making of covenants other than and in addition to the
17 covenants herein expressly authorized, of like or different character;
18 and the making of the covenants to do or refrain from doing such acts
19 and things as may be necessary or convenient or desirable in order to
20 better secure the bonds, notes or other obligations which, in the
21 absolute discretion of the authority, will tend to make the bonds,
22 notes, or other obligations more marketable, notwithstanding that the
23 covenants, acts or things may not be enumerated herein.

24

25 18A:71A-15. Personal Liability on Bonds, Notes and Other
26 Obligations.

27 Neither the members of the authority, nor any person executing
28 bonds, notes or other obligations issued by it, nor any officer or
29 employee of the authority shall be liable personally on the bonds, notes
30 or other obligations or be subject to any personal liability or
31 accountability by reason of the issuance thereof.

32

33 18A:71A-16. Purchase by Authority of Bonds, Notes and Other
34 Obligations.

35 The authority shall have the power out of any funds available
36 therefor to purchase its bonds, notes or other obligations. The
37 authority may hold, pledge, cancel or resell the bonds, subject to and
38 in accordance with agreements with bondholders.

39

40 18A:71A-17. Security for Bonds.

41 In the discretion of the authority, any bonds issued by it may be
42 secured by a trust agreement between the authority and a qualified
43 bank as defined in section 1 of "The Banking Act of 1948," P.L.1948,
44 c.67 (C.17:9A-1 et seq.). The trust agreement or resolution providing
45 for the issuance of the bonds may contain such provisions for
46 protecting and enforcing the rights and remedies of the bondholders as

1 may be reasonable and proper and not in violation of law, including
2 particularly those provisions authorized to be included in any
3 resolution or resolutions of the authority authorizing bonds. Any
4 banking institution, as defined in section 1 of "The Banking Act of
5 1948," P.L.1948, c.67 (C.17:9A-1 et seq.), may act as depository of
6 the proceeds of bonds or of revenues or other moneys and may furnish
7 such indemnifying bonds or pledge such securities as may be required
8 by the authority. The trust agreement may set forth the rights and
9 remedies of the bondholders and of the trustee or trustees, and may
10 restrict the individual right of action by bondholders. In addition to
11 the foregoing, the trust agreement or resolution may contain such
12 other provisions as the authority may deem reasonable and proper for
13 the security of the bondholders.

14

15 18A:71A-18. Liability for Payment of Bonds.

16 Bonds issued pursuant to N.J.S.18A:71A-8 shall not be deemed to
17 constitute a debt or liability of the State or of any political subdivision
18 thereof or a pledge of the faith and credit of the State or of any
19 political subdivision, but shall be payable solely from the funds herein
20 provided. The bonds shall contain on the face a statement to the
21 effect that neither the State of New Jersey nor the authority shall be
22 obligated to pay the same or the interest thereon except from revenues
23 or other moneys of the authority and that neither the faith and credit
24 nor the taxing power of the State or of any political subdivision
25 thereof is pledged to the payment of the principal of or the interest on
26 the bonds. The issuance of bonds under the provisions of this act shall
27 not directly or indirectly or contingently obligate the State or any
28 political subdivision thereof to levy or to pledge any form of taxation
29 whatever therefor.

30

31 18A:71A-19. Rights of Bondholders.

32 A holder of bonds issued by the authority pursuant to
33 N.J.S.18A:71A-8, or any of the coupons appertaining thereto, and the
34 trustee or trustees under any trust agreement, except to the extent the
35 rights herein given may be restricted by any resolution authorizing the
36 issuance of, or any trust agreement securing, the bonds, may, either
37 at law or in equity, by suit, action or other proceedings, protect and
38 enforce any and all rights under the laws of the State or granted
39 hereunder or under the resolution of trust agreement, and may enforce
40 and compel the performance of all duties required by this act or by the
41 resolution or trust agreement to be performed by the authority or by
42 any officer, employee or agent thereof.

43

44 18A:71A-20. Refunding Bonds.

45 a. The authority shall have power to issue bonds for the purposes of
46 refunding any of its bonds then outstanding, including the payment of

1 any redemption premium thereon and any interest accrued or to accrue
2 to the earliest or subsequent date of redemption, purchase or maturity
3 of the bonds.

4 b. The proceeds of bonds issued for the purpose of refunding
5 outstanding bonds may, in the discretion of the authority, be applied
6 to the purchase or retirement at maturity or redemption of outstanding
7 bonds either on their earliest or any subsequent redemption date or
8 upon the purchase or at the maturity thereof and may, pending such
9 application, be placed in escrow to be applied to the purchase or
10 retirement at maturity or redemption on such date as may be
11 determined by the authority. Any escrowed proceeds, pending such
12 use, may be invested and reinvested in obligations of or guaranteed by
13 the United States of America, or in certificates of deposit or time
14 deposits secured by obligations of or guaranteed by the United States
15 of America, maturing at such time or times as shall be appropriate to
16 assure the prompt payment, as to principal, interest and redemption
17 premium, if any, of the outstanding bonds to be so refunded. The
18 interest, income and profits, if any, earned or realized on any such
19 investment may also be applied to the payment of the outstanding
20 bonds to be so refunded. After the terms of the escrow have been
21 fully satisfied and carried out, any balance of the proceeds and interest,
22 income and profits, if any, earned or realized on the investments
23 thereof may be returned to the authority for use by it in any lawful
24 manner. All such bonds shall be subject to the provisions of this act
25 in the same manner and to the same extent as other bonds issued
26 pursuant to this act and N.J.S.18A:71A-8.

27
28 18A:71A-21. Bonds as Legal Investments.

29 Bonds, notes and other obligations issued by the authority under the
30 provisions of this act and N.J.S.18A:71A-8, are hereby made securities
31 in which the State and all political subdivisions of the State, their
32 officers, boards, commissions, departments or other agencies, banks,
33 savings banks, savings and loan associations, investment companies,
34 all insurance companies, insurance associations and all administrators,
35 executors, guardians, trustees and other fiduciaries, and all other
36 persons who now are or may hereafter be authorized to invest in
37 bonds, notes or other obligations of the State, may properly and
38 legally invest any funds, including capital belonging to them or within
39 their control; and the bonds, notes or other obligations are hereby
40 made securities which may properly and legally be deposited with and
41 received by any State or municipal officers or agency of the State for
42 any purpose for which the deposit of bonds or other obligations of the
43 State is now or may hereafter be authorized by law.

44
45 18A:71A-22. Pledge of State; Exemption From Taxation; Taxable
46 Bond Option.

1 a. The State of New Jersey does pledge to and agree with the
2 holders of the bonds, notes and other obligations issued pursuant to
3 authority contained in this act and N.J.S.18A:71A-8, that the State
4 will not limit the power and obligation of the authority to fulfill the
5 terms of any agreements made with the holders of bonds, notes and
6 other obligations so issued, or in any way impair the rights or
7 remedies of the holders of the bonds, and will not modify in any way
8 the exemptions for taxation provided for in this act, until the bonds,
9 notes and other obligations together with interest thereon, are fully
10 paid and discharged. The authority as a public body corporate and
11 politic shall have the right to include the pledge herein made in its
12 bonds and contracts.

13 b. Unless otherwise determined by the authority, all bonds, notes
14 or other obligations issued pursuant to this act are hereby declared to
15 be issued by a body corporate and politic of this State and for an
16 essential public and governmental purpose. The bonds, notes and
17 other obligations, and the interest thereon and the income therefrom,
18 and all fees, charges, funds, revenues, income and other moneys
19 pledged or available to pay or secure the payment of the bonds, notes
20 or other obligations, or interest thereon, shall at all times be exempt
21 from taxation except for transfer, inheritance and estate taxes.

22 c. With respect to all or any portion of any issue of any bonds, notes
23 or other obligations that the authority may issue in accordance with
24 this act, the authority may covenant, elect and consent that the interest
25 on the bonds be includable under the federal Internal Revenue Code of
26 1986, as amended, in the gross income of the holders of the bonds to
27 the same extent and in the same manner that the interest on bills,
28 bonds, notes or other obligations of the United States is includable in
29 the gross income of the holders under the federal Internal Revenue
30 Code of 1986, as amended, or in such other manner as the authority
31 may covenant, elect and consent. Bonds issued pursuant to this act
32 are not subject to any limitations or restrictions of any law that may
33 limit the authority's power to issue those bonds.

34

35 18A:71A-23. Higher Education Student Assistance Fund.

36 The authority shall establish and maintain a special fund called the
37 "Higher Education Student Assistance Fund" solely for its activities as
38 a guaranty agency and lender under 20 U.S.C.s.1071 et seq. The fund
39 shall consist of: a. all moneys appropriated by the Legislature for
40 inclusion in the fund; b. federal advances and other revenues realized
41 as a result of guaranty and lender activities under 20 U.S.C.s.1071 et
42 seq.; c. investment earnings of the fund; d. moneys contributed to
43 the authority by private sources, to be used for the purposes of this
44 act; e. the proceeds received by the sale of its bonds, bond
45 anticipation notes and other obligations as provided by law; and f. the
46 proceeds received by the authority from the resale of notes evidencing

1 approved loans made pursuant to this act.

2 The authority may in any resolution authorize the establishment
3 within the Higher Education Student Assistance Fund of separate
4 special funds as necessary for moneys to be held in pledge or
5 otherwise for payment or redemption of bonds, notes or other
6 obligations, reserves or other purposes and to covenant as to use and
7 disposition of the moneys held in these special funds.

8

9 18A:71A-24. Loan Reserve Fund.

10 a. Within the Higher Education Student Assistance Fund, the
11 authority shall establish and maintain a special fund called the "Loan
12 Reserve Fund" in which shall be deposited: (1) all reserve funds held
13 by the authority; (2) all moneys appropriated by the State for the
14 purpose of the fund, and (3) any other moneys or funds of the
15 authority which it determines to deposit therein. Moneys in the Loan
16 Reserve Fund shall be held and approved solely for the purchase by the
17 fund of defaulted loans either by payment to a lender or by transfer to
18 the Higher Education Student Assistance Fund, of the total amount of
19 principal and interest then due and owing on any defaulted note,
20 except to the extent that the moneys represent advances made to the
21 authority by the United States of America, or agencies thereof, which
22 the authority may be required to repay, and in the event repayment is
23 required, it shall be made from the Loan Reserve Fund.

24 b. The sum total of all funds on deposit in the Loan Reserve Fund,
25 hereafter referred to as the "loan reserve requirement," shall in no
26 event be less than the amount required under 20 U.S.C. s.1071 et seq.

27 c. In order to assure the maintenance of the loan reserve
28 requirement in the Loan Reserve Fund, there shall be appropriated
29 annually and paid to the authority for deposit in the fund, such sum, if
30 any, as shall be certified by the chairperson of the Board of the Higher
31 Education Student Assistance Authority to the Governor as necessary
32 to maintain the fund in an amount equal to the loan reserve
33 requirement during the then current fiscal year. The chairperson shall
34 annually, on or before December 1, make and deliver to the Governor
35 a certificate stating the sums, if any, required to maintain the fund in
36 the amount equal to the loan reserve requirement, and the sum or sums
37 so certified shall be appropriated and paid to the authority during the
38 then current State fiscal year.

39 d. Moneys in the fund at any time in excess of the loan reserve
40 requirement, whether by reason of investment or otherwise, may be
41 withdrawn at any time by the authority and transferred to any other
42 fund or account of the authority, to the extent permitted under 20
43 U.S.C.s.1071 et seq.

44 e. Moneys at any time in the Loan Reserve Fund may be invested in
45 any direct obligations of, or obligations as to which the principal and
46 interest thereof is guaranteed by, the United States of America or

1 such other obligations as the authority may approve, to the extent
2 permitted under 20 U.S.C.s.1071 et seq.

3 f. For purposes of valuation, investments in the Loan Reserve Fund
4 shall be valued at the lowest of the par value, cost to the authority, or
5 market value of the investments. Valuation on any particular date
6 shall include the amount of interest then earned or accrued to the date
7 on any moneys or investments in the Loan Reserve Fund.

8

9 18A:71A-25. Capital Reserve Fund; Use; Investment.

10 a. The authority shall establish and maintain a special fund called the
11 “New Jersey Higher Education Student Assistance Capital Reserve
12 Fund” in which there shall be deposited: (1) all moneys appropriated
13 by the State for the purpose of the fund; (2) all proceeds of bonds
14 required to be deposited therein by terms of any contract between the
15 authority and its bondholders or any resolution of the authority with
16 respect to the proceeds or bonds; and (3) any other moneys or funds
17 of the authority which it determines to deposit therein. Moneys in the
18 capital reserve fund shall be held and applied solely to the payment of
19 the interest on and principal of bonds of the authority as the same shall
20 become due and payable and for the retirement of bonds, and shall not
21 be withdrawn therefrom if the withdrawal would reduce the amount in
22 the capital reserve fund to an amount equal to less than the maximum
23 debt service reserve, except for payment of interest then due and
24 payable on bonds and the principal of bonds then maturing and payable
25 and for the retirement of bonds in accordance with the terms of any
26 contract between the authority and its bondholders and for the
27 payments on account of which interest or principal or retirement of
28 bonds other moneys of the authority are not then available in
29 accordance with the terms of the contract. As used in this section,
30 “maximum debt service reserve” means, as of any date of computation,
31 the lesser of: the largest amount of money required by the terms of all
32 contracts between the authority and its bondholders to be raised in any
33 succeeding calendar year for the payment of interest on and maturing
34 principal of outstanding bonds and payments required by the terms of
35 the contracts to sinking funds established for the payment or
36 redemption of the bonds, all calculated on the assumption that bonds
37 will cease to be outstanding after the date of the computation by
38 reason of the payment of bonds at their respective maturities and the
39 payments of the required moneys to sinking funds and the application
40 thereof in accordance with the terms of the contracts to the retirement
41 of bonds; or the amount of money required by the terms of all
42 contracts between the authority and its bondholders to be maintained
43 in the fund.

44 b. Moneys in the fund at any time in excess of the maximum debt
45 service reserve, whether by reason of investment or otherwise, may be
46 withdrawn at any time by the authority and transferred to any other

1 fund or account of the authority.

2 c. Moneys at any time in the fund may be invested in any direct
3 obligations of, or obligations as to which the principal and interest
4 thereof is guaranteed by, the United States of America or such other
5 obligations as the authority may approve.

6 d. For purposes of valuation, investments in the capital reserve fund
7 shall be valued at the lowest of the par value, cost to the authority or
8 market value of the investments. Valuation on any particular date
9 shall include the amount of interest then earned or accrued to the date
10 on any moneys or investments in the reserve fund.

11 e. Notwithstanding any other provisions contained in this act, no
12 bonds shall be issued by the authority unless there is in the capital
13 reserve fund the maximum debt service reserve for all bonds then
14 issued and outstanding and the bonds about to be issued; provided
15 that nothing herein shall prevent or preclude the authority from
16 satisfying the foregoing requirement by depositing so much of the
17 proceeds of the bonds about to be issued, upon their issuance, as is
18 needed to achieve the maximum debt service reserve. The authority
19 may at any time issue its bonds, notes or other obligations for the
20 purpose of providing any amount necessary to increase the amount in
21 the capital reserve fund to the maximum debt service reserve, or to
22 meet such higher or additional reserve as may be fixed by the authority
23 with respect to the fund.

24 f. In order to assure the maintenance of the maximum debt service
25 reserve in the capital reserve fund, there shall be appropriated annually
26 and paid to the authority for deposit in the fund, such sum, if any, as
27 shall be certified by the chairperson of the Board of Higher Education
28 Student Assistance Authority to the Governor as necessary to restore
29 the fund to an amount equal to the maximum debt service reserve.
30 The chairperson shall annually, on or before December 1, make and
31 deliver to the Governor a certificate stating the sums, if any, required
32 to restore the fund to the amount equal to the maximum debt service
33 reserve, and the sum or sums so certified shall be appropriated and
34 paid to the authority during the then current State fiscal year.

35 g. The capital reserve fund shall be kept separate from any other
36 reserve fund established by the authority and shall not be subject to the
37 provisions of N.J.S.18A:71A-24.

38

39 18A:71A-26. Dissolution.

40 Should the Legislature act to dissolve the authority, the dissolution
41 shall not be complete until all loans guaranteed have been paid by the
42 borrower, or if in default, by the authority. Thereafter, upon
43 dissolution of the authority, or the cessation of its activities, all assets
44 of the authority, after payment and discharge of its debts and other
45 liabilities, shall be distributed to the State, for exclusively public
46 purposes, or distributed for one or more exempt purposes within the

1 meaning of paragraph (3) of subsection (c) of section 501 of the federal
2 Internal Revenue Code of 1986, 26 U.S.C.s.501.

3
4 18A:71A-27. Effect of Partial Invalidity; Severability.

5 If any clause, sentence, article, paragraph, section or part of this act
6 be adjudged to be unconstitutional or invalid, that judgment shall not
7 affect, impair or invalidate the remainder thereof, but shall be confined
8 in its operation to the clause, sentence, article, paragraph, section or
9 part thereof directly involved in the controversy in which the judgment
10 has been rendered.

11
12 18A:71A-28. Transfer of Functions, Powers and Duties of Office of
13 Student Assistance.

14 a. The Office of Student Assistance in, but not of, the Department
15 of the Treasury is abolished and all its functions, powers, duties and
16 employees are transferred to the Higher Education Student Assistance
17 Authority in, but not of, the Department of State.

18 b. Whenever, in any law, rule, regulation, order, contract, document,
19 judicial or administrative proceeding or otherwise, reference is made
20 to the Office of Student Assistance or officers thereof in, but not of,
21 the Department of the Treasury, the same shall mean and refer to the
22 Higher Education Student Assistance Authority or the officers thereof
23 in, but not of, the Department of State.

24 c. Nothing in this act shall be construed to alter the terms and
25 conditions, rights or remedies of any loan, grant or scholarship made
26 by the Office of Student Assistance.

27 d. This transfer shall be subject to the provisions of the "State
28 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.)

29
30 18A:71A-29. Transfer of Functions, Powers and Duties of Student
31 Assistance Board.

32 a. The Student Assistance Board in, but not of, the Department of
33 the Treasury established pursuant to section 1 of P.L.1977, c.330
34 (C.18A:71-15.1), is abolished and all its functions, powers and duties
35 are transferred to the Higher Education Student Assistance Authority
36 in, but not of, the Department of State.

37 b. Whenever, in any law, rule, regulation, order, contract, document,
38 judicial or administrative proceeding or otherwise, reference is made
39 to the Student Assistance Board in, but not of, the Department of the
40 Treasury, the same shall mean and refer to the Higher Education
41 Student Assistance Authority in, but not of, the Department of State.

42 c. Nothing in this act shall be construed to alter the terms and
43 conditions of any loan, grant or scholarship made to students through
44 the board.

45 d. This transfer shall be subject to the provisions of the "State
46 Agency Transfer Act", P.L.1971, c.375 (C.52:14D-1 et seq.).

1 18A:71A-30. Transfer of Functions, Powers and Duties of Higher
2 Education Assistance Authority.

3 a. The Higher Education Assistance Authority in, but not of, the
4 Department of the Treasury, established pursuant to N.J.S.18A:72-3,
5 is abolished and all its functions, powers and duties are transferred to
6 the Higher Education Student Assistance Authority in, but not of, the
7 Department of State.

8 b. Whenever, in any law, rule, regulation, order, contract,
9 document, judicial or administrative proceeding or otherwise,
10 reference is made to the Higher Education Assistance Authority or the
11 officers thereof in, but not of, the Department of the Treasury, the
12 same shall mean and refer to the Higher Education Student Assistance
13 Authority or the officers thereof in, but not of, the Department of
14 State.

15 c. Nothing in this act shall be construed to alter the terms and
16 conditions of loans made to students by the authority. Nothing in this
17 act shall be construed to alter the terms, conditions, rights, or
18 remedies of any obligation issued by the authority.

19 d. This transfer shall be subject to the provisions of the "State
20 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

21

22 18A:71A-31. Abolishment of Executive Director of Student
23 Assistance Programs.

24 The Office of the Executive Director of Student Assistance
25 Programs in the Office of Student Assistance, established pursuant to
26 subsection b. of section 17 of P.L.1994, c.48 (C.18A:3B-17), is hereby
27 abolished.

28

29 18A:71A-32. Construction of Law.

30 The enactment of this revision law shall not:

31 a. affect the tenure, compensation and pension rights, if any, of the
32 lawful holder thereof, in any position held in the Office of Student
33 Assistance on the effective date of this act and not specifically
34 abolished in this act;

35 b. alter the term of any employee of the Office of Student
36 Assistance, lawfully employed as of the effective date of this act;

37 c. alter any terms or conditions of any student loans, grants or
38 scholarships;

39 d. alter any rights or obligations arising from any law, rule,
40 regulation, order, contract, loan, grant, document, judicial or
41 administrative proceeding.

42

43 18A:71A-33. Higher Education Student Assistance Authority to Be
44 Responsible for Implementation.

45 The Higher Education Student Assistance Authority, with the aid of
46 any department or officer thereof, if requested, shall be responsible for

1 any administrative, fiscal and personnel actions necessary to implement
2 the provisions of this act.

3

4 18A:71A-34. Limitation on Powers of Authority; Bond Holders
5 Protected.

6 The powers conferred in this act upon the Higher Education Student
7 Assistance Authority shall be exercised with due regard for the rights
8 of the holders of bonds of this State or any authority thereof, at any
9 time outstanding, and nothing in, or done pursuant to this act, shall in
10 any way limit, restrict, or alter the obligation or powers of the State
11 or its authorities to carry out and perform in every detail each and
12 every covenant, agreement or contract at any time made or entered
13 into by, or on behalf of the State or any authority thereof with respect
14 to its bonds or for the benefit, protection or security of the holders
15 thereof.

16

17 **Part 2.— Student Financial Aid**

18

19 Article 1. State Scholarships and Grants - General Provisions.

20

21 18A:71B-1. Eligible Institution Defined.

22 Unless otherwise restricted by the authority by regulation, "eligible
23 institution" for purposes of this chapter only means an institution of
24 higher education in this State that is licensed by the Commission on
25 Higher Education and accredited or preaccredited by a nationally
26 recognized accrediting association. Eligible institution shall also
27 include certain proprietary institutions but only for certain degree
28 granting programs as approved by the commission.

29

30 18A:71B-2. Student Eligibility.

31 a. A student who is enrolled in an eligible institution and who is
32 eligible for and receives any form of student financial aid through a
33 program administered by the State under this chapter shall be
34 considered to remain domiciled in New Jersey and eligible for
35 continued financial assistance notwithstanding the fact that the student
36 is financially dependent upon the student's parents or guardians and
37 that the parents or guardians change their domicile to another State.

38 b. A person shall not be awarded financial aid under this chapter
39 unless the person has been a resident of this State for a period of not
40 less than 12 months immediately prior to receiving the financial aid.

41 c. A person shall not be awarded student financial aid under this
42 chapter unless the person is a United States citizen or eligible
43 noncitizen, as determined under 20 U.S.C.s.1091. The authority shall
44 determine whether persons who were eligible noncitizens prior to the
45 effective date of the "Personal Responsibility and Work Opportunity
46 Reconciliation Act of 1996," Pub.L.104-193, but not after that date,

1 shall continue to be eligible for student financial aid under this chapter.

2 d. A person who is incarcerated shall not be eligible for student
3 financial aid under this chapter.

4

5 18A:71B-3. Discrimination Forbidden.

6 Financial aid under this chapter shall be awarded without regard to
7 race, religion, creed, age, sex, national origin or handicapped status.

8

9 18A:71B-4. Academic Year Defined.

10 a. An academic year for the purpose of this chapter means the
11 period between the time the institution which the student is attending
12 opens after the general summer vacation until the beginning of the next
13 succeeding summer vacation.

14 b. In case an institution operates on a full calendar-year program,
15 the academic year shall be determined in accordance with rules
16 adopted by the authority, but in no case shall be less than one-fifth of
17 the time required for the completion of a five-year program, or one-
18 fourth of the time required for the four-year program in an institution
19 operating on an academic year as defined in subsection a. of this
20 section.

21

22 18A:71B-5. Notification of Authority in the Case of Withdrawal or
23 Change in Status.

24 In the event a student for any reason ceases to continue to be
25 enrolled or otherwise becomes ineligible during the course of an
26 academic year, the student shall cease to be eligible for financial aid
27 under this chapter. Both the student and the institution shall have the
28 responsibility to notify the authority when a student ceases to be
29 eligible to receive student assistance because of withdrawal for any
30 reason or a change in status from a full to part-time student.

31

32 18A:71B-6. Verification of Compliance with Military Selective
33 Service Act.

34 A student who is subject to the provisions of the "Military Selective
35 Service Act," 50 U.S.C. App. 453, shall not be eligible to receive any
36 State-funded loan, grant, or scholarship for attendance at any
37 postsecondary institution without verification of compliance with the
38 requirements of that act. Verification of compliance shall be satisfied
39 as follows:

40 a. for a student who uses the Free Application for Federal Student
41 Aid or its equivalent to receive financial aid, verification of military
42 selective service compliance provided under the federal "Higher
43 Education Act of 1965," Pub.L.89-329 (20 U.S.C.s.1001 et seq.) shall
44 be satisfactory;

45 b. for a student who does not use the Free Application for Federal
46 Student Aid or its equivalent, the institution or agency awarding the

1 financial aid shall not disburse the aid until provided proof, as specified
2 by regulations, that the student has complied with the requirements of
3 the "Military Selective Service Act."
4

5 18A:71B-7. Rules and Regulations.

6 The Higher Education Student Assistance Authority shall adopt rules
7 and regulations pursuant to the "Administrative Procedure Act,"
8 P.L.1968, c.410 (C.52:14B-1 et seq.), which are necessary to carry
9 out the provisions of N.J.S.18A:71B-6.
10

11 18A:71B-8. Compliance with Terms and Conditions of Financial
12 Aid.

13 A person shall not be awarded financial aid under this chapter unless
14 the person has complied with all the regulations, rules, and
15 requirements adopted by the authority for the award, regulation and
16 administration of financial aid programs under this chapter.
17

18 18A:71B-9. False Information; Penalty.

19 A person who knowingly and willfully furnishes any false or
20 misleading information for the purpose of obtaining a scholarship or
21 tuition assistance grant, or of enabling another to obtain a scholarship
22 or tuition assistance grant under any program administered by the
23 authority shall be guilty of a crime of the fourth degree. A statement
24 to this effect shall be distributed with all State application forms
25 utilized for any State scholarship or grant programs administered by
26 the authority.
27

28 18A:71B-10. Collection of Overpayments and Ineligible Payments
29 of Financial Aid.

30 Because the institution is responsible for ensuring a student's
31 eligibility for financial aid awarded under this chapter, the institution
32 shall be responsible for collecting any State awards which are
33 overpayments or any State awards for which the student is ineligible
34 in whole or in part. In the event an institution is unable to collect an
35 overpayment or ineligible payment from the student, the institution
36 may request the authority to collect the debt from the student. If the
37 institution demonstrates to the authority that it has made a good faith
38 effort to collect the debt, the authority may, on a case by case basis,
39 approve this request. If the authority approves this request from an
40 institution, the authority may use collection procedures that include,
41 but are not limited to, the procedures set forth under N.J.S.18A:71C-1
42 through N.J.S.18A:71C-20.

1 Article 2. Garden State Scholarships.

2

3 18A:71B-11. Scholarships Created.

4 There are hereby created Garden State Scholarships which shall be
5 maintained by the State, awarded to secondary school students with
6 records of distinguished achievement and promise, and used for
7 undergraduate study in eligible institutions. These scholarships may
8 be awarded on the basis of indicators of academic merit defined by the
9 authority without consideration of financial need.

10

11 18A:71B-12. Administration by the Authority.

12 The authority shall administer the provisions of this article, establish
13 criteria, methodology and guidelines for awarding Garden State
14 Scholarships, adopt rules and regulations, and prescribe and provide
15 appropriate forms for application for Garden State Scholarships.

16

17 18A:71B-13. Criteria, Methodology and Guidelines; Revisions.

18 Any revisions to criteria, methodology and guidelines in effect at the
19 date this act becomes effective shall ¹ [be promulgated in accordance
20 with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
21 1 et seq.)] , after consultation with the Commission on Higher
22 Education, be submitted to the Legislature by the authority, together
23 with appropriate supporting information, and the criteria,
24 methodology, and guidelines shall be deemed approved by the
25 Legislature at the end of 60 calendar days after the date on which they
26 are transmitted to the Legislature, or if the Legislature is not in session
27 on the sixtieth day, then on the next succeeding day on which it is
28 meeting, unless between the date of transmittal and the end of the 60-
29 day period the Legislature passes a concurrent resolution rejecting the
30 criteria, methodology and guidelines in which case the criteria,
31 methodology and guidelines then in effect shall continue in effect¹ .

32

33 18A:71B-14. Award of Scholarships.

34 As determined by the authority and subject to the amount of
35 appropriations available therefor, a Garden State Scholarship shall be
36 awarded annually to each eligible New Jersey resident enrolled as a
37 full-time undergraduate in a curriculum leading to a degree or
38 certificate in an eligible institution.

39

40 18A:71B-15. Renewal of Scholarships.

41 Each Garden State scholarship awarded shall be renewable annually
42 for up to four years except that, in the case of a scholarship holder
43 who is enrolled in a course of study required by the institution to cover
44 five years, the period of the scholarship shall be the length of time
45 regularly required for the completion of the course of study, but each
46 scholarship shall remain in effect only during such period as the

1 undergraduate holder thereof achieves satisfactory academic progress
2 as defined by the institution, continues to meet the eligibility criteria
3 and guidelines established pursuant to N.J.S.18A:71B-12, and is
4 regularly enrolled as a full-time student in an eligible institution.

5
6 18A:71B-16. Amount of Scholarship; Payments.

7 A Garden State Scholarship shall entitle the recipient to an award in
8 an amount established by the authority pursuant to N.J.S.18A:71B-12,
9 and subject to the amount of appropriations available therefor.
10 Payments under this article shall be made by the State Treasurer on the
11 order of the executive director in accordance with the rules adopted
12 by the authority.

13
14 18A:71B-17. Limitation.

15 A Garden State Scholarship shall not, when combined with any other
16 financial assistance, exceed, except for a nominal amount as
17 determined by the authority, the student's cost of attendance at the
18 institution where the grants are used.

19
20 Article 3. State Tuition Aid Grants.

21
22 18A:71B-18. Grants Created; Use.

23 There are hereby created State tuition aid grants which shall be
24 maintained by the State, awarded and administered pursuant to this
25 act, and used by the holders thereof for undergraduate study in eligible
26 institutions.

27
28 18A:71B-19. Administration of Provisions.

29 The authority shall administer the provisions of this article, adopt
30 rules and regulations, and prescribe and provide appropriate forms for
31 application for State tuition aid grants.

32
33 18A:71B-20. Eligibility, Prerequisite.

34 a. A State tuition aid grant shall be awarded annually to each
35 eligible, qualified full-time undergraduate student enrolled in a
36 curriculum leading to a degree or certificate in an eligible institution,
37 or in an institution of higher education in another state, provided that
38 state permits its residents to utilize its state student financial assistance
39 grants in New Jersey institutions of higher education through
40 reciprocity agreements approved by the authority. In no event shall a
41 State tuition aid grant be utilized at an out-of-state institution which
42 is not licensed by that state and accredited by a regional accrediting
43 association recognized by a national accrediting organization.

44 b. To each New Jersey resident enrolled as a full-time student and
45 meeting the other requirements for eligibility under this chapter, the
46 State shall grant an amount as provided in N.J.S.18A:71B-21. A

1 student shall not be eligible for a grant unless the application is in a
2 form satisfactory to the authority. A student shall not be eligible for
3 grants for more than four and one-half academic years, unless the
4 recipient is enrolled in an undergraduate program regularly requiring
5 five academic years for completion, in which case the authority shall
6 permit five and one-half years of eligibility. Notwithstanding the
7 foregoing provisions, a student receiving aid under the provisions of
8 P.L.1968, c.142 (C.18A:71-28 et seq.) shall be entitled to a sixth year
9 of eligibility. Notwithstanding the foregoing provisions, a county
10 college student who transfers to a four- year institution, or any student
11 who is required to pursue 18 or more credit hours in a remedial or
12 developmental curriculum, as defined by regulations adopted by the
13 authority, is entitled to an additional half year of eligibility. For the
14 purpose of this article, a remedial curriculum shall include only
15 noncredit courses in which a student is directed to enroll by the
16 institution. Eligibility for tuition aid grants may be extended to part-
17 time students through regulations developed by the authority if funds
18 are separately appropriated for this purpose. A student shall not be
19 eligible for grants unless the student maintains such minimum
20 standards of academic performance as are required by the institution
21 of enrollment. A student who is enrolled in a course leading to a
22 degree in theology or divinity shall not be eligible for a tuition aid
23 grant.

24 c. A person shall not be awarded a State tuition aid grant unless that
25 person:

26 (1) satisfies the residency and other requirements provided in article
27 1 of this part;

28 (2) has applied for State tuition aid and has been determined by the
29 authority to be eligible for the tuition aid;

30 (3) has demonstrated financial need for the tuition aid as determined
31 by and in accordance with standards to be established by the
32 authority; and

33 (4) maintains satisfactory academic progress in accordance with
34 standards established by the authority.

35

36 18A:71B-21. Amount of Grant; Reduction of Award.

37 a. The amount of a tuition aid grant awarded under this article to
38 any student attending an eligible institution shall be established by the
39 authority, but shall not exceed the maximum amount of tuition
40 normally charged at a public institution of higher education for
41 students attending that institution or 50% of the average tuition
42 normally charged at the independent institutions of higher education
43 for students attending those institutions. The amount of a State tuition
44 aid grant awarded under this act to any student attending an institution
45 of higher education in any state other than New Jersey pursuant to this
46 section shall not exceed \$500 in an academic year. The amount of

1 grant to be paid for each semester or its equivalent shall be based on
2 the financial need for the grant, as determined by standards and
3 procedures established by the authority, and subject to the amount of
4 appropriations available therefor.

5 b. Appropriations for each program category of tuition aid grants
6 shall be separately made by line item.

7 c. State tuition aid grants shall be awarded by the authority to all
8 eligible applicants without any limitation on the number to be awarded
9 in any year other than the amount of appropriations available therefor.

10 In the event that the amount appropriated is insufficient for full awards
11 to all eligible applicants, the authority, in consultation with the
12 Commission on Higher Education, shall reduce awards equitably
13 among eligible students according to such procedures and guidelines
14 as it shall establish. Any revisions of procedures and guidelines in
15 effect as of the effective date of this act shall be ¹ promulgated in
16 accordance with the "Administrative Procedure Act," P.L.1968, c.410
17 (C.52:14B-1 et seq.) submitted on or before March 1 of the
18 prebudget year by the executive director of the authority to the Joint
19 Budget Oversight Committee of the Legislature, or its successor,
20 together with supporting information. The revised criteria and
21 guidelines may be approved or disapproved by the Joint Budget
22 Oversight Committee, or its successor, at any time; provided that if at
23 the end of a 60 calendar day period after the date on which the
24 revisions are transmitted to the committee, the committee has taken no
25 action, the proposed revised criteria and guidelines shall be deemed to
26 be approved by the committee¹.

27
28 18A:71B-22. Construction of Article.

29 This article shall not be construed as granting any authority to
30 control or influence the policies of any educational institution because
31 it accepts students receiving tuition aid grants, nor as requiring any
32 institution to admit or once admitted to continue in the institution any
33 tuition aid recipient.

34
35 Article 4. Survivor Tuition Benefits Program.

36
37 18A:71B-23. Scholarships for Undergraduate Education; Eligibility.

38 Any child or surviving spouse of a member or officer of a New
39 Jersey volunteer fire company, volunteer first aid or rescue squad or
40 municipal fire, police, county police or park police department, State
41 fire service or of the division of State police, or of a permanent, active
42 and full-time officer employee of this State or any political subdivision
43 thereof holding the following titles: State investigator, correction
44 officer, recruit, senior correction officer, sergeant, lieutenant, captain,
45 correction officer duty keeper, court attendant and sheriff's officer,
46 court attendant and sheriff's officer lieutenant, court attendant and

1 sheriff's officer captain, court attendant and sheriff's officer deputy
2 chief, prosecutor's detective, prosecutor's investigator, narcotics
3 officer, marine patrolman, senior marine patrolman, principal marine
4 patrolman, chief, bureau of marine law enforcement, or who is an
5 inspector, assistant, technician, supervisor or superintendent with
6 respect to the enforcement and regulation of weights and measures, or
7 civil defense or disaster control worker, which member, officer or
8 worker was killed in the performance of his duties as a member of such
9 company, squad or fire or police department or division, or worker in
10 a civil defense or disaster control unit, upon such child or surviving
11 spouse being accepted to pursue a course of undergraduate study in
12 any public institution of higher education of this State, as enumerated
13 in N.J.S.18A:62-1, shall, while enrolled as an undergraduate student
14 in good standing at the institution, have the tuition paid by the State;
15 or upon that child or surviving spouse being accepted to pursue a
16 course of undergraduate study at any independent institution of higher
17 education located in the State, shall, while enrolled as an
18 undergraduate in good standing at that independent institution of
19 higher education, have that part of the tuition which is not more than
20 the highest tuition charged at the public institutions of higher
21 education in this State, enumerated in N.J.S.18A:62-1, paid by the
22 State.

23 Eligibility for this program shall be limited to a period of eight years
24 from the date of death of the member, officer or worker, in the case of
25 a surviving spouse, and eight years following graduation from high
26 school, in the case of a child, pursuant to rules and regulations
27 established by the authority.

28

29 18A:71B-24. Appropriation of Funds.

30 There shall be appropriated to the authority in any general or
31 supplemental appropriation act such sums as shall be necessary to
32 carry out the purposes of N.J.S.18A:71B-23.

33

34 Article 5. Miss New Jersey Educational Scholarship Program.

35

36 18A:71B-25. Scholarship Program Established.

37 There is established the Miss New Jersey Educational Scholarship
38 program. It shall be the duty of the Higher Education Student
39 Assistance Authority, established pursuant to N.J.S.18A:71A-3, to
40 administer this program.

41

42 18A:71B-26. Scholarship Eligibility.

43 A Miss New Jersey Educational Scholarship shall be awarded
44 annually to an individual who has been designated by the Higher
45 Education Student Assistance Authority, in consultation with the Miss
46 New Jersey Pageant Organization, as being an exceptional young

1 leader in the area of civic, cultural or charitable endeavors in the spirit
2 of the Miss New Jersey Pageant. In order to be eligible for the
3 scholarship, the individual shall be enrolled in or accepted into a
4 course of study leading to an initial bachelors degree or a post
5 graduate degree in any public institution of higher education of this
6 State, as enumerated in N.J.S.18A:62-1.

7
8 18A:71B-27. Scholarship Conditions.

9 Any Miss New Jersey scholarship recipient who enrolls in a public
10 institution of higher education in the State shall be allowed to obtain
11 an initial bachelors degree or a post graduate degree without payment
12 of tuition as long as the individual remains a full time student in good
13 standing at the institution. There shall be appropriated annually to the
14 Higher Education Student Assistance Authority a sum equal to the
15 cost of tuition at each public institution enrolling a Miss New Jersey
16 Scholarship recipient and any other sums as shall be necessary to carry
17 out the purposes of the Miss New Jersey Educational Scholarship
18 program. The scholarship recipient shall be responsible for all other
19 costs.

20
21 Article 6. Garden State Savings Bonds.

22
23 18A:71B-28. Definitions.

24 As used in this article:

25 “Garden State Savings Bonds” means bonds of the State of New
26 Jersey and its authorities issued pursuant to the provisions of this
27 article.

28 “Institution of higher education” means any public institution of
29 higher education as defined in N.J.S.18A:62-1 and any independent
30 institution of higher education which is an “eligible institution” as
31 defined in section 3 of P.L.1979, c.132 (C.18A:72B-17).

32 “Issuing officials” means the Governor, the State Treasurer, the
33 Director of the Division of Budget and Accounting in the Department
34 of the Treasury and the issuing authority or agency.

35
36 18A:71B-29. Issue of Bonds.

37 a. In furtherance of the public policy of this article, the State shall
38 set aside, from the bonds of the State of New Jersey authorized to be
39 issued or from the bonds of any authority or agency authorized to be
40 issued, an amount to be determined by the State Treasurer of the total
41 aggregate original principal amount of the bonds. These bonds shall
42 be issued as determined by the issuing officials and shall be known as
43 “Garden State Savings Bonds,” in addition to any other name they may
44 be known as.

45 b. Garden State Savings Bonds may be issued in low denominations
46 and in the form or forms, whether coupon, fully-registered or book

1 entry, and with or without provisions for interchangeability thereof, as
2 may be determined by the issuing officials, and in such amounts as will
3 allow a large number of New Jersey families to participate in the
4 program, and with the maturity dates which will make funds available
5 to purchasers at the time when the funds are needed for educational
6 purposes.

7 c. When Garden State Savings Bonds are issued from time to time,
8 the bonds of each issue shall constitute a separate series to be
9 designated by the issuing officials. Each series of bonds so designated
10 shall bear the rate or rates of interest as may be determined by the
11 issuing officials, which interest shall be payable as may be determined
12 by the issuing officials.

13

14 18A:71B-30. Participation by Institutions of Higher Education.

15 a. The State Treasurer, in consultation with the commission, shall
16 also provide for additional financial incentives to be provided to
17 holders of Garden State Savings Bonds to encourage the enrollment
18 of students at institutions of higher education located in the State of
19 New Jersey. These financial incentives shall be in such forms as
20 determined by the State Treasurer in consultation with issuing officials
21 at the time of the authorization of the Garden State Savings Bonds and
22 shall at a minimum provide that each participating institution shall
23 guarantee that the value of Garden State Savings Bonds redeemed for
24 the purposes of the payment of tuition, fees, and other educational
25 costs at the institution, shall, at the time of matriculation of the
26 student, be increased by not less than six percent of the face value of
27 the bonds at the time of redemption. Two percent of the incentive
28 amount shall be paid by the State, and four percent by participating
29 institutions.

30 b. Every public institution of higher education in New Jersey shall
31 participate in the financial incentive program. Independent institutions
32 of higher education in New Jersey may elect to participate in the
33 program. Each independent institution which elects to participate shall
34 enter into a contract with the Department of the Treasury which shall,
35 at a minimum, define the terms of participation and establish
36 conditions under which an institution may withdraw from the program.
37 Any independent institution that withdraws from the program shall
38 guarantee to provide the financial incentives in effect for all bonds
39 purchased during the period in which the institution was a participant
40 in the program.

41 c. The original purchaser and any member of the immediate family
42 of the original purchaser of a Garden State Savings Bond shall be
43 eligible for the financial incentive program established pursuant to this
44 section.

1 18A:71B-31. Dollar Amount Not to be Considered in Determining
2 Eligibility for Monetary Assistance.

3 Annually, the authority shall determine a dollar amount of Garden
4 State Savings Bonds or accumulated bonds, interest or supplemental
5 payment, which shall not be less than \$25,000, unless a greater amount
6 is approved by the authority, which shall not be considered in
7 evaluating the financial needs of a student enrolled at an institution of
8 higher education located in the State of New Jersey, or be deemed a
9 financial resource of or a form of financial aid or assistance to each
10 student, for purposes of determining the eligibility of a student for any
11 scholarship, grant, or monetary assistance awarded by the State; nor
12 shall the amount of any such bonds, interest or supplemental payment
13 as determined by the authority provided for a qualified student under
14 this article reduce the amount of any scholarship, grant or monetary
15 assistance which the student is entitled to be awarded by the State.

16

17 18A:71B-32. Report on Results of Sale.

18 The State Treasurer or the issuing authority or agency shall submit
19 a report after each bond issuance to the commission detailing the
20 results of each separate sale of Garden State Savings Bonds.

21

22 18A:71B-33. Duties of the State Treasurer.

23 The State Treasurer shall, in consultation with the commission,
24 approve the following:

- 25 a. additional financial incentives as provided in this article;
26 b. limits that may be imposed on the amount of Garden State
27 Savings Bonds that may be purchased by individual households;
28 c. minimum denominations to market the Garden State Savings
29 Bonds so that they are affordable by individuals; however, each issue
30 shall be offered with sufficient bonds at a purchase price of \$100 to
31 satisfy demand.

32 In addition, the State Treasurer shall evaluate the feasibility of
33 staggered or periodic forms of payments for Garden State Savings
34 Bonds and shall advise the issuing officials regarding the evaluation.

35

36 18A:71B-34. Assessment of Effectiveness of Program.

37 The commission and the State Treasurer shall assess the
38 effectiveness of the program and recommend any necessary changes
39 to the issuing officials regarding future bond sales after the initial sale
40 of Garden State Savings Bonds.

41

42 Article 7. New Jersey Better Educational Savings Trust Program.

43

44 18A:71B-35. Legislative Findings and Declarations.

45 The Legislature finds and declares that:

- 46 a. This State is committed to making world-class education

- 1 accessible and affordable for all New Jersey students;
- 2 b. When families save for college education, they are making an
3 important investment in the future for themselves and the young
4 people of this State;
- 5 c. Incentives are needed to encourage families to save for college
6 education;
- 7 d. The "Small Business Job Protection Act of 1996,"
8 Pub.L.104-188, amended the federal Internal Revenue Code to provide
9 for favorable tax treatment for qualified college savings programs and
10 participants in the programs; and
- 11 e. In addition to favorable federal tax treatment for a college savings
12 program and its participants, it is desirable to provide favorable State
13 tax treatment, as a special incentive for student beneficiaries to attend
14 college in this State.

15

16 18A:71B-36. Definitions.

17 As used in this article:

18 "Account" means an individual trust account or savings account
19 established in accordance with this article;20 "Authority" means the Higher Education Student Assistance
21 Authority;22 "Contributor" means the person or organization contributing to and
23 maintaining an account and having the right to withdraw funds from
24 the account before the account is disbursed to or for the benefit of the
25 designated beneficiary;26 "Designated beneficiary" means: a. the individual designated at the
27 time the account is opened as the individual whose higher education
28 expenses are expected to be paid from the account; b. the replacement
29 beneficiary if the change in designated beneficiary would not result in
30 a distribution that is included in federal gross income under section
31 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529;
32 and c. in the case of an interest in the program purchased by a state
33 or local government or an organization described in paragraph (3) of
34 subsection (c) of section 501 of the federal Internal Revenue Code of
35 1986, 26 U.S.C.s.501 and exempt from taxation under subsection (a)
36 of section 501 of the federal Internal Revenue Code of 1986, 26
37 U.S.C.s.501, as a part of a scholarship program operated by the
38 government or organization, the individual receiving the interest as a
39 scholarship;40 "Higher education institution" means an eligible educational
41 institution as defined in or for purposes of section 529 of the federal
42 Internal Revenue Code of 1986, 26 U.S.C.s.529. Higher education
43 institution shall include a proprietary institution if expenses for tuition
44 at the institution would be considered qualified higher education
45 expenses under section 529 of the federal Internal Revenue Code of
46 1986, 26 U.S.C.s.529, but only for degree granting programs licensed

1 or approved by the Commission on Higher Education or for other
2 proprietary institutions as determined by the authority;

3 "Investment Manager" means the Division of Investment in the
4 Department of the Treasury or the private entities authorized to do
5 business in this State that may be designated by the authority to invest
6 the funds of the trust pursuant to the terms of this article;

7 "Member of the family" means a member of the family as defined in
8 or for purposes of section 529 of the federal Internal Revenue Code
9 of 1986, 26 U.S.C.s.529;

10 "Nonqualified withdrawal" means a withdrawal from an account
11 other than: a. a qualified withdrawal; b. a withdrawal made as the
12 result of the death or disability of the designated beneficiary of an
13 account; c. a withdrawal made on account of a scholarship (or
14 allowance or payment described in subparagraph (B) or (C) of
15 paragraph (1) of subsection (d) of section 135 of the federal Internal
16 Revenue Code of 1986, 26 U.S.C.s.135) received by the designated
17 beneficiary, but only to the extent of the amount of that scholarship,
18 allowance or payment; d. a rollover or change in designated
19 beneficiary which would not result in a distribution includible in
20 federal gross income under section 529 of the federal Internal
21 Revenue Code of 1986, 26 U.S.C.s.529; or e. any other withdrawal
22 if the failure of the program to impose a more than de minimis penalty
23 on the withdrawal would cause the program not to be a qualified State
24 tuition program under section 529 of the federal Internal Revenue
25 Code of 1986, 26 U.S.C.s.529;

26 "Program" means the "New Jersey Better Educational Savings Trust
27 (NJBEST) Program" established pursuant to this article;

28 "Qualified higher education expenses" means expenses described in
29 paragraph (3) of subsection (e) of section 529 of the federal Internal
30 Revenue Code of 1986, 26 U.S.C.s.529 incurred in connection with
31 the enrollment of a designated beneficiary at a higher education
32 institution;

33 "Qualified withdrawal" means a withdrawal from an account to pay
34 the qualified higher education expenses of the designated beneficiary
35 of the account; but a withdrawal shall not be considered a qualified
36 withdrawal if the failure of the program to impose a more than de
37 minimis penalty on the withdrawal would cause the program not to
38 qualify as a qualified State tuition program under section 529 of the
39 federal Internal Revenue Code of 1986, U.S.C.s.529;

40 "Trust" means the "New Jersey Better Educational Savings Trust"
41 established pursuant to N.J.S.18A:71B-37.

42

43 18A:71B-37. New Jersey Better Educational Savings Trust Created.

44 There is created within the Higher Education Student Assistance
45 Authority the New Jersey Better Educational Savings Trust
46 (NJBEST). The trust shall provide a mechanism through which the

1 authority, as trustee, holds accounts established and maintained
2 pursuant to the provisions of this article to finance the cost of qualified
3 higher education expenses.

4
5 18A:71B-38. Administration of the Program; Powers of the
6 Authority.

7 The Higher Education Student Assistance Authority shall administer
8 the NJBEST Program. The authority shall have the power to:

- 9 a. serve as trustee of the trust;
- 10 b. adopt rules and regulations pursuant to the "Administrative
11 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to
12 carry out the provisions of this article;
- 13 c. prescribe and provide appropriate forms for participation in the
14 program;
- 15 d. select an investment manager and any other contractors needed
16 to manage and market the program;
- 17 e. monitor the investment manager and any other contractors by
18 audits and other reports;
- 19 f. collect reasonable administrative fees in connection with any
20 contract or transaction relating to the program;
- 21 g. impose penalties for nonqualified withdrawals;
- 22 h. take all actions required so that the program is treated as a
23 qualified State tuition program under section 529 of the federal
24 Internal Revenue Code of 1986, 26 U.S.C.s.529; and
- 25 i. perform any other acts which may be deemed necessary or
26 appropriate to carry out the objects and purposes of this article.

27
28 18A:71B-39. Immunity.

29 Neither the members of the authority, nor any officer or employee of
30 the authority shall be liable personally for the debts, liabilities or
31 obligations of the program established pursuant to this article.

32
33 18A:71B-40. Selection of Investment Manager.

34 a. The authority shall select an investment manager or managers to
35 invest the funds of the trust or the funds in accounts. In making this
36 selection, any investment manager shall be subject to the "prudent
37 person" standard of care applicable to the Division of Investment in
38 the Department of the Treasury pursuant to subsection b. of section 11
39 of P.L.1950, c.270 (C.52:18A-89), and the authority shall consider the
40 impact of fees and costs imposed by the manager or managers on yield
41 to contributors.

42 b. The authority may select more than one investment manager and
43 investment instrument for the program if it is in the best interest of
44 contributors and will not interfere with the administration of the
45 program.

46 c. The authority may provide a contributor with a choice of

1 investment managers or investment instruments or both for the
2 program if both of the following conditions exist:

3 (1) the federal Internal Revenue Service has provided guidance that
4 providing a contributor with a choice of investment managers or
5 instruments under a State tuition program will not cause the program
6 to fail to qualify for favorable tax treatment under section 529 of the
7 federal Internal Revenue Code of 1986, 26 U.S.C.s.529; and

8 (2) the authority concludes that a choice of investment managers or
9 of investment instruments is in the best interest of contributors and
10 will not interfere with the administration of the program.

11 d. If the authority terminates the designation of an investment
12 manager to hold accounts, and accounts must be moved from that
13 investment manager to another investment manager, the authority shall
14 select the investment manager and type of investment instrument to
15 which the balance of the account is moved, unless the federal Internal
16 Revenue Service provides guidance that allowing the contributor to
17 select among several investment managers or investment instruments
18 that have been selected by the authority would not cause a program to
19 cease to be a qualified State tuition program for the purposes of
20 section 529 of the federal Internal Revenue Code, 26 U.S.C.s.529.

21

22 18A:71B-41. Operation of Program; Fees.

23 a. The program shall be operated as a trust through the use of
24 accounts for designated beneficiaries. An account may be opened by
25 any person who desires to save to pay the qualified higher education
26 expenses of an individual by satisfying each of the following
27 requirements:

28 (1) completing an application in the form prescribed by the
29 authority;

30 (2) paying the one-time application fee established by the authority;

31 (3) making the minimum contribution required by the authority for
32 opening an account;

33 (4) designating the account or accounts to be opened; and

34 (5) in the case of an account to which subsection a. of
35 N.J.S.A.18A:71B-44 would apply, demonstrating to the satisfaction
36 of the authority that either the contributor, if an individual, or the
37 designated beneficiary is a New Jersey resident. The requirement of
38 New Jersey residency for either the contributor or the designated
39 beneficiary would not apply to an account to which subsection b. of
40 N.J.S.18A:71B-44 would apply unless otherwise determined by the
41 authority.

42 b. Except as provided under N.J.S.18A:71B-42, only the contributor
43 may make contributions to an account after the account is opened.

44 c. Contributions to accounts shall be made only in cash, as defined
45 by the authority pursuant to regulations, in accordance with section
46 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

- 1 d. Contributors may withdraw all or part of the balance from an
2 account on sixty days' notice or a shorter period, as may be authorized
3 by the authority pursuant to regulations.
- 4 e. A contributor may change the designated beneficiary of an
5 account or rollover all or a portion of an account to another account
6 if the change or rollover would not result in a distribution includible
7 in gross income under section 529 of the federal Internal Revenue
8 Code of 1986, 26 U.S.C.s.529, in accordance with procedures
9 established by the authority.
- 10 f. In the case of any nonqualified withdrawal, a penalty at a level
11 established by the authority and sufficient to be considered a more than
12 de minimis penalty for purposes of section 529 of the federal Internal
13 Revenue Code of 1986, 26 U.S.C.s.529, shall be withheld and paid to
14 the authority for use in operating and marketing the program. The
15 authority may elect not to impose a penalty if that section ceases to
16 include a provision requiring more than de minimis penalties for a
17 program to qualify as a qualified State tuition program.
- 18 g. If a contributor makes a nonqualified withdrawal and a penalty
19 amount is not withheld pursuant to subsection f. of this section or the
20 amount withheld is less than the amount required to be withheld under
21 that subsection, the contributor shall pay the unpaid portion of the
22 penalty to the authority at the same time that the contributor files a
23 State income tax return for the taxable year of the withdrawal, or if the
24 contributor does not file a return, the unpaid portion of the penalty
25 shall be paid on or before the due date for the filing of that income tax
26 return.
- 27 h. Each account shall be maintained separately from each other
28 account under the program.
- 29 i. Separate records and accounting shall be maintained for each
30 account for each designated beneficiary.
- 31 j. A contributor to or designated beneficiary of any account shall not
32 direct the investment of any contributions to an account or the
33 earnings from the account, except as permitted under section 529 of
34 the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.
- 35 k. A contributor or a designated beneficiary shall not use an interest
36 in an account as security for a loan. Any pledge of an interest in an
37 account is of no force and effect.
- 38 l. The maximum contribution for any designated beneficiary shall be
39 determined by the authority pursuant to regulations, in accordance
40 with section 529 of the federal Internal Revenue Code of 1986, 26
41 U.S.C.s.529.
- 42 m. Statements, reports on distributions and information returns
43 relating to accounts shall be prepared, distributed, and filed to the
44 extent required by section 529 of the federal Internal Revenue Code
45 of 1986, 26 U.S.C.s.529, or regulations issued thereunder.
- 46 n. The authority may charge, impose and collect reasonable

1 administrative fees and service charges in connection with any
2 agreement, contract or transaction relating to the program. These fees
3 and charges may be imposed directly on contributors or may be taken
4 as a percentage of the investment earnings on accounts.

5 o. The State or any State agency, municipality, or other political
6 subdivision may, by contract or collective bargaining agreement, agree
7 with any employee to remit contributions to accounts through payroll
8 deductions made by the appropriate officer or officers of the State,
9 State agency, county, municipality, or political subdivision. The
10 contributions shall be held and administered in accordance with this
11 act.

12

13 18A:71B-42. NJBEST Scholarship; Conditions.

14 a. An amount of no less than \$500 shall be provided by the State for
15 the qualified higher education expenses of a designated beneficiary at
16 the time of a qualified withdrawal provided that:

17 (1) the contributor demonstrates, to the satisfaction of the authority,
18 that the contributor participated in the program for at least four years
19 by making a qualifying minimum initial deposit or qualifying minimum
20 annual contributions, or both, as shall be determined by the authority,
21 for a designated beneficiary;

22 (2) the designated beneficiary demonstrates, to the satisfaction of
23 the authority, attendance or enrollment in a higher education
24 institution in this State, at the time of initial attendance or enrollment
25 in the higher education institution; and

26 (3) either the contributor, if an individual, or the designated
27 beneficiary demonstrates, to the satisfaction of the authority, that the
28 contributor or designated beneficiary is a New Jersey resident.

29 b. The amount provided under subsection a. of this section shall
30 meet the requirements of a qualified scholarship within the meaning of
31 section 117 of the federal Internal Revenue Code of 1986, 26
32 U.S.C.s.117, for a designated beneficiary satisfying the requirements
33 of subsection a. of this section.

34 c. A designated beneficiary shall not receive more than one State
35 scholarship provided pursuant to subsection a. of this section.

36

37 18A:71B-43. Determination of Dollar Amount of Account.

38 Annually, the authority shall determine a dollar amount of an
39 account, which shall not be less than \$25,000, which shall not be
40 considered in evaluating the financial needs of a student enrolled in an
41 institution of higher education located in the State of New Jersey, or
42 be deemed a financial resource or a form of financial aid or assistance
43 to a student, for purposes of determining the eligibility of a student for
44 any scholarship, grant, or monetary assistance awarded by the State;
45 nor shall the amount of any account as determined by the authority
46 provided for a designated beneficiary under this article reduce the

1 amount of any scholarship grant or monetary assistance which the
2 student is entitled to be awarded by the State.

3

4 18A:71B-44. Assurance of Availability of Principal.

5 a. If the investment manager is the Division of Investment in the
6 Department of the Treasury, in order to assure the availability of
7 principal of any amount contributed under this article, there shall be
8 paid to the authority for deposit in the trust, at the time of distribution,
9 subject to appropriation, such sum, if any, as shall be certified by the
10 chairperson of the authority as necessary to provide that amount at the
11 time of distribution. The chairperson shall make and deliver to the
12 Governor, or his designee, the certificate stating the sums, if any,
13 required to make available in the trust the amount aforesaid, and the
14 sums so certified shall be appropriated and paid to the authority during
15 the then current State fiscal year.

16 b. If the investment manager is a private entity, the investment of
17 the principal and interest of any amount contributed under this article
18 shall be backed by the full faith and credit of the United States or be
19 fully insured by the Federal Deposit Insurance Corporation or other
20 similar insurer backed by the full faith and credit of the United States.
21 No account balance shall exceed the maximum amount of insurance
22 provided by the insurer. No investment is permitted in derivatives of
23 eligible securities, and any investment must be designed to balance
24 prospective payments according to the guidelines established.

25

26 18A:71B-45. Construction.

27 a. Nothing in this article shall be construed to:

28 (1) guarantee that a designated beneficiary will be admitted to a
29 higher education institution or be allowed to continue enrollment at or
30 graduate from a higher education institution after admission;

31 (2) establish State residency for a person merely because the person
32 is a designated beneficiary; or

33 (3) guarantee that amounts saved pursuant to the program will be
34 sufficient to cover the qualified higher education expenses of a
35 designated beneficiary.

36 b. Nothing in this article establishes any obligation of this State or
37 any agency or instrumentality of this State to guarantee for the benefit
38 of any contributor or designated beneficiary any of the following:

39 (1) the rate of interest or other return on any account; or

40 (2) the payment of interest or other return on any account.

41 c. Nothing in this article establishes any obligation or liability of this
42 State or any agency or instrumentality of this State with respect to any
43 federal or State tax liability of any contributor or designated
44 beneficiary in this program.

45 d. Under regulations promulgated by the authority, every contract
46 and application that may be used in connection with a contribution to

1 an account shall clearly indicate that the account is not insured by this
2 State nor is the investment return guaranteed by this State.

3
4 ²18A:71B-46. Federal Income Tax Consequences

5 If the Congress of the United States enacts legislation that exempts
6 educational savings accounts from federal income taxation, sections
7 N.J.S.18A:71B-42 and N.J.S.18A:71B-43 shall apply with respect to
8 such educational savings accounts as if they were accounts established
9 under this act and the beneficiaries of the accounts were designated
10 beneficiaries subject to the approval of the New Jersey Higher
11 Education Assistance Authority.²

12
13 Article 8. Veterinary Medical Education.

14
15 ²[18A:71B-46.] 18A:71B-47.² Contracts with Accredited Schools
16 of Veterinary Medicine.

17 The authority is hereby authorized to contract with any and all
18 accredited schools of veterinary medicine in the United States for the
19 acceptance of students who are residents of New Jersey for at least 12
20 months and desire to study veterinary medicine, and to expend
21 annually within the limits of available appropriations such sums as are
22 necessary to accomplish the intent of this act.

23
24 ²[18A:71B-47.] 18A:71B-48.² Contracts with Consent of Advisory
25 Committee; Members.

26 All contracts provided for in ²[N.J.S.18A:71B-46] N.J.S.18A:71B-
27 47² shall only be entered into by the authority with the advice and
28 consent of an advisory committee consisting of the following: the
29 Dean of the Cook College, Rutgers, the State University of New
30 Jersey, or a designee; the President of the New Jersey Veterinary
31 Medical Association; the Secretary of the New Jersey Veterinary
32 Medical Examining Board; and four New Jersey veterinarians
33 appointed by the Governor for terms of four years each.

34
35 ²[18A:71B-48.] 18A:71B-49.² Organization of Committee;
36 Expenses.

37 The advisory committee shall organize annually by the appointment
38 of one of its members as chairperson and one as vice-chairperson.
39 Members shall serve without compensation, but shall be entitled to all
40 necessary expenses.

41
42 Article 9. State Aid to Schools of Professional Nursing.

43
44 ²[18A:71B-49.] 18A:71B-50.² Definitions.

45 As used in this article:

46 “Operational expense” means those funds devoted to or required for

1 the regular or ordinary expenses of the school of professional nursing,
2 including administration, maintenance and salary expenses;

3 “School of professional nursing” means a school in New Jersey
4 offering a program of nursing instruction not exceeding four years
5 beyond high school, which is affiliated with a hospital and holds a
6 certificate of accreditation issued by the New Jersey Board of Nursing,
7 provided that the school is not eligible to receive State aid for its
8 nursing program under any other law;

9 “Student” means any full-time student who is a resident of this State
10 and who enters a school of professional nursing to begin a program of
11 nursing instruction or any part-time student who is a resident of this
12 State who enters an upper division program of nursing instruction in
13 a school of professional nursing.

14
15 ²[18A:71B-50.] 18A:71B-51.² Application for State Support; Form
16 of Application; Certificate of Accreditation by New Jersey Board of
17 Nursing.

18 A school of professional nursing may apply for and receive State aid
19 towards the operational expense of the school. The application shall
20 be upon forms prepared and provided by the authority and shall
21 contain such information as the authority shall require. Each
22 application shall be first submitted to the New Jersey Board of Nursing
23 which shall certify thereon whether the school is accredited and
24 whether or not the accreditation has been suspended or revoked.

25
26 ²[18A:71B-51.] 18A:71B-52.² Operational Support by State;
27 Limitation.

28 Within the limits of funds appropriated for purposes of this article,
29 any school of professional nursing whose application has been
30 approved by the authority shall be entitled to receive State aid for the
31 operational expense of the school to the extent of one-half thereof or
32 \$600 per full-time student, whichever is the lesser amount and a pro
33 rata amount for part-time students.

34 35 **Part 3.—Student Loans**

36 37 Article 1. Federal Student Loan Program

38
39 18A:71C-1. Administration by the authority.

40 It shall be the duty of the authority to administer the Federal Family
41 Education Loan Program for this State. The authority shall adopt
42 rules and regulations, and prescribe and provide appropriate forms for
43 application as may be necessary or appropriate for administering the
44 programs of a State guaranty agency, pursuant to 20 U.S.C.s.1071 et
45 seq.

46 As used in this act:

1 “Federal Family Education Loan” (FFEL) program mean the
2 programs of the United States government making low interest loans
3 available to students or parents of students to pay for their cost of
4 attending post-secondary institutions established pursuant to 20
5 U.S.C.s.1071.

6 “Federal loan” or “FFEL Loan” means any loan made under the
7 FFEL program.

8 “Guaranty agency” means any State agency or not-for-profit
9 corporation which has entered into an agreement with the United
10 States Secretary of Education to guarantee loans made under the
11 FFEL program and which guarantees loans to eligible residents and
12 nonresidents of this State.

13

14 18A:71C-2. Application; Grounds for Approval.

15 Any application for a federal loan under this article shall be
16 submitted to the authority for its approval, and the authority shall
17 approve the application only if it finds that the applicant is an eligible
18 borrower under the "Higher Education Act of 1965," Pub.L.89-329
19 (20 U.S.C.s.1001 et seq.), and implementing rules and regulations,
20 and has complied with all rules adopted by the authority pursuant to
21 this article in connection with the granting of the loans.

22

23 18A:71C-3. Approval and Granting of Federal Loan.

24 Upon approval by the authority of a federal loan application, any
25 eligible lender may make a loan as approved and upon the terms and
26 conditions required under this article, but no moneys shall be advanced
27 or paid under any loan until the applicant has satisfied the authority,
28 and the eligible institution certifies to the lender that the applicant, or
29 the person on behalf of whom the parent is the applicant, has been
30 admitted to, or is in regular attendance and in good standing at, an
31 eligible institution located in this State or elsewhere. Any lender
32 making a loan shall cooperate with the authority in supervising the use
33 of credit in accordance with its purposes. If disbursement of loan
34 proceeds is in the form of a check, the check representing the loan
35 proceeds shall be made payable to the applicant and the eligible
36 institution jointly, except when the applicant is attending an eligible
37 institution not located in the United States, in which instance the check
38 may be made payable to the applicant only. Disbursement may also be
39 made by master check, electronic funds transfer, or other methods
40 permitted under 20 U.S.C.s.1071 et seq.

41

42 18A:71C-4. Federal Loan Evidenced by Note; Interest Rate;
43 Method of Payment; Security.

44 Each federal loan made under this article shall:

45 a. be evidenced by a note or other obligation approved by the
46 authority;

1 b. bear interest at a rate not exceeding the maximum percentage per
2 annum permitted under 20 U.S.C.s.1071 et seq. and implementing
3 rules and regulations;

4 c. be payable in such manner or in such installments as permitted
5 under 20 U.S.C.s.1071 et seq. and implementing rules and regulations;
6 and

7 d. be secured only by the personal liability of the maker, and not by
8 any endorsers, co-maker's collateral, or other security, except as may
9 be permitted under 20 U.S.C.s.1071 et seq. and implementing rules
10 and regulations.

11
12 18A:71C-5. Extension and Refinancing of Federal Loans.

13 Any loan made under this article may be extended or refinanced at
14 the discretion of the lender without affecting the obligation of the
15 authority hereunder for such period and under such terms as permitted
16 under 20 U.S.C.s.1071 et seq. and implementing rules and regulations,
17 and any loan may be reduced at any time at the option of the borrower.

18
19 18A:71C-6. Purchase of Notes.

20 Whenever any approved note, including notes held by the authority
21 in the Higher Education Student Assistance Fund, or any installment
22 thereon, shall be in default as defined under 20 U.S.C.s.1071 et seq.,
23 upon the death or total and permanent disability of the borrower, or
24 upon any other reason for payment of a claim permitted under 20
25 U.S.C.s.1071 et seq., the authority shall, upon the demand of a lender
26 and subject to a lender's meeting federal and authority due diligence
27 requirements, purchase the note by paying to the lender or by
28 transferring to the Higher Education Student Assistance Fund out of
29 the Loan Reserve Fund, the amount of principal, interest and other
30 permissible charges then due and owing on the note, as herein
31 provided.

32
33 18A:71C-7. Falsely Securing Federal Loan a Misdemeanor; Penalty.

34 Any person who, having obtained a federal loan under this act,
35 solicits, applies for, or accepts another such loan, except as specifically
36 authorized in this act, and any person who knowingly or willfully
37 furnishes any false or misleading information for the purpose of
38 obtaining a loan, or of enabling another to obtain a loan, under this
39 act, shall be guilty of a crime of the fourth degree.

40
41 18A:71C-8. Repayment—Compromises, Modifications and Other
42 Determinations Made by Authority.

43 The authority may, with respect to the exercise of its functions
44 related to loans guaranteed by it under this article, to the extent
45 consistent with 20 U.S.C.s.1071 et seq. and notwithstanding the
46 provisions of any other law to the contrary:

1 a. consent to the modification, with respect to rate of interest, time
2 of payment of principal or interest or any portion thereof, or other
3 provisions of any note, or any instrument securing a loan which has
4 been guaranteed by the authority;

5 b. authorize payment or compromise, subject to the approval or
6 approvals required under the authority's write off and compromise
7 procedures, of any claim upon or arising as a result of any such
8 guaranty; and

9 c. authorize payment, compromise, waiver or release, of any debt,
10 right, title, claim, lien or demand, however acquired, including any
11 equity or right of redemption, and the waiver or release of any debt,
12 right, title, claim, lien or demand including any equity or right of
13 redemption shall be sufficient if executed by the executive director or
14 designee on behalf of the authority. The register or county clerk of
15 any county and the clerk of any court is hereby authorized to cancel of
16 record any lien, including, but not limited to, judgments, chattel
17 mortgages and conditional sales agreements whenever the document
18 evidencing the cancellation or request for cancellation is signed by the
19 executive director or designee on behalf of the authority. The register
20 and the clerk of any county are authorized to record any documents of
21 the authority signed by the executive director or designee.

22
23 18A:71C-9. Contracts, Promissory Notes, made by Minor, Valid
24 and Binding.

25 Any contract, promissory note, or other written obligation made by
26 any minor to repay or secure payment of a loan made under this
27 article, payment whereof is guaranteed or insured by the authority, or
28 which forms part of the same transaction as the making of the loan
29 shall, notwithstanding any provision of law to the contrary, be as valid
30 and binding as if the person were at the time of the making and
31 execution 18 years of age, and it may be enforced in any action or
32 proceeding by or against the person in his own name, and shall be valid
33 without the consent of the parent or guardian of the person, and the
34 person shall not disaffirm the instrument because of his age, nor shall
35 the person hereafter interpose the defense that he is, or was, at the
36 time of the making and execution, a minor in any action or proceeding
37 arising out of any such loan.

38
39 18A:71C-10. Deduction of Overdue Student Loan Payments From
40 Wages of Employees of the State, Institution of Higher Education and
41 Public Authorities.

42 Whenever any officer or employee of the State of New Jersey, a
43 public institution of higher education in this State now or hereafter
44 established or authorized by law, any independent institution of higher
45 education in this State now or hereafter established that receives State
46 funds, or any public authority established pursuant to State law, has

1 failed to make scheduled payments to the Higher Education Student
2 Assistance Authority on any note held by that authority pursuant to
3 N.J.S.18A:71C-6, there shall be deducted from the wages of the
4 employee the full amount of both any arrears payment and any
5 schedule payment due to the Higher Education Student Assistance
6 Authority until such time as the note is fully satisfied.

7 In the case of State officers or employees on the centralized regular
8 bi-weekly payroll, the Department of the Treasury shall make the
9 deduction and shall transmit the payments to the Higher Education
10 Student Assistance Authority, but the Department of the Treasury
11 shall retain an amount, as established by regulation of the authority, of
12 the moneys collected to defray the cost of collection.

13 In the case of officers and employees not on the centralized regular
14 bi-weekly payroll, the chief financial officer of the institution or the
15 public authority shall make the deduction and transmit the payments
16 to the Higher Education Student Assistance Authority, but the
17 institution or public authority shall retain an amount, as established by
18 regulations of the Higher Education Student Assistance Authority, of
19 the moneys collected to defray the cost of collection.

20

21 18A:71C-11. Regulations.

22 The Department of the Treasury and the authority shall jointly
23 promulgate regulations concerning the procedures and methods to be
24 employed for the implementation of the provisions of this act
25 concerning deductions for overdue student loan payments from
26 wages. The regulations shall be consistent with all federal
27 requirements or limitations regarding any information utilized in any
28 collection, and shall in addition provide for due notice to the employee
29 of an opportunity for a hearing upon request prior to any collection.

30

31 18A:71C-12. Deduction of Overdue Student Loan Payments from
32 Wages of County and Municipal Employees.

33 Whenever any officer or employee of a county or municipality has
34 failed to make scheduled payments to the authority on any note held
35 by the authority pursuant to N.J.S.18A:71C-6, the chief financial
36 officer of the appropriate local unit shall deduct from the wages of the
37 employee the full amount of both any arrears payment and any
38 scheduled payment due to the authority, but the local unit shall retain
39 an amount not to exceed 1% of the moneys collected to defray the
40 cost of collection.

41

42 18A:71C-13. Guidelines for Payment of Arrearages.

43 The Division of Local Government Services in the Department of
44 Community Affairs, in conjunction with the Department of the
45 Treasury and the Higher Education Student Assistance Authority, shall
46 prepare guidelines concerning the procedures and methods to be

1 employed by local units for the implementation of N.J.S.18A:71C-12.
2 The guidelines, and all actions taken by local units, shall be consistent
3 with all federal regulations and limitations regarding any information
4 utilized in any collection.

5
6 18A:71C-14. Deduction of Overdue Student Loan Payments From
7 Wages of Certain Boards or Authorities.

8 Whenever any officer or employee of a local board of education, a
9 county or municipal board of health or an autonomous authority
10 created by a county or municipality pursuant to statute has failed to
11 make scheduled payments to the Higher Education Student Assistance
12 Authority on any note held by that authority pursuant to
13 N.J.S.18A:71C-6, the board or autonomous authority shall deduct
14 from the wages of the employee the full amount of both any arrears
15 payment and any scheduled payment due to the Higher Education
16 Student Assistance Authority until such time as the note is fully
17 satisfied. The board or autonomous authority shall transmit the
18 payments to the Higher Education Student Assistance Authority, but
19 the board or autonomous authority may retain an amount of the
20 moneys collected as established by regulations of the Higher
21 Education Student Assistance Authority to defray the cost of
22 collection.

23
24 18A:71C-15. Guidelines for Payment of Arrearages.

25 The Department of Education and the Division of Local Government
26 Services in the Department of Community Affairs, in conjunction with
27 the Department of the Treasury and the Higher Education Student
28 Assistance Authority, shall prepare guidelines concerning the
29 procedures and methods to be employed by boards and autonomous
30 authorities for the implementation of N.J.S.18A:71C-14. The
31 guidelines, and all actions taken by a board or autonomous authority
32 pursuant to this act, shall be consistent with all federal regulations or
33 limitations regarding any information utilized in any collection.

34
35 18A:71C-16. Deduction of Overdue Student Loan Payments From
36 Wages of Employees of the Private Sector.

37 Whenever any officer or employee or any employer within or
38 outside this State not described in N.J.S.18A:71C-10, N.J.S.18A:71C-
39 12 or N.J.S.18A:71C-14 has failed to make scheduled payments to the
40 Higher Education Student Assistance Authority on any note or other
41 written obligation held by that authority, there shall be deducted from
42 the wages of the employee the full amount of both any arrears
43 payment and any scheduled payment due to the Higher Education
44 Student Assistance Authority until such time as the note or other
45 written obligation is fully satisfied.

46 The employer shall retain an amount, as established by regulations

1 promulgated jointly by the Department of the Treasury and the Higher
2 Education Student Assistance Authority, of the moneys collected to
3 defray the cost of collection.

4 An employer may not discharge from employment, refuse to employ,
5 or take disciplinary action against an individual subject to wage
6 deduction in accordance with this section by reason of the fact the
7 individual's wages have been subject to wage deduction under this
8 section, and the individual may sue in a State court of competent
9 jurisdiction any employer who takes this action. The court shall award
10 attorneys' fees to a prevailing employee and, in its discretion, may
11 order reinstatement of the individual, award punitive damages and
12 back pay to the employee, or order another remedy as may be
13 reasonably necessary.

14

15 18A:71C-17. Lien Not Treated as Wage Execution.

16 The lien against an employee's wages undertaken pursuant to
17 N.J.S.18A:71C-10, N.J.S.18A:71C-12, N.J.S.18A:71C-14 and
18 N.J.S.18A:71C-16 shall not be considered an execution against wages
19 pursuant to N.J.S.2A:17-52, and shall not prevent the simultaneous
20 satisfaction of an execution from the amount of wages remaining after
21 the satisfaction of this debt.

22

23 18A:71C-18. Exchange of Information with Other State
24 Departments and Agencies.

25 The authority may use the following procedures to locate borrowers
26 who have failed to make scheduled payments to the authority on any
27 note held by the authority:

28 a. the authority may furnish the name and Social Security number of
29 a delinquent or defaulted borrower to the Division of Pensions and
30 Benefits, the Division of Taxation, the Division of Motor Vehicles, the
31 Department of Human Services, the Casino Control Commission, and
32 any State professional or licensing board or body. Except as
33 prohibited by federal or State law, these departments, divisions,
34 boards, and bodies shall return to the authority the address of any
35 borrower or the address of the employer of any borrower that appears
36 in its most recent records;

37 b. the authority may furnish the name and Social Security number
38 of any delinquent or defaulted borrower to the Department of Labor.
39 Except as prohibited by federal or State law, the Department of Labor
40 shall return to the authority the address of the employer of any such
41 borrower that appears in its most recent records;

42 c. the authority shall reimburse the department, division, board or
43 body listed in subsections a. and b. of this section for any costs
44 associated with services performed pursuant to this section.
45 Information furnished to the authority by the entities listed in
46 subsections a. and b. shall be considered confidential and shall not be

1 disclosed except to a federal department or agency entitled to the
2 information because the disclosure is necessary for the proper
3 administration of this article.

4

5 18A:71C-19. Professional or Occupational Misconduct.

6 a. Notwithstanding provisions of any law to the contrary, any State
7 professional or occupational licensing board shall define a borrower's
8 delinquent or default status of any loan made or guaranteed by the
9 authority as misconduct punishable by the denial, suspension, or
10 revocation of the borrower's professional or occupational license by
11 that board.

12 b. For the purposes of this section:

13 "License" means the whole or part of any State agency permit,
14 certificate, approval, registration, charter or similar form of permission
15 to engage in a profession, trade, business or occupation and any
16 notification required to be made to any State agency that a profession,
17 trade, business or occupation is being engaged in or is expected to be
18 commenced; provided that "license" shall not include any original
19 charter or certificate of incorporation granted by any State agency;

20 "State agency" means the legislative or executive branch of the
21 State, including, but not limited to, any department, board, bureau,
22 commission, division, office, council, agency, or instrumentality
23 thereof, or independent agency, public authority or public benefit
24 corporation.

25

26 18A:71C-20. Deductions of Overdue Payments from State Lottery
27 Winnings.

28 a. The Director of the Division of State Lottery in the Department
29 of the Treasury and the executive director shall initiate an ongoing
30 data exchange in the Office of Telecommunications and Information
31 Systems in the Department of the Treasury before a payment is made
32 of a State lottery prize in excess of \$1,000.

33 b. The executive director shall periodically supply the Office of
34 Telecommunications and Information Systems with a list of those
35 individuals with delinquent or defaulted student loan repayments to the
36 authority.

37 c. The Director of the Division of State Lottery shall promptly
38 provide the Office of Telecommunications and Information Systems
39 with a prize winners list, which shall include the prize claimant's name,
40 address and Social Security number and the amount of the pending
41 payment.

42 d. The Office of Telecommunications and Information Systems shall
43 cross check the lottery list with the data supplied by the executive
44 director for a Social Security number match. If a match is made, the
45 Office of Telecommunications and Information Systems shall notify the
46 authority.

1 e. If a lottery prize claimant is on the list of individual delinquents
2 or in default of a student loan, the authority shall promptly notify the
3 Department of the Treasury and the Division of the State Lottery of
4 the claimant's name, address, Social Security number and the
5 outstanding amount of the student loan. The Department of the
6 Treasury shall, after withholding any appropriate amount for income
7 tax or such other withholdings as may be required under federal or
8 State law, withhold this amount from the pending lottery payment and
9 transmit this amount to the authority. If the amount of the student
10 loan outstanding is greater than the amount available from the lottery
11 payment, the entire amount available shall be transmitted to the
12 authority.

13 f. Any of the claimant's lottery prize funds remaining after
14 withholding pursuant to subsection e. of this section shall be paid to
15 the claimant in accordance with lottery procedures.

16 g. The State Treasurer in consultation with the authority shall
17 promulgate, pursuant to the "Administrative Procedure Act,"
18 P.L.1968, c. 410 (C.52:14B-1 et seq), such rules and regulations as
19 may be necessary to effectuate the purpose of this section including,
20 but not limited to, regulations providing for prompt notice to any prize
21 winner from whose award the Department of the Treasury seeks to
22 withhold funds of the amount to be withheld and the reason therefor
23 and providing the prize winner with the opportunity for a hearing
24 upon request prior to the disposition of any funds. The State
25 Treasurer shall also provide, by regulation, safeguards against the
26 disclosure or inappropriate use of any personally identifiable
27 information regarding any person obtained pursuant to this section.
28 For purposes of this section, "prompt notice" shall mean within 14
29 days or less.

30

31 Article 2. State Loan Programs

32

33 18A:71C-21. College Loans to Assist State Students Loan Program.

34 There is hereby established within the authority a New Jersey
35 College Loans to Assist State Students (NJCLASS) Loan Program.
36 Under the NJCLASS Loan Program, the authority shall make loans
37 available in such amounts as necessary to ensure that student loans
38 remain generally available to, or for the benefit of, eligible students
39 who are not eligible for, or have additional financial need beyond, a
40 federally insured student loan and who meet the eligibility criteria set
41 forth in N.J.S.18A:71C-27.

42

43 18A:71C-22. College Loans to Assist State Students Loan Fund.

44 a. The authority shall establish and maintain a special fund called the
45 "New Jersey College Loans to Assist State Students (NJCLASS) Loan
46 Fund" in which there shall be deposited: (1) all funds received by the

1 authority from the sale of State bonds as provided by law; (2) all
2 moneys appropriated by the State for the purpose of the fund; (3) all
3 funds contributed to the authority by private sources, to be used for
4 the purposes of this article; and (4) any other moneys or funds of the
5 authority, including the proceeds of bonds, bond anticipation notes,
6 and other obligations issued by the authority, which it determines to
7 deposit therein. Moneys in the NJCLASS Loan Fund shall be held and
8 applied to make loans pursuant to this article and to pay for the costs
9 of administering the NJCLASS Loan Program.

10 b. The sum total of all funds on deposit in the NJCLASS Loan Fund
11 shall be maintained in the amount determined by the authority to be
12 necessary to fulfill its responsibilities as set forth in this article.

13 c. Moneys in the NJCLASS Loan Fund at any time in excess of the
14 NJCLASS Loan Program requirements, whether by reason of
15 investment or otherwise, may be withdrawn at any time by the
16 authority and transferred to any other fund or account of the authority.

17 d. Moneys at any time in the NJCLASS Loan Fund may be invested
18 in any direct obligations of, or obligations as to which the principal
19 and interest thereof is guaranteed by, the United States of America or
20 such other obligations as the authority may approve.

21

22 18A:71C-23. Eligible Borrower.

23 Loans under the NJCLASS Loan Program may be made to eligible
24 borrowers. An eligible borrower is an eligible student or any parent,
25 spouse, legal guardian or other relative providing financial support for
26 a dependent eligible student. The authority shall set maximum loan
27 amounts for each participant based on such factors as the cost of
28 attending the particular institution, family income, value of family
29 assets or other factors the authority may consider relevant. The loans
30 may be secured by such endorsement, co-maker's collateral or other
31 security as may be required by rules and regulations established by the
32 authority.

33

34 18A:71C-24. Eligible Institution.

35 Unless restricted by the authority by regulations, "eligible
36 institution" means, for the purposes of this article only, an institution
37 of higher education licensed by the appropriate agency or department
38 and accredited or preaccredited by a nationally recognized accrediting
39 association. Eligible institutions shall also include certain proprietary
40 institutions but only for degree granting programs approved by the
41 commission or for other proprietary institutions as determined by the
42 authority.

43

44 18A:71C-25. Maximum Loan Amounts.

45 The authority shall establish maximum annual loan amounts and
46 maximum total loan amounts which may be made under the NJCLASS

1 Loan Program; however, the amount of a NJCLASS Loan Program
2 loan may not exceed, in combination with other financial aid, the total
3 education costs of attending an eligible institution as determined by
4 that institution plus the amount of interest payments which may be
5 deferred pursuant to N.J.S.18A:71C-26.

6
7 18A:71C-26. Accrual of Interest; Payment.

8 Interest on each NJCLASS Loan Program loan shall accrue from the
9 date of the making of the loan; however, the payment of the principal
10 or the interest or both may be deferred until a time or times
11 determined by the authority. The rate of interest on each loan shall be
12 determined by the authority.

13
14 18A:71C-27. Student Eligibility.

15 a. Unless otherwise restricted by the authority by regulation, an
16 eligible student under the NJCLASS Loan Program shall:

17 (1) be a New Jersey resident enrolled on at least a part-time basis as
18 an undergraduate or graduate student in an eligible institution in New
19 Jersey; or

20 (2) be a New Jersey resident enrolled on at least a part-time basis as
21 an undergraduate or graduate student in an eligible institution outside
22 of New Jersey; or

23 (3) reside outside the State and be enrolled on at least a part-time
24 basis as an undergraduate or graduate student in an eligible institution
25 in New Jersey.

26 b. To be eligible for a NJCLASS loan financed in whole or in part
27 by qualified student loan bonds, as described under section 144(b) of
28 the Federal Internal Revenue Code of 1986, 26 U.S.C.s.144(b), the
29 student in addition to meeting the requirements of subsection a. of this
30 section, shall meet the eligibilty criteria described in section 144(b) of
31 the Federal Internal Revenue Code of 1986, 26 U.S.C.s.144(b), or not
32 be in violation of any other criteria which would result in the bonds no
33 longer to be qualified under section 144(b) of the Federal Internal
34 Revenue Code of 1986, 26 U.S.C.s.144(b).

35
36 18A:71C-28. Limitations on Program; Fees.

37 a. The authority may limit the number of students who receive
38 NJCLASS Loan Program loans for attendance at any educational
39 institution with a default rate exceeding the standard which will be set
40 by the authority.

41 b. The authority may place a limitation upon the number of
42 NJCLASS Loan Program loans made pursuant to this article, if, in its
43 judgment, a limitation is necessary to preserve the fiscal viability of the
44 fund.

45 c. The authority may establish and collect a fee, to be paid by each
46 eligible borrower under the NJCLASS Loan Program to assist in the

1 support of the administration of the NJCLASS Loan Program by the
2 authority and to assist in covering the cost of loan defaults.

3
4 18A:71C-29. Applicability of Information Exchange, Collection
5 Procedures, Repayment Determinations and Other Federal Provisions.

6 Unless expressly limited to federal programs, the information
7 exchange, wage withholding, collection procedures, repayment
8 determinations, and other provisions set forth under article 1 of this
9 part shall apply to the NJCLASS Loan Program.

10
11 18A:71C-30. Act Not to Affect Higher Education Student
12 Assistance Fund.

13 Nothing in this article shall be construed to limit the power of the
14 authority to establish and maintain the Higher Education Student
15 Assistance Fund or to alter the terms and conditions of loans made to
16 students under that fund.

17
18 18A:71C-31. Falsely Securing State Loan a Misdemeanor; Penalty.

19 Any person who, having obtained a State loan under this act, solicits,
20 applies for, or accepts another such loan, except as specifically
21 authorized in this act, and any person who knowingly or willfully
22 furnishes any false or misleading information for the purpose of
23 obtaining a loan, or of enabling another to obtain a loan, under this
24 act, shall be guilty of a crime of the fourth degree.

25
26 Article 3. Loan Redemption Program

27
28 18A:71C-32. Definitions.

29 As used in N.J.S.18A:71C-32 through N.J.S.18A:71C-48:

30 “Eligible student loan expenses” means the cumulative total of the
31 annual student loans covering the cost of attendance at an
32 undergraduate institution of medical, dental, or other primary care
33 professional education. Interest paid or due on student loans that an
34 applicant has taken out for use in paying the costs of undergraduate
35 medical, dental, or other primary care professional education shall be
36 considered eligible for reimbursement under the program. The
37 authority may establish a limit on the total amount of student loans
38 which may be redeemed for participants under the program, provided
39 that the total redemption of student loans does not exceed \$120,000
40 either in State funds or the sum of federal, State, and other non-federal
41 matching funds, pursuant to section 338I of the Public Health Service
42 Act (42 U.S.C.s.254q-1), whichever is applicable.

43 “Health professional shortage area” (HPSA) means an urban or rural
44 area, a population group or a public or non-profit private medical
45 facility or other public facility which the Secretary of Health and
46 Human Services determines has a health professional shortage

1 pursuant to section 332 of the Public Health Service Act (42 U.S.C.
2 s.254e).

3 “Primary care” means the practice of family medicine, general
4 internal medicine, general pediatrics, general obstetrics, gynecology,
5 and any other areas of medicine which the Commissioner of Health and
6 Senior Services may define as primary care. Primary care also includes
7 the practice of general dentistry and pedodontics, as well as the
8 professions of nurse-practitioner, certified nurse-midwife, and
9 physician assistant.

10 “Primary Care Physician and Dentist Loan Redemption Program”
11 means a program which provides for the redemption of the eligible
12 student loan expenses of its participants.

13 “State designated underserved area” means a geographic area in this
14 State which has been ranked by the Commissioner of Health and
15 Senior Services on the basis of health status and economic indicators
16 as reflecting a medical or dental health professional shortage.

17 “Undergraduate medical, dental, or other professional primary care
18 professional education” means the period of time between entry into
19 medical school, dental school, or other primary care professional
20 training program and the award of the medical (M.D., D.O.) degree,
21 the dental (D.M.D., D.D.S.) degree, or other primary care professional
22 degree respectively.

23

24 18A:71C-33. Primary Care Physician and Dentist Loan Redemption
25 Program Established.

26 There is established a Primary Care Physician and Dentist Loan
27 Redemption Program within the Higher Education Student Assistance
28 Authority. The program shall provide for the redemption of a portion
29 of the eligible student loan expenses of program participants for each
30 year of service in a State designated underserved area.

31

32 18A:71C-34. Eligibility for Participation in Program.

33 To be eligible to participate in the Primary Care Physician and
34 Dentist Loan Redemption Program, an applicant shall:

35 a. be a resident of the State;

36 b. be a graduate of a medical school approved by the State Board
37 of Medical Examiners for the purpose of licensure and receive a
38 recommendation from the school’s medical staff concerning
39 participation in the loan redemption program in the case of a physician;
40 be a graduate of a dental school approved by the New Jersey State
41 Board of Dentistry for the purpose of licensure and receive a
42 recommendation from the school’s dental staff concerning
43 participation in the loan redemption program in the case of a dentist;
44 or be a graduate of another state-approved primary care professional
45 training program for the purpose of licensure or certification and
46 receive a recommendation from the program's professional staff

1 concerning participation in the loan redemption program in the case of
2 another primary care provider;

3 c. in the case of a physician, have completed an accredited residency
4 training program and received a recommendation from the director of
5 the training program concerning participation in the loan redemption
6 program; and

7 d. agree to practice primary care, as appropriate, in a State
8 designated underserved area.

9

10 18A:71C-35. Ranking of State Designated Underserved Areas.

11 The Commissioner of Health and Senior Services, after consultation
12 with the Commissioner of Corrections and the Commissioner of
13 Human Services, shall designate and establish a ranking of State
14 designated underserved areas. The criteria used by the Commissioner
15 of Health and Senior Services in designating areas shall include, but
16 not be limited to:

17 a. the financial resources of the population under consideration;

18 b. the population's access to primary care services; and

19 c. appropriate physician, dentist, or other primary care staffing in
20 State, county, municipal and private nonprofit health care facilities.

21 The Commissioner of Health and Senior Services shall transmit the
22 list of State designated underserved areas and the number of positions
23 needed in each area to the executive director or designee.

24

25 18A:71C-36. Entry into Program; Agreements.

26 A medical, dental, nursing, or other primary care student who is
27 eligible and interested in participating in the loan redemption program
28 shall sign a nonbinding agreement with the Higher Education Student
29 Assistance Authority or its designated agent upon completion of the
30 final year of undergraduate medical, dental, or other primary care
31 training, as appropriate. At the end of the final year or residency
32 training in the case of a physician; at the end of the final year of
33 undergraduate dental training or residency training if the training is
34 required in a primary care dental speciality in the case of a dentist; and
35 at the end of the final year of other primary care training in the case of
36 another primary care provider, the applicant shall sign a contractual
37 agreement with the authority or its designated agent. The agreement
38 shall specify the applicant's dates of required service, the initial period
39 to cover a minimum of two years, and the total amount of eligible
40 student loan expenses to be redeemed by the State in return for
41 service. The agreement shall also stipulate that the applicant has
42 knowledge of and agrees to the six-month probationary period
43 required prior to final acceptance into the program pursuant to
44 N.J.S.18A:71C-38.

1 18A:71C-37. Redemption Limits; Start of Service.

2 a. Maximum redemption of loans under the loan redemption
3 program shall amount to 18% of principal and interest of eligible
4 student loan expenses in return for one full year of service in a State
5 designated medically underserved area, an additional 26% for a second
6 full year of service, an additional 28% for a third full year of service
7 and an additional 28% for a fourth full year of service for a total
8 redemption of eligible student loan expenses of up to, but not to
9 exceed, \$120,000 either (1) in State funds or (2) the sum of federal,
10 State, and other non-federal funds pursuant to section 338I of the
11 Public Health Service Act (42 U.S.C.s.254q-1), whichever is
12 applicable. Service in a State designated underserved area shall begin
13 within two years of completion of the medical residency training
14 program in the case of a physician; within two years of completion of
15 undergraduate dental training or residency training if the training is
16 required in a primary care dental specialty in the case of a dentist; and
17 within two years of completion of other primary care professional
18 training if the training is required in the case of another primary care
19 provider.

20 b. A participant who enters an agreement to fulfill service in a State
21 designated underserved area that is also a federal HPSA shall be
22 permitted a total redemption of eligible student loan expenses for four
23 years of service up to, but not to exceed, the sum of federal, State and
24 other non-federal matching funds provided pursuant to section 338I of
25 the Public Health Service Act (42 U.S.C.s.254q-1).

26

27 18A:71C-38. Probationary Period.

28 Each program participant shall serve a six-month probationary
29 period upon initial placement in a service site within the State
30 designated underserved area. During that period, the medical or
31 dental staff of the service site, as appropriate, together with the
32 program participant, shall evaluate the suitability of the placement for
33 the participant. At the end of the probationary period, the medical or
34 dental staff shall recommend the continuation of the program
35 participant's present placement, a change in placement, or its
36 determination that the participant is an unsuitable candidate for the
37 loan redemption program. If the medical or dental staff of the service
38 site recommends a change in placement, the executive director or a
39 designee shall place the program participant in an alternate placement
40 within a State designated underserved area. If the medical or dental
41 staff determines that the program participant is not a suitable candidate
42 for the program, the executive director shall take this
43 recommendation into consideration in regard to the participant's final
44 acceptance into the program. No loan redemption payment shall be
45 made during the six-month probationary period; however, a program
46 participant shall receive credit for the six-month period in calculating

1 the first year of required service under the loan redemption contract.

2

3 18A:71C-39. Matching of Participants with Areas.

4 The executive director or designee, in consultation with the
5 Commissioner of Health and Senior Services, shall match program
6 participants to State designated underserved areas based upon the
7 ranking of the underserved areas established by the commissioner and
8 on the basis of participant preference.

9

10 18A:71C-40. Determination of Number of Positions; Selection of
11 Participants.

12 The executive director or designee shall annually determine the
13 number of program positions available on the basis of the need for
14 primary care physicians, dentists, and other primary care providers in
15 State designated underserved areas as determined by the
16 Commissioner of Health and Senior Services and the State and federal
17 funds available for the program. Once the number of program
18 positions has been determined, the executive director or designee shall
19 select the program participants from among those students who have
20 applied to the program and who meet the criteria established pursuant
21 to N.J.S.18A:71C-34. In selecting program participants, the executive
22 director shall accord priority to applicants in the following manner:

23 a. first, to any applicant who is completing a fourth, third or second
24 year of a loan redemption contract;

25 b. second, to any applicant whose residence in the State at the time
26 of entry into postsecondary education was within a State designated
27 underserved area; and

28 c. third, to any applicant according to the severity of the physician,
29 dentist, or other primary care provider shortage in the area selected by
30 the applicant.

31 In the event that there are more applicants who have the same
32 priority than there are program positions, the executive director shall
33 select participants by means of a lottery or other form of random
34 selection.

35

36 18A:71C-41. Nullification of Agreement.

37 A physician, dentist, or other primary care provider who has
38 previously entered into a contract with the authority may nullify the
39 agreement by notifying the authority in writing and reassuming full
40 responsibility for the remaining outstanding balance of the loan debt.

41 In no event shall service in a State designated underserved area for less
42 than the full calendar year of each period of service entitle the
43 participant to any benefits under the loan redemption program. A
44 participant seeking to nullify the contract before completing a second
45 full year of service shall be required to pay 50% of the redeemed
46 portion of indebtedness in not more than one year following

1 nullification of the agreement.

2

3 18A:71C-42. Death or Permanent Disability of Participant.

4 In case of a program participant's death or total and permanent
5 disability, the authority shall nullify the service obligation of the
6 student. The nullification shall terminate the authority's obligations
7 under the loan redemption contract, except in the event that a
8 participant's death or total and permanent disability occurs after the
9 second year of service, the authority shall redeem the current year of
10 service. When continued enforcement of the contract may result in
11 extreme hardship, the authority may nullify or suspend the service
12 obligation of the student.

13

14 18A:71C-43. Conviction of Crime; Gross Negligence; License
15 Suspension or Revocation.

16 In case of a program participant's conviction of a crime or an act of
17 gross negligence in the performance of service obligations or when the
18 license to practice has been suspended or revoked, the executive
19 director or designee shall have the authority to terminate the
20 participant's service in the program and require forfeiture of the
21 amount redeemed for the current year of service.

22

23 18A:71C-44. National Health Service Corps Loan Repayment
24 Program Participants Not Eligible.

25 A student who is participating in the federally administered National
26 Health Service Corps Loan Repayment Program, section 338B of the
27 Public Health Service Act (42 U.S.C.s.254 1-1), shall not be eligible to
28 participate simultaneously in the Primary Care Physician and Dentist
29 Loan Redemption Program.

30

31 18A:71C-45. Report on Performance.

32 Prior to repayment of the annual amount eligible for redemption,
33 each program participant shall report to the authority or its designated
34 agent, in such manner and form as it shall prescribe, information on the
35 participant's performance of service in the State designated
36 underserved area as required under the contract.

37

38 18A:71C-46. Recruitment.

39 The executive director or designee and the Commissioner of Health
40 and Senior Services, in cooperation with their designated agent, shall
41 together establish a procedure for the recruitment of program
42 applicants at medical and dental schools and health centers. The
43 procedure shall provide for the participation of the medical and dental
44 staff, as appropriate, of those facilities in the selection of appropriate
45 applicants for the program.

1 18A:71C-47. Federal Funds.

2 The authority shall annually apply for any federal funds which may
3 be available to implement the provisions of this act.

4

5 18A:71C-48. Rules and Regulations.

6 The authority shall adopt rules and regulations pursuant to the
7 "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1 et seq.)
8 necessary to implement the provisions of N.J.S.18A:71C-32 through
9 N.J.S.18A:71C-47.

10

11 2. (New section) Any board of education may accept, receive, add
12 to and hold in trust real or personal property, heretofore or hereafter
13 acquired by inter vivos or testamentary gift, for the purpose of
14 awarding scholarships to students for higher education in colleges,
15 universities and graduate schools, whether located within or without
16 this State, upon such terms and conditions, not inconsistent with this
17 section, as may be imposed by the donor of the property. The board
18 shall, by resolution, provide for the acceptance, application, custody
19 and management of property donated to it for higher education
20 scholarship purposes.

21

22 3. (New section) a. Any dependent of a prisoner of war or a person
23 missing in action, upon his being accepted to pursue a course of
24 undergraduate study in any private institution of higher education in
25 this State or in any public institution of higher education of this State
26 as enumerated in N.J.S.18A:62-1, shall be allowed to obtain a
27 bachelors degree, or certificate of completion, for so long as he is
28 eligible, free of tuition. Once a person qualifies as a dependent under
29 this act there shall be no situation such as the return of the parent or
30 the reported death of the parent that will terminate the eligibility of the
31 dependent to the benefits under this act.

32 b. As used in this section:

33 "Dependent" means any child born before, during or after the period
34 of time the child's parent was a prisoner of war or a person missing in
35 action, or any child legally adopted or in the legal custody of the
36 parent prior to, during or after the time the parent was a prisoner of
37 war or a person missing in action.

38 "Prisoner of war" and "person missing in action" means any person
39 who was a resident of this State at the time he or she entered service
40 of the United States Armed Forces, or whose official residence is
41 within this State, and who, while serving in said United States Armed
42 Forces, has been declared to be a prisoner of war, or to be a person
43 missing in action as established by the Secretary of Defense after
44 January 1, 1960.

45

46 4. (New section) As used in sections 4 through 11 of this act:

1 a. "Approved course of study" means any curriculum or any
2 combination of unit courses or subjects pursued at an educational
3 institution which is accepted for Veteran's Educational Assistance
4 pursuant to federal law.

5 b. "Approved educational institution" means (1) any academic,
6 professional or vocational school operating within this State or (2) any
7 graduate level school operating within the United States or (3) any
8 academic, professional or vocational school operating outside of this
9 State; provided that the institution shall have made a prior written
10 agreement to accept the tuition credit and reimbursement provided for
11 in sections 8 and 9 of this act; provided further, that no more than
12 20% of the eligible veterans under paragraphs (1) and (3) of this
13 subsection shall attend an approved educational institution operating
14 outside of this State. To qualify as an "approved educational
15 institution" under this act, an institution must have been approved for
16 Veteran's Educational Assistance pursuant to federal law.

17 c. "Department" means the Department of Military and Veterans'
18 Affairs and includes any deputies or employees of the department
19 designated to administer and enforce this act.

20 d. "Eligible veteran" means any veteran of the Armed Forces of the
21 United States residing in New Jersey who is or was eligible for
22 Veteran's Educational Assistance pursuant to federal law and who (1)
23 was domiciled in New Jersey at the time of his induction into the
24 armed forces, or (2) has been domiciled in New Jersey for a period of
25 not less than 12 consecutive months prior to the date of application,
26 exclusive of any time spent on active duty.

27

28 5. (New section) For the purposes of sections 4 through 11 of this
29 act:

30 a. (1) an institutional trade or technical course offered at a
31 nonaccredited school on a clock-hour basis involving shop practice as
32 an integral part thereof shall be considered a full-time course when a
33 minimum of 30 hours per week of attendance is required with no more
34 than two and one-half hours of rest periods per week and no more
35 than three hours of supervised study per week allowed;

36 (2) an institutional course offered at a nonaccredited school on a
37 clock-hour basis in which theoretical or classroom instruction
38 predominates shall be considered a full-time course when a minimum
39 of 25 hours per week net of instruction, which may include customary
40 intervals not to exceed 10 minutes between hours of instruction, is
41 required and no more than three hours of supervised study per week
42 is allowed;

43 b. (1) an institutional trade or technical course offered at an
44 accredited school on a clock-hour basis which leads to a standard
45 trade or technical degree and involves shop practice as an integral part
46 thereof shall be considered a full-time course when a minimum of 22

1 hours per week of attendance is required with no more than two and
2 one-half hours of rest periods per week and no more than three hours
3 of supervised study per week allowed;

4 (2) an institutional course offered at an accredited school on a
5 clock-hour basis which leads to a standard trade or technical degree
6 in which theoretical or classroom instruction predominates shall be
7 considered a full-time course when a minimum of 18 hours per week
8 of instruction, which may include customary intervals not to exceed 10
9 minutes between hours of instruction, is required and no more than
10 two and one-half hours of supervised study is allowed;

11 c. an academic high school course requiring 16 units for a full
12 course shall be considered a full-time course when a minimum of four
13 units per year is required. For the purpose of this subsection, a unit
14 is defined to be not less than 120 60-minute hours or their equivalent
15 of study in any subject in one academic year; and

16 d. an institutional undergraduate course offered by a college or
17 university on a quarter- or semester-hour basis shall be considered a
18 full-time course when a minimum of 14 semester hours or the
19 equivalent thereof, for which credit is granted toward a standard
20 college degree, including those for which no credit is granted but
21 which are required to be taken to correct an educational deficiency, is
22 required, except that when the college or university certifies, upon the
23 request of the department, that (a) full-time tuition is charged to all
24 undergraduate students carrying a minimum of less than 14 semester
25 hours or the equivalent thereof or (b) all undergraduate students
26 carrying a minimum of less than 14 semester hours or the equivalent
27 thereof are considered to be pursuing a full-time course for other
28 administrative purposes, then such an institutional undergraduate
29 course offered by the college or university with the minimum number
30 of semester hours shall be considered a full-time course, but in the
31 event the minimum number of semester hours is less than 12 semester
32 hours or the equivalent thereof, then 12 semester hours or the
33 equivalent thereof shall be considered a full-time course.

34 Each eligible veteran may select an approved course of study at any
35 approved educational institution selected by him, which will accept
36 and retain him as a student or trainee in any field or branch of
37 knowledge which the institution finds him qualified to undertake or
38 pursue.

39
40 6. (New section) Any eligible veteran who desires tuition credit
41 pursuant to this act, within eight years from the date of (a) his
42 separation from active duty or (b) March 3, 1976, whichever is later,
43 shall submit an application to the department which shall be in a form
44 and contain information as the department shall prescribe. The
45 department shall approve the application unless it finds that the
46 veteran is ineligible for or not entitled to tuition credit or that his

1 course of study is not approved pursuant to this act, or that he has
2 already been approved. The department shall notify the veteran and
3 his selected educational institution of the approval of his application.
4

5 7. (New section) a. Each eligible veteran shall be entitled to tuition
6 credit pursuant to this act in accordance with the following schedule:

7 (1) For a period of one semester, or the equivalent thereof in
8 part-time tuition credit, in the case of educational institutions regularly
9 operated on the semester system, for each three months or fraction
10 thereof of the veteran's service on active duty after December 31, 1960
11 and before May 7, 1975. If an eligible veteran has served a period of
12 18 months or more on active duty during such period of time, he shall
13 be entitled to tuition credit pursuant to this act for a period of eight
14 semesters, or the equivalent thereof in part-time tuition credit. The
15 maximum credit hereunder shall be for a period of eight semesters; or

16 (2) For a period of one-quarter, or the equivalent thereof in
17 part-time tuition credit, in the case of educational institutions regularly
18 operated on the quarter system, for each two months or fraction
19 thereof of the veteran's service on active duty after December 31, 1960
20 and before May 7, 1975. If an eligible veteran has served a period of
21 18 months or more on active duty during that period of time, he shall
22 be entitled to tuition credit pursuant to this act for a period of 12
23 quarters. The maximum credit hereunder shall be for a period of 12
24 quarters; or

25 (3) For a period of one and one-half months of any tuition period,
26 or the equivalent thereof in part-time tuition credit, in the case of
27 educational institutions not operated on the quarter or semester
28 system, for each month or fraction thereof of the veteran's service on
29 active duty after December 31, 1960 and before May 7, 1975. If an
30 eligible veteran has served a period of 18 months or more on active
31 duty during that period of time, he shall be entitled to tuition credit
32 pursuant to this act for 36 months of tuition credit, or the equivalent
33 thereof in part-time tuition credit. The maximum credit hereunder
34 shall be for a period of 36 months.

35 b. If an eligible veteran shall change his program of study from an
36 educational institution regularly operated on the quarter or semester
37 system or otherwise to an educational institution regularly operated on
38 a different system, the remainder of his credit shall accordingly be
39 redistributed by the department in such manner as to carry out the
40 intent of this act.
41

42 8. (New section) Benefits hereunder shall be in the form of tuition
43 credits limited by the lesser of full tuition or:

44 a. for educational institutions regularly operated on the semester
45 system, \$200 per semester.

46 b. for educational institutions regularly operated on the quarter

1 system, \$100 per quarter.

2 c. for educational institutions not regularly operated on the semester
3 or quarter system, \$400 per full school year prorated on an equal basis
4 as the department shall determine.

5 d. for veterans pursuing a program of part-time education, the
6 tuition credit shall be in such amounts as the department shall
7 determine. These veterans shall be eligible to receive awards during
8 summer terms, provided that the total award during the period from
9 September 1 to August 31 of any academic year does not exceed the
10 amount of assistance a full-time student at the same institution would
11 receive.

12

13 9. (New section) Reimbursement for tuition credit shall be made by
14 the State Treasurer to the approved educational institution upon
15 certification by the institution that the veteran is enrolled for the
16 current period and upon certification by the department that the
17 veteran is both eligible and entitled to tuition credit hereunder subject
18 to the provisions of section 11 of this act. Reimbursement for tuition
19 credit shall be made out of funds accumulated from the State Lottery.

20

21 10. (New section) Any benefits granted to eligible veterans
22 pursuant to this act shall not be considered income or an asset in
23 determining financial need for any financial assistance for higher
24 education provided pursuant to Title 18A of the New Jersey Statutes.

25

26 11. (New section) In the event that the amount appropriated in any
27 fiscal year is insufficient to carry out in full the provisions of sections
28 4 through 11 of this act, the department shall apportion the amount
29 among the eligible veterans applying for tuition credit in proportion to
30 the amount each veteran would be allocated if the full amount were
31 appropriated.

32

33 12. (New section) As used in sections 12 through 16 of this act:
34 "Vietnam veteran" means a resident of this State who:

35 a. served in the Armed Forces of the United States in Southeast
36 Asia in the Vietnam conflict and received a Vietnam Service Ribbon
37 or an Armed Forces Expeditionary Medal;

38 b. was honorably discharged or generally discharged under
39 honorable conditions; and

40 c. has been domiciled in New Jersey on April 9, 1985, for a period
41 of not less than two consecutive years, exclusive of any time spent on
42 active duty.

43

44 13. (New section) A Vietnam veteran, upon being accepted to
45 pursue a course of study for an initial undergraduate degree in a public
46 institution of higher education of this State as enumerated in

1 N.J.S.18A:62-1, shall be entitled to tuition assistance, while enrolled
2 as a student in good standing at that college, in an amount up to the
3 full tuition cost as determined by the Department of Military and
4 Veterans' Affairs pursuant to section 17 of this act.

5
6 14. (New section) A Vietnam veteran upon being accepted to
7 pursue a course of study for an initial undergraduate degree at an
8 independent college or university located in the State shall be entitled
9 to tuition assistance, while enrolled as a student in good standing at
10 that college or university, in an amount as determined by the
11 Department of Military and Veterans' Affairs pursuant to section 17 of
12 this act, but in an amount not more than the tuition charged at
13 Rutgers, The State University.

14
15 15. (New section) A tuition award shall not be granted pursuant to
16 sections 13 and 14 of this act, unless the Vietnam veteran has applied
17 for all other available State or federal student financial aid.

18
19 16. (New section) Eligibility for this program shall be limited to a
20 period of five years from April 9, 1985. A Vietnam veteran shall be
21 eligible for a tuition award for four academic years, unless he is
22 enrolled in an undergraduate program regularly requiring five
23 academic years for completion, in which case he shall be entitled to a
24 tuition award for a fifth year.

25
26 17. (New section) The Department of Military and Veterans' Affairs
27 shall, pursuant to the "Administrative Procedure Act," P.L.1968, c.410
28 (C.52:14B-1 et seq.), adopt the rules and regulations necessary to
29 effectuate the purposes of sections 3 through 16 of this act.

30
31 18. (New section) In any fiscal year, the Commission on Higher
32 Education shall include in its proposed budget for that year the amount
33 identified by the authority needed to fund its responsibilities under the
34 "Minority Faculty Advancement Program Act," as well as any amounts
35 needed to fund commission responsibilities under the "Minority
36 Faculty Advancement Program Act." Funding shall be subject to the
37 amount of appropriations available therefor.

38
39 19. (New section) If the Congress of the United States enacts
40 legislation that exempts educational savings accounts from federal
41 income taxation, N.J.S.18A:71B-42 and N.J.S.18A:71B-43 shall apply
42 with respect to such educational savings accounts as if they were
43 accounts established under this article and the beneficiaries of the
44 accounts were designated beneficiaries subject to the approval of the
45 New Jersey Higher Education Student Assistance Authority.

1 20. (New section) As used in sections 20-25 of this act, "Initial
2 Active Duty Training" means Basic Military Training, for members of
3 the New Jersey Air National Guard, and Basic Combat Training and
4 Advanced Individual Training, for members of the New Jersey Army
5 National Guard.

6

7 21. (New section) Any member of the New Jersey National Guard
8 shall be permitted to attend regularly-scheduled courses at any public
9 institution of higher education in this State enumerated in
10 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
11 provided that:

12 a. the member has completed Initial Active Duty Training and is in
13 good standing as an active member of the New Jersey National Guard;

14 b. the member has been accepted to pursue a course of
15 undergraduate study and is enrolled as an undergraduate student in
16 good standing at that institution;

17 c. the member has applied for all available State student grants and
18 scholarships and all available federal student grants and scholarships
19 for which the member is eligible; and

20 d. available classroom space permits and tuition-paying students
21 constitute the minimum number required for the course.

22

23 22. (New section) Any child or surviving spouse of a member of the
24 New Jersey National Guard who heretofore completed Initial Active
25 Duty Training and was killed in the performance of his duties while on
26 active duty with the New Jersey National Guard, or who hereafter
27 completes Initial Active Duty Training and is killed in the performance
28 of his duties while a member of the New Jersey National Guard, shall
29 be permitted to attend regularly-scheduled courses at any public
30 institution of higher education in this State enumerated in
31 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
32 provided that:

33 a. the child or spouse has been accepted to pursue a course of
34 undergraduate study and is enrolled as an undergraduate student in
35 good standing at that institution;

36 b. the child or spouse has applied for all available State student
37 grants and scholarships and all available federal student grants and
38 scholarships for which the child or spouse is eligible; and

39 c. available classroom space permits and tuition-paying students
40 constitute the minimum number required for the course.

41

42 23. (New section) The financial aid office of the public institution
43 shall advise the member, or surviving spouse or child of a member, of
44 any available State and federal student grants and scholarships for
45 which the member, or surviving spouse or child of a member, may be
46 eligible.

1 24. (New section) Nothing in sections 20 through 25 of this act
2 shall preclude a public institution of higher education from requiring
3 the payment of other fees, subject to approval by the State Treasurer,
4 for individuals attending courses pursuant to the provisions of sections
5 20 through 25 of this act.

6
7 25. (New section) The State Treasurer shall adopt, pursuant to the
8 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
9 seq.), rules and regulations necessary to implement the provisions of
10 sections 20 through 25 of this act.

11
12 26. Section 4 of P.L.1986, c.87 (C.18A:3-15.4) is amended to read
13 as follows:

14 4. An in-State university, college, business, trade or vocational
15 school may not offer, advertise, or by agreement with an out-of-State
16 institution, offer or advertise any academic degree from any
17 out-of-State university, college, business, trade or vocational school
18 when three-quarters or more of the degree requirements are obtained
19 by course work completed at the institution in New Jersey unless the
20 degree program [is consistent with the programmatic mission of the
21 institution or has been approved by the Commission on Higher
22 Education] was approved by the Board of Higher Education prior to
23 July, 1994, or has been reviewed by the New Jersey Presidents'
24 Council pursuant to section 8 of P.L.1994, c.48 (C.18A:3B-8) or is
25 a degree program at an institution specifically exempted from the
26 provisions of N.J.S.18A:68-6. No in-State university, college,
27 business, trade or vocational school may deliver such a degree
28 program unless licensed by the Commission on Higher Education,
29 following review by the council.

30 (cf: P.L.1994, c.48, s.37)

31
32 27. Section 3 of P.L.1994, c.48 (C.18A:3B-3) is amended to read
33 as follows:

34 3. For the purposes of this act, unless the context clearly requires
35 a different meaning:

36 "Authority" means the Higher Education Student Assistance
37 Authority established pursuant to N.J.S.18A:71A-3;

38 "Commission" means the New Jersey Commission on Higher
39 Education established by this act;

40 "Council" means the New Jersey Presidents' Council established by
41 this act;

42 "Programmatic Mission" means all program offerings consistent
43 within those levels of academic degrees or certificates that the
44 institution has been authorized to grant by the State Board of Higher
45 Education prior to the effective date of this act or approved thereafter
46 by the commission;

1 "Public Research University" means Rutgers, The State University
2 of New Jersey, the University of Medicine and Dentistry of New
3 Jersey and the New Jersey Institute of Technology;

4 "State college" means any of the State colleges or universities
5 established pursuant to chapter 64 of Title 18A of the New Jersey
6 Statutes including any State college designated as a teaching
7 university.

8 (cf: P.L.1994, c.48, s.3)

9
10 28. Section 6 of P.L.1994, c.48 (C.18A:3B-6) is amended to read
11 as follows:

12 6. The governing board of each public institution of higher
13 education shall have the following general powers and duties to fulfill
14 its mission and the Statewide goals in cooperation with other
15 institutions and the State coordinating structures:

16 a. To develop an institutional plan and to determine the programs
17 and degree levels to be offered by the institution consistent with this
18 plan and the institution's programmatic mission;

19 b. To have authority over all matters concerning the supervision and
20 operations of the institution including fiscal affairs, the employment
21 and compensation of staff not classified under Title 11A of the New
22 Jersey Statutes, and capital improvements in accordance with law;

23 c. To set tuition and fees; however, prior to the date of the adoption
24 of a tuition or fee schedule or an overall institutional budget, and with
25 reasonable notice thereof, the governing board shall conduct a public
26 hearing at such times and places as will provide those members of the
27 college community who wish to testify with an opportunity to be
28 heard;

29 d. To establish admission standards and requirements and standards
30 for granting diplomas, certificates and degrees;

31 e. To recommend for appointment by the Governor, members to the
32 institution's governing board. The recommendation shall be made with
33 regard to the mission of the institution and the diversity of the
34 community to be served;

35 f. To have final authority to determine controversies and disputes
36 concerning tenure, personnel matters of employees not classified under
37 Title 11A of the New Jersey Statutes, and other issues arising under
38 Title 18A of the New Jersey Statutes involving higher education
39 except as otherwise provided herein. Any matter arising under this
40 subsection may be assigned to an administrative law judge, an
41 independent hearing officer or to a subcommittee of the governing
42 board for hearing and initial decision by the board, except for tenure
43 hearings under N.J.S.18A:6-18. Any hearings conducted pursuant to
44 this section shall conform to the requirements of the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The final
46 administrative decision of a governing board of a public institution of

1 higher education is appealable to the Superior Court, Appellate
2 Division;

3 g. To invest and reinvest the funds of the institution; however,
4 institutions which invest the funds of the institution through the
5 Director of the Division of Investment in the Department of the
6 Treasury on or before the effective date of this act shall continue to do
7 so, unless this requirement is waived by the State Treasurer on an
8 annual basis, which waiver shall not be unreasonably withheld;

9 h. To retain legal counsel of the institution's choosing. State entities
10 may choose representation by the Attorney General; however, as to
11 claims of a tortious nature, the institution shall elect within 75 days of
12 the effective date of this act whether it, and its employees, shall be
13 represented in all such matters by the Attorney General. If the
14 institution elects not to be represented by the Attorney General, it shall
15 be considered and its employees considered employees of a sue and be
16 sued entity for the purposes of the "New Jersey Tort Claims Act" only.
17 The institution shall be required in that circumstance to provide its
18 employees with defense and indemnification consistent with the terms
19 and conditions of the Tort Claims Act in lieu of the defense and
20 indemnification that such employees would otherwise seek and be
21 entitled to from the Attorney General pursuant to N.J.S.59:10-1 et
22 seq. and P.L.1972, c.48 (C.59:10A-1 et seq.);

23 i. To be accountable to the public for fulfillment of the institution's
24 mission and Statewide goals and for effective management of the
25 institution;

26 j. To submit a request for State support to the Division of Budget
27 and Accounting in the Department of the Treasury and to the
28 commission in accordance with the provisions of this act;

29 k. To have prepared and made available to the public an annual
30 financial statement, and a statement setting forth generally the moneys
31 expended for government relations, public relations and legal costs;

32 l. To have prepared an annual independent financial audit, which
33 audit and any management letters regarding that audit shall be deemed
34 public documents.

35 These powers and duties are in addition to and not a limitation of the
36 specific powers and duties provided for the governing board of each
37 public institution under chapters 64, 64A, 64G or 64E of Title 18A of
38 the New Jersey Statutes. If the provisions of this section are
39 inconsistent with these specific powers and duties, the specific powers
40 and duties shall govern.

41 (cf: P.L.1994, c.48, s.6)

42

43 29. Section 8 of P.L.1994, c.48 (C.18A:3B-8) is amended to read
44 as follows:

45 8. The council shall have the responsibility, consistent with State
46 and federal law, to:

- 1 a. provide public information and research on higher education
- 2 issues;
- 3 b. review and make recommendations to the commission concerning
- 4 proposals for new programs that exceed the programmatic mission of
- 5 an institution or that change the programmatic mission of an
- 6 institution;
- 7 c. review and comment on proposals for new programs that demand
- 8 significant added resources or raise significant issues of duplication but
- 9 do not exceed the programmatic mission of the institution or require
- 10 a change in the programmatic mission. If the council determines that
- 11 a proposed new program is unduly expensive or unduly duplicative,
- 12 the council shall refer that proposal to the commission for review;
- 13 however, unless the commission disapproves of that program within
- 14 60 days of its referral, the program shall be deemed approved;
- 15 d. encourage the formation of regional or other alliances among
- 16 institutions including interinstitutional transfers, program articulation,
- 17 cooperative programs and shared resources and develop criteria for
- 18 "full faith and credit" transfer agreements between county colleges and
- 19 other institutions of higher education. The council shall also keep
- 20 institutions apprised of the discontinuance of programs at other
- 21 institutions and each president shall notify the council of any such
- 22 action;
- 23 e. advise and assist the commission in developing and updating a
- 24 plan for higher education in the State including, but not limited to, the
- 25 establishment of new institutions, closure of existing institutions and
- 26 consolidation of institutions;
- 27 f. provide policy recommendations on Statewide higher education
- 28 issues;
- 29 g. recommend to the Governor, Legislature and commission on
- 30 policy and overall levels of funding for student aid programs necessary
- 31 to ensure accessibility to higher education;
- 32 h. transmit to the Governor, Legislature and commission a general
- 33 budget policy statement regarding overall State funding levels;
- 34 i. upon referral from the commission pursuant to this act provide
- 35 recommendations concerning institutional licensure and university
- 36 status; **[and]**
- 37 j. appoint subcommittees consisting of the presidents of the
- 38 institutions of the various higher education sectors to decide matters,
- 39 within the authority of the council. The presidents of the independent
- 40 institutions shall develop a unified request for State support under
- 41 chapter 72B of Title 18A of the New Jersey Statutes. The presidents
- 42 of the county college sector shall develop a unified request for State
- 43 support under chapter 64A of Title 18A of the New Jersey Statutes;
- 44 and

1 k. consult with the Higher Education Student Assistance Authority
2 concerning student assistance matters.

3 (cf: P.L.1995, c.268, s.2)

4
5 30. Section 12 of P.L.1994, c.48 (C.18A:3B-12) is amended to read
6 as follows:

7 12. a. There shall be established an executive board which performs
8 such duties as determined by the council. The executive board shall
9 be composed of 14 members as follows:

10 The president of Rutgers, The State University;

11 The president of the University of Medicine and Dentistry of New
12 Jersey;

13 The president of New Jersey Institute of Technology;

14 Three presidents of State Colleges who shall be selected by the
15 presidents of this sector;

16 Five presidents of county colleges who shall be selected by the
17 presidents of this sector;

18 Three presidents of independent institutions who shall be selected by
19 the presidents of this sector.

20 b. The chair of the executive board shall be rotated among the
21 following: one of the presidents of Rutgers, The State University of
22 New Jersey, the president of the University of Medicine and Dentistry
23 of New Jersey, and the president of New Jersey Institute of
24 Technology; a president selected by the presidents of the State
25 Colleges; a president selected by the presidents of the county colleges;
26 and a president selected by the presidents of the independent
27 institutions. The chair of the executive board shall serve for a
28 two-year period. Biennially, the executive board shall select the chair
29 in the manner provided above, but not necessarily in the order
30 provided above.

31 c. The chair of the executive board shall also serve as the chair of
32 the council.

33 (cf: P.L.1994, c.48, s.12)

34
35 31. Section 13 of P.L.1994, c.48 (C.18A:3B-13) is amended to read
36 as follows:

37 13. a. There is established the New Jersey Commission on Higher
38 Education which shall consist of ~~【nine】~~ 11 members: six public
39 members, to be appointed by the Governor with the advice and
40 consent of the Senate without regard for political affiliation ~~【,】~~; two
41 public members to be appointed by the Governor, one upon the
42 recommendation of the President of the Senate and one upon the
43 recommendation of the Speaker of the General Assembly~~【, and】~~; the
44 chairperson of the New Jersey Presidents' Council, ex officio ~~;~~ one
45 faculty member from a institution of higher education to be appointed
46 by the Governor with the advice and consent of the Senate; and the

1 chairperson of the Board of the Higher Education Student Assistance
2 Authority, ex officio, or a designee from the public members of the
3 authority. The public members shall reflect the diversity of the State.
4 Notwithstanding the above, for a period of four years from July 1,
5 1994 the commission shall consist of ~~15~~ 16 members, as follows: 10
6 public members, appointed by the Governor with the advice and
7 consent of the Senate without regard for political affiliation, six of
8 whom shall have experience as a current member of the governing
9 board of an institution of higher education~~[,]~~; four public members
10 to be appointed by the Governor, two upon the recommendation of the
11 President of the Senate and two upon the recommendation of the
12 Speaker of the General Assembly ~~[, and]~~; the chairperson of the New
13 Jersey Presidents' Council, ex officio; and the chairperson of the
14 Board of the Higher Education Student Assistance Authority, ex
15 officio, or a designee from the public members of the authority. The
16 executive director of the commission shall be an ex officio, non-voting
17 member of the commission. In addition, the Governor shall appoint
18 two students in attendance at public or independent institutions of
19 higher education in the State from recommendations submitted by
20 student government associations of New Jersey colleges and
21 universities, who shall serve for a one year term on the commission as
22 non-voting members.

23 b. Public members who are not experienced as governing board
24 members shall serve for a term of six years from the date of their
25 appointment and until their successors are appointed and qualified;
26 except that of the initial appointees who are not serving on the
27 governing board of an institution: one shall serve a term of one year;
28 one shall serve a term of two years; one shall serve a term of three
29 years; one shall serve a term of four years; two shall serve a term of
30 five years; and two shall serve a term of six years. A public member
31 who does not have experience as a current member of a governing
32 board shall serve until the member's successor is appointed and
33 qualified.

34 The faculty member of the commission shall serve for a term of one
35 year from the date of appointment and the selection of that member
36 shall be rotated among the following higher education sectors although
37 not necessarily in the order listed: the senior public research
38 universities, the State colleges/universities, the county colleges, and
39 the independent institutions. The faculty member shall serve until his
40 successor is appointed and qualified.

41 Any vacancy shall be filled in the same manner as the original
42 appointment but only for the balance of the unexpired term. The
43 commission members shall serve without compensation but shall be
44 reimbursed for necessary expenses incurred in the performance of their
45 duties. No commission member shall be appointed for more than two
46 consecutive six-year terms.

1 c. The Governor shall make the necessary appointments within 15
2 days of the effective date of this act. The commission shall hold its
3 first meeting within 30 days of the appointment and qualification in
4 office of its members, at which time the Governor shall appoint, for a
5 two-year term, the chairman of the commission from among those
6 public members not serving on the board of trustees of an institution.
7 Upon the completion of the chairman's term, and every two years
8 thereafter, the commission shall elect, from among those public
9 members who are not serving on the board of trustees of an institution,
10 a chairman who shall serve a two-year term. The chairman may be
11 removed by the Governor for cause after an opportunity to be heard.

12 d. The commission shall be established in the Executive Branch of
13 the State Government and for the purposes of complying with the
14 provisions of Article V, Section IV, paragraph 1 of the New Jersey
15 Constitution, the commission is allocated in but not of the Department
16 of State, but notwithstanding this allocation, the commission shall be
17 independent of any supervision or control by the department or by any
18 board or officer thereof. The commission shall submit its budget
19 request directly to the Division of Budget and Accounting in the
20 Department of the Treasury.

21 e. The commission shall appoint an executive director and such
22 other personnel as may be deemed necessary. The executive director
23 and professional staff shall serve at the commission's pleasure and shall
24 receive such compensation as provided by law.

25 f. The Attorney General shall provide legal representation to the
26 commission.

27 (cf: P.L.1994, c.48, s.13)

28

29 32. Section 14 of P.L.1994, c.48 (C.18A:3B-14) is amended to read
30 as follows:

31 14. The commission shall be responsible for:

32 a. Statewide planning for higher education including research on
33 higher education issues and the development of a comprehensive
34 master plan, including, but not limited to, the establishment of new
35 institutions, closure of existing institutions, and consolidation of
36 institutions, which plan shall be long-range in nature and regularly
37 revised and updated. The council may request the commission to
38 conduct a study of a particular issue. The commission may require
39 from institutions of higher education such reports or other information
40 as may be necessary to enable the commission to perform its duties;

41 b. advocacy on behalf of higher education including informing the
42 public of the needs and accomplishments of higher education in New
43 Jersey;

44 c. making recommendations to the Governor and Legislature on
45 higher education initiatives and incentive programs of Statewide
46 significance;

- 1 d. final administrative decisions over institutional licensure and
2 university status giving due consideration to the accreditation status
3 of the institution. The commission shall furnish the Presidents' Council
4 with any pertinent information compiled on behalf of the subject
5 institution and the council shall then make recommendations to the
6 commission concerning the licensure of the institution or university
7 status within sixty days of receipt of the information;
- 8 e. adopting a code of ethics applicable to institutions of higher
9 education;
- 10 f. final administrative decisions over new academic programs that
11 go beyond the programmatic mission of the institution and final
12 administrative decisions over a change in the programmatic mission of
13 an institution. In addition, within 60 days of referral of a proposed
14 new program determined to be unduly expensive or duplicative by the
15 council, the commission may deny approval of programs which do not
16 exceed the programmatic mission of the institution, but which are
17 determined by the New Jersey Presidents' Council to be unduly
18 duplicative or expensive;
- 19 g. reviewing requests for State support from the institutions in
20 relation to the mission of the institution and Statewide goals and
21 proposing a coordinated budget policy statement to the Governor and
22 Legislature;
- 23 h. communicating with the State Board of Education and
24 Commissioner of Education to advance public education at all levels
25 including articulation between the public schools and higher education
26 community;
- 27 i. applying for and accepting grants from the federal government, or
28 any agency thereof, or grants, gifts or other contributions from any
29 foundation, corporation, association or individual, and complying with
30 the terms, conditions and limitations thereof, for the purpose of
31 advancing higher education. Any money so received may be expended
32 by the commission upon warrant of the director of the Office of
33 Management and Budget in the Department of the Treasury on
34 vouchers certified by the executive director of the commission;
- 35 j. acting as the lead agency of communication with the federal
36 government concerning higher education issues, except that the Higher
37 Education Student Assistance Authority shall act, in cooperation with
38 the commission, as the lead agency on issues of student assistance;
- 39 k. exercising all of the powers and duties previously exercised by
40 the Board of Higher Education, the Department of Higher Education,
41 and the Chancellor of Higher Education, under the "New Jersey
42 Higher Education Building Construction Bond Act of 1971,"
43 P.L.1971, c.164, the "New Jersey Medical Education Facilities Bond
44 Act of 1977," P.L.1977, c.235, the "Jobs, Science and Technology
45 Bond Act of 1984," P.L.1984, c.99 and the "Jobs, Education and
46 Competitiveness Bond Act of 1988," P.L.1988, c.78, the "Higher

1 Education Equipment Leasing Fund Act," P.L.1993, c.136, and the
2 "Higher Education Facilities Trust Fund Act," P.L.1993, c.375 **[and**
3 the "N.J. CLASS Loan Program," P.L.1991, c.268]; **[and]**

4 l. exercising any other power or responsibility necessary in order to
5 carry out the provisions of this act; and

6 m. consulting with the Higher Education Student Assistance
7 Authority on student assistance matters.

8 (cf: P.L.1994, c.48, s.14)

9

10 33. N.J.S.18A:60-1 is amended to read as follows:

11 18A:60-1. The services of all professors, associate professors,
12 assistant professors, instructors, supervisors, registrars, teachers, and
13 other persons employed in a teaching capacity, who are or shall
14 hereafter be employed by the commissioner in the Marie H.
15 Katzenbach School for the Deaf or in any other educational
16 institution**[**, or employed in any State college or in any county
17 college,**]** ², or employed in any State college or in any county

18 college.² and teachers and other certified persons employed in State
19 institutions within the Department of Corrections or the Department
20 of Human Services, with the exception of the Director of Educational
21 Services, shall be under tenure during good behavior and efficiency:

22 a. after the expiration of a period of employment of three
23 consecutive calendar years in any such institution or institutions; or

24 b. after employment for three consecutive academic years together
25 with employment at the beginning of the next succeeding academic
26 year in any such institution or institutions; or

27 c. after employment in any such institution or institutions, within a
28 period of any four consecutive academic years, for the equivalent of
29 more than three academic years.

30 An academic year, for the purpose of this section, means the period
31 between the time school opens in the institution after the general
32 summer vacation until the next succeeding summer vacation.

33 ²The provisions of this section shall not apply to any faculty member
34 employed by a State or county college who begins employment after
35 the 1973-74 school year.²

36 (cf: P.L.1986, c.158, s.2)

37

38 34. Section 6 of P.L.1992, c.49 (C.18A:62-21) is amended to read
39 as follows:

40 6. The **[Presidents' Council]** Commission on Higher Education shall
41 review the guidelines and procedures developed by the institutions, in
42 conjunction with the agencies or organizations sponsoring literacy
43 tutoring programs, to provide assistance in making the guidelines and
44 procedures the same for all participating institutions.

45 (cf: P.L.1994, c.48, s.88)

1 35. Section 1 of P.L.1985, c.161 (C.18A:64-45) is amended to read
2 as follows:

3 1. There is established a body corporate and politic, with corporate
4 succession, to be known as the New Jersey **【State College Governing**
5 **Boards】** Association of State Colleges and Universities. **【The State**
6 **colleges】** New Jersey City University, Kean University, Montclair
7 State University, Ramapo College of New Jersey, Richard Stockton
8 College of New Jersey, Rowan University, Thomas Edison State
9 College, The College of New Jersey and The William Paterson
10 University of New Jersey shall **【be members】** constitute the
11 membership of the association.

12 (cf: P.L.1985, c.161, s.1)

13

14 36. Section 2 of P.L.1985, c.161 (C.18A:64-46) is amended to read
15 as follows:

16 2. The association shall consist of nine voting members to be
17 appointed as follows: one member from each **【of the State college】**
18 member institution's boards of trustees, appointed by the members
19 thereof. In addition the presidents of the **【State colleges】** member
20 institutions shall serve as ex officio, nonvoting members.

21 Members shall serve without compensation but shall be entitled to
22 be reimbursed for all reasonable and necessary expenses.

23 (cf: P.L.1994, c.48, s.108)

24

25 37. Section 4 of P.L.1985, c.161 (C.18A:64-48) is amended to read
26 as follows:

27 4. The association shall have perpetual succession and shall have the
28 following powers and responsibilities:

29 a. To make, amend and repeal rules, regulations and bylaws for its
30 own **【government】** governance and guidance, not inconsistent with the
31 purposes of the association;

32 b. To adopt an official seal and alter the same at pleasure;

33 c. To maintain an office at such place or places in the State as it may
34 designate;

35 d. To sue and be sued in its own name;

36 e. To borrow money, to issue bonds or notes therefor, and to secure
37 the same by pledge or mortgage of its real and personal property, but
38 it shall not in any manner, directly or indirectly, pledge the credit of
39 the State; and

40 f. To acquire, hold and dispose of real and personal property in the
41 exercise of its powers and the performance of its duties under this
42 article. All this property shall be exempt from taxation under chapter
43 4 of Title 54 of the Revised Statutes.

44 (cf: P.L.1985, c.161, s.4)

1 38. Section 5 of P.L.1985, c.161 (C.18A:64-49) is amended to read
2 as follows:

3 5. The association shall employ an executive director, who shall be
4 responsible for the administration of all the activities of the association
5 including staff services. The executive director shall serve at the
6 pleasure of the association. **【**Within the limits of funds appropriated
7 or otherwise made available for this purpose, **the】** The salary of the
8 executive director and all other personnel shall be determined by the
9 association.

10 (cf: P.L.1985, c.161, s.5)

11

12 39. Section 6 of P.L.1985, c.161 (C.18A:64-50) is amended to read
13 as follows:

14 6. The association shall encourage and aid all movements for the
15 improvement of **【**State college**】** education at the member institutions
16 and shall**【**, from time to time,**】** make recommendations to the
17 Governor, Legislature, Commission on Higher Education and
18 Presidents' Council regarding the coordination of the **【**State colleges**】**
19 member institutions on matters of mutual interest and concern.

20 (cf: P.L.1994, c.48, s.109)

21

22 40. Section 7 of P.L.1985, c.161 (C.18A:64-51) is amended to read
23 as follows:

24 7. For purposes of defraying the expenses of the association, the
25 **【**State colleges**】** member institutions shall pay the necessary expenses
26 incurred by the members and shall appropriate annually such sums for
27 dues as may be assessed by the association. The assessment shall be
28 made only upon a two-thirds vote of the membership present at the
29 meeting, after notice of the taking of that vote shall have been given
30 to each **【**State college**】** member institution in writing at least 60 days
31 before the meeting of the association. Dues shall be assessed upon a
32 graduated scale according to the size of **【**the State college**】** each
33 member institution.

34 (cf: P.L.1985, c.161, s.7)

35

36 41. N.J.S.18A:64A-12 is amended to read as follows:

37 18A:64A-12. For the effectuation of the purposes of this chapter,
38 the board of trustees of a county college in addition to such other
39 powers expressly granted to it by law, is hereby granted the following
40 powers:

- 41 a. To adopt or change the name of the county college;
- 42 b. To adopt and use a corporate seal;
- 43 c. To sue and be sued;
- 44 d. To determine the educational curriculum and program of the
45 college consistent with the programmatic mission of the institution or
46 approved by the Commission on Higher Education;

- 1 e. To appoint and fix the compensation and term of office of a
2 president of the college who shall be the executive officer of the
3 college and an ex officio member of the board of trustees;
- 4 f. To appoint, upon nomination of the president, members of the
5 administrative and teaching staffs and fix their compensation and terms
6 of employment subject to the provisions of N.J.S.18A:64A-13;
- 7 g. To appoint or employ, upon nomination of the president, such
8 other officers, agents and employees as may be required to carry out
9 the provisions of this chapter and to fix and determine their
10 qualifications, duties, compensation, terms of office and all other
11 conditions and terms of employment and retention;
- 12 h. To fix and determine tuition rates and other fees to be paid by
13 students;
- 14 i. To grant diplomas, certificates or degrees;
- 15 j. To enter into contracts and agreements with the State or any of
16 its political subdivisions or with the United States, or with any public
17 body, department or other agency of the State or the United States or
18 with any individual, firm or corporation which are deemed necessary
19 or advisable by the board for carrying out the provisions of this
20 chapter;
- 21 k. To accept from any government or governmental department,
22 agency or other public or private body or from any other source grants
23 or contributions of money or property which the board may use for or
24 in aid of any of its purposes;
- 25 l. To acquire (by gift, purchase, condemnation or otherwise), own,
26 lease, use and operate property, whether real, personal or mixed, or
27 any interest therein, which is necessary or desirable for college
28 purposes;
- 29 m. To determine that any property owned by the county college is
30 no longer necessary for college purposes and to sell the same at such
31 price and in such manner and upon such terms and conditions as shall
32 be established by the board;
- 33 n. To exercise the right of eminent domain, pursuant to the
34 provisions of Title 20, Eminent Domain, of the Revised Statutes, to
35 acquire any property or interest therein;
- 36 o. To make and promulgate such rules and regulations, not
37 inconsistent with the provisions of this chapter or with the rules and
38 regulations promulgated hereunder that are necessary and proper for
39 the administration and operation of a county college and to implement
40 the provisions of this chapter;
- 41 p. To exercise all other powers, not inconsistent with the provisions
42 of this chapter or with the rules and regulations promulgated
43 hereunder which may be reasonably necessary or incidental to the
44 establishment, maintenance and operation of a county college; and
- 45 q. To establish and maintain a dedicated reserve fund for minor
46 capital needs which in any given year shall not exceed 3% of the

1 replacement value of the college's physical plant.
2 (cf: P.L.1994, c.48, s.128)

3

4 42. N.J.S.18A:64A-29 is amended to read as follows:

5 18A:64A-29. The council will seek to ensure acceptable and
6 effective lines of development in admissions policy, academic
7 standards, programs, financing, including recommending to the State
8 Treasurer a formula for the allocation of annual appropriations among
9 the county colleges and making recommendations for capital funding,
10 and community relations in the several county colleges.

11 The council will serve as a means of communication between the
12 county colleges, and act as a resource center to aid them in planning,
13 act as a clearing house of information, and provide continuing field
14 services.

15 The council will act as an advisory body to the Governor,
16 Legislature, Commission on Higher Education and Presidents' Council
17 in the carrying out of their respective duties and responsibilities
18 deriving from this chapter.

19 (cf: P.L.1994, c.48, s.149)

20

21 43. Section 6 of P.L.1970, c.102 (C.18A:64G-6) is amended to read
22 as follows:

23 6. The board of trustees of the university shall have the general
24 supervision over and be vested with the conduct of the university,
25 including its health care facilities regardless of the source of funding.
26 It shall have the power and duty to:

27 (a) Adopt and use a corporate seal;

28 (b) Determine the educational curriculum and program of the
29 university;

30 (c) Determine policies for the organization, administration, and
31 development of the university;

32 (d) Study the educational and financial needs of the university,
33 annually acquaint the Governor and Legislature with the condition of
34 the university, and prepare and submit an annual request for
35 appropriation to the Division of Budget and Accounting in the
36 Department of the Treasury in accordance with law;

37 (e) Disburse all moneys appropriated to the university by the
38 Legislature and all moneys received from tuition, fees, auxiliary
39 services and other sources;

40 (f) Direct and control expenditures and transfers of funds
41 appropriated to the university in accordance with the provisions of the
42 State budget and appropriation acts of the Legislature, and, as to funds
43 received from other sources, direct and control expenditures and
44 transfers in accordance with the terms of any applicable trusts, gifts,
45 bequests, or other special provisions, reporting changes and additions
46 thereto and transfers thereof to the Director of the Division of Budget

1 and Accounting in the Department of the Treasury. All accounts of the
2 university shall be subject to audit by the State at any time;

3 (g) In accordance with the provisions of the State budget and
4 appropriation acts of the Legislature, appoint and fix the compensation
5 and term of office of a president of the university who shall be the
6 executive officer of the university;

7 (h) In accordance with the provisions of the State budget and
8 appropriation acts of the Legislature, appoint, upon nomination of the
9 president, such deans and other members of the academic,
10 administrative and teaching staffs as shall be required and fix their
11 compensation and terms of employment;

12 (i) In accordance with the provisions of the State budget and
13 appropriation acts of the Legislature, appoint, remove, promote and
14 transfer such other officers, agents, or employees as may be required
15 to carry out the provisions of this act and assign their duties,
16 determine their salaries, and prescribe qualifications for all positions
17 and in accordance with the salary schedules of the Civil Service
18 Commission wherever possible;

19 (j) Fix and determine tuition rates, and other fees to be paid by
20 students;

21 (k) Grant diplomas, certificates or degrees;

22 (l) Enter into contracts and agreements with the State or any of its
23 political subdivisions or with the United States, or with any public
24 body, department or other agency of the State or the United States or
25 with any individual, firm or corporation which are deemed necessary
26 or advisable by the board for carrying out the provisions of this act.
27 A contract or agreement pursuant to this subsection may require a
28 municipality to undertake obligations and duties to be performed
29 subsequent to the expiration of the term of office of the elected
30 governing body of such municipality which initially entered into or
31 approved said contract or agreement, and the obligations and duties so
32 incurred by such municipality shall be binding and of full force and
33 effect, notwithstanding that the term of office of the elected governing
34 body of such municipality which initially entered into or approved said
35 contract or agreement, shall have expired;

36 (m) Accept from any government or governmental department,
37 agency or other public or private body or from any other source grants
38 or contributions of money or property which the board may use for or
39 in aid of any of its purposes;

40 (n) (1) Acquire (by gift, purchase, condemnation or otherwise),
41 own, lease, dispose of, use and operate property, whether real,
42 personal or mixed, or any interest therein, which is necessary or
43 desirable for university purposes;

44 (2) Adopt standing operating rules and procedures for the purchase
45 of all equipment, materials, supplies and services; however, no
46 contract on behalf of the university shall be entered into for the

1 purchase of services, materials, equipment and supplies, for doing of
2 any work, or for the hiring of equipment or vehicles, where the sum to
3 be expended exceeds \$12,500.00 or the amount determined by the
4 Governor as provided herein, unless the university shall first publicly
5 advertise for bids and shall award the contract to that responsible
6 bidder whose bid, conforming to the invitation for bids, will be most
7 advantageous to the university, price and other factors considered.
8 Such advertising shall not be required in those exceptions created by
9 the board of trustees of the university, which shall be in substance
10 those exceptions contained in sections 4 and 5 of P.L.1954, c.48
11 (C.52:34-9 and 10) or for the supplying of any product or the
12 rendering of any service by a public utility subject to the jurisdiction
13 of the Board of Public Utilities of this State and tariffs and schedules
14 of the charges, made, charged, or exacted by the public utility for any
15 such products to be supplied or services to be rendered are filed with
16 the said board. Commencing January 1, 1985 and every two years
17 thereafter, the Governor, in consultation with the Department of the
18 Treasury, shall adjust the threshold amount set forth in this paragraph
19 in direct proportion to the rise or fall of the consumer price index for
20 all urban consumers in the New York City and the Philadelphia areas
21 as reported by the United States Department of Labor. The Governor
22 shall notify the university of the adjustment. The adjustment shall
23 become effective on July 1 of the year in which it is reported.

24 This subsection shall not prevent the university from having any
25 work done by its own employees, nor shall it apply to repairs, or to the
26 furnishing of materials, supplies or labor, or the hiring of equipment or
27 vehicles, when the safety or protection of its or other public property
28 or the public convenience requires or the exigency of the university's
29 service will not admit of such advertisement. In such case, the
30 university shall, by resolution passed by the affirmative vote of its
31 board of trustees, declare the exigency or emergency to exist, and set
32 forth in the resolution the nature and approximate amount to be
33 expended; shall maintain appropriate records as to the reason for such
34 awards; and shall report regularly to its board of trustees on all such
35 purchases, the amounts and the reasons therefor;

36 (3) Employ architects to plan buildings; secure bids for the
37 construction of buildings and for the equipment thereof; make
38 contracts for the construction of buildings and for equipment; and
39 supervise the construction of buildings;

40 (4) Manage and maintain, and provide for the payment of all charges
41 on and expenses in respect of, all properties utilized by the university;
42 and

43 (5) Invest certain moneys in such obligations, securities and other
44 investments as the board shall deem prudent, consistent with the
45 purposes and provisions of this act and in accordance with State and
46 federal law, as follows:

1 **[In not for profit corporations utilizing income realized from the sale**
2 **or licensing of intellectual property, as well as the reinvestment of**
3 **earnings on intellectual property; income realized from the operation**
4 **of faculty practice plans of the university; and income from overhead**
5 **grant fund recovery as permitted by federal law;**

6 **In for profit corporations utilizing income realized from the sale or**
7 **licensing of intellectual property, as well as the reinvestment of**
8 **earnings on intellectual property]**

9 Investment in not for profit corporations or for profit corporations
10 organized and operated pursuant to the provisions of subsection v. of
11 this section may utilize income realized from the sale or licensing of
12 intellectual property as well as the reinvestment of earnings on
13 intellectual property. Investment in not for profit corporations may
14 also utilize income from ¹ the operation of faculty practice plans of
15 the university and income from¹ overhead grant fund recovery as
16 permitted by federal law as well as other university funds except those
17 specified in paragraph 5 of subsection v. of this section.

18 (o) Borrow money and to secure the same by a mortgage on its
19 property or any part thereof, and to enter into any credit agreement for
20 the needs of the university, as deemed requisite by the board, in such
21 amounts and for such time and upon such terms as may be determined
22 by the board, provided that no such borrowing shall be deemed or
23 construed to create or constitute a debt, liability, or a loan or pledge
24 of the credit or be payable out of property or funds, other than moneys
25 appropriated for that purpose, of the State;

26 (p) Exercise the right of eminent domain, pursuant to the provisions
27 of the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et
28 seq.), to acquire any property or interest therein;

29 (q) Adopt bylaws and make and promulgate such rules, regulations
30 and orders, not inconsistent with the provisions of this act as are
31 necessary and proper for the administration and operation of the
32 university and to implement the provisions of this act;

33 (r) Authorize any new program, educational department or school
34 not inconsistent with the programmatic mission of the institution or
35 approved by the Commission on Higher Education which will require,
36 at the time of establishment or thereafter, an additional expenditure of
37 money, if provision is made therefor by law;

38 (s) Function as a public employer under the "New Jersey
39 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et
40 seq.) and conduct all labor negotiations, and with the participation of
41 the Governor's Office of Employee Relations act as the chief
42 spokesperson with respect to all matters under negotiation;

43 (t) Sue and be sued in its own name;

44 (u) Retain independent counsel including representation by the
45 Attorney General in accordance with subsection h. of section 6 of
46 P.L.1994, c.48 (C.18A:3B-6);

1 (v) (1) Participate as the general partner or as a limited partner,
2 either directly or through a subsidiary corporation created by the
3 university, in limited partnerships, general partnerships, or joint
4 ventures engaged in the development, manufacture, or marketing of
5 products, technology, scientific information or health care services and
6 create or form for profit or not for profit corporations to engage in
7 such activities; provided that any such participation shall be consistent
8 with the mission of the university and the board shall have determined
9 that such participation is prudent. Nothing herein shall be construed
10 to authorize any change in the legal status of University Hospital;

11 (2) The decision to participate in any activity described in paragraph
12 (1) of subsection (v) of section 6 of P.L.1970, c.102 (C.18A:64G-6),
13 including the creation or formation of for profit or not for profit
14 corporations, shall be articulated in the minutes of the Board of
15 Trustees meeting in which the action was approved. A true copy of
16 the minutes shall be delivered to the Governor. No such action shall
17 have affect until 30 days, Saturdays, Sundays and public holidays
18 excepted, after the copy of the minutes shall have been delivered to the
19 Governor. If, within the 30-day period, the Governor returns the
20 minutes of the meeting with a veto of the action taken by the board,
21 the action taken by the board shall be null and void and of no effect;

22 (3) The provisions of P.L.1971, c.182 (C.52:13D-12 et seq.) shall
23 continue to apply to the university, its employees and officers;

24 (4) Nothing herein shall be deemed or construed to create or
25 constitute a debt, liability, or a loan or pledge of the credit or be
26 payable out of property or funds of the State;

27 (5) Funds directly appropriated to the university from the State or
28 derived from the university's academic programs or derived from
29 payment for coverage provided by the self insurance fund for claims
30 accruing prior to the effective date of this act ¹~~by the profit or not~~
31 ~~for profit corporations organized and operated pursuant to this~~
32 ~~subsection]~~¹ shall not be utilized ¹~~by the profit or not for profit~~
33 ~~corporations organized and operated pursuant to this subsection~~¹ in
34 the development, manufacture or marketing of products, technology
35 or scientific information;

36 (6) Employees of any joint venture, subsidiary corporation,
37 partnership or other jural entity entered into or owned wholly or in
38 part by the university shall not be deemed public employees;

39 (7) A joint venture, subsidiary corporation, partnership or other
40 jural entity entered into or owned wholly or in part by the university
41 shall not be deemed an instrumentality of the State of New Jersey;

42 (8) Income realized by the university as a result of participation in
43 the development, manufacture or marketing of products, technology,
44 or scientific information may be invested or reinvested pursuant to
45 paragraph (5) of subsection (n) of section 6 of P.L.1970, c.102
46 (C.18A:64G-6) or any other provision of this act or State or federal

1 law or retained by the board for use in furtherance of any of the
2 purposes of this act or of other applicable statutes;

3 (9) The board shall annually report to the State Treasurer on the
4 operation of all joint ventures, subsidiary corporations, partnerships or
5 such other jural entities entered into or owned wholly or in part by the
6 university;

7 (w) (1) Procure and enter into contracts for any type of insurance
8 and indemnify against loss or damage to property from any cause,
9 including loss of use and occupancy, against death or injury of any
10 person, against employees' liability, against any act of any member,
11 officer, employee or servant of the university, whether part-time,
12 full-time, compensated or non-compensated in the performance of the
13 duties of his office or employment or any other insurable risk. In
14 addition, the university shall carry its own liability insurance or
15 maintain an actuarially sound program of self insurance. Any joint
16 venture, subsidiary corporation, or partnership or such other jural
17 entity entered into or owned wholly or in part by the university shall
18 carry insurance or maintain reserves in such amounts as are determined
19 by an actuary to be sufficient to meet its actual or accrued claims;

20 (2) Moneys in the fund known as the Self-Insurance Trust Fund
21 administered by the State Treasurer shall continue to be available to
22 the university solely to indemnify and defend claims against the
23 university and its employees, officers and servants but only to the
24 extent that the University has elected on behalf of itself and its
25 employees to obtain representation from the Attorney General
26 pursuant to subsection h. of section 6 of P.L.1994, c.48 (C.18A:3B-6)
27 and such entity or individuals would have been entitled to defense and
28 indemnification pursuant to the "New Jersey Tort Claims Act,"
29 N.J.S.59:1-1 et seq., as a State entity or State employee but for the
30 provision of subsection (t) of section 6 of P.L.1970, c.102
31 (C.18A:64G-6). Any expenditure of such funds shall be made only in
32 accordance with the provisions of the "New Jersey Tort Claims Act,"
33 N.J.S.59:1-1 et seq., including but not limited to the provisions of
34 chapters 10, 10A and 11 of Title 59 of the New Jersey Statutes.
35 Nothing herein shall be construed to authorize the use of the
36 Self-Insurance Trust Fund to indemnify or insure in any way, directly
37 or indirectly the activities of any joint venture, partnership or
38 corporation entered into or created by the university pursuant to
39 paragraphs (1) and (2) of subsection (v) of section 6 of P.L.1970,
40 c.102 (C.18A:64G-6); and

41 (x) Create auxiliary organizations subject to the provisions of
42 P.L.1982, c.16 (C.18A:64-26 et seq.).
43 (cf: P.L.1994, c.48, s.169)

44

45 44. N.J.S.18A:68-3 is amended to read as follows:

46 18A:68-3. a. No corporation shall furnish instruction or learning

1 in the arts, sciences, or professions for the purposes of admitting any
2 person to the grade of a degree, or shall confer or participate in
3 conferring a degree, giving to any person a diploma of graduation or
4 of proficiency in a course of study, in learning, or in scientific arts or
5 methods, within this State, until it shall have filed a certified copy of
6 its certificate of incorporation with the Commission on Higher
7 Education and obtained from the commission a license to carry on the
8 business under such rules as the commission may prescribe.

9 b. The cost for consultants utilized by the Commission on Higher
10 Education and other out-of-pocket expenses incurred by the
11 commission for licensure and related reviews shall be paid by the
12 institution seeking a license or license renewal.

13 (cf: P.L.1994, c.48, s.195)

14
15 45. Section 4 of P.L.1968, c.142 (C.18A:71-31) is amended to read
16 as follows:

17 4. (a) There is hereby created and established under the
18 Commission on Higher Education, which is in but not of the
19 Department of State, an educational opportunity fund which shall be
20 known as the "New Jersey Educational Opportunity Fund."
21 Notwithstanding this allocation, the fund shall be independent of any
22 supervision or control by the department or by any officer thereof. The
23 fund shall identify, recruit and provide financial assistance to needy
24 students who are residents of this State in order that they may be able
25 to attend institutions of higher education.

26 (b) The business and operations of the fund shall be administered by
27 the board of directors created pursuant to section 5 of P.L.1968, c.142
28 (C.18A:71-32) subject to the general supervision of the Commission
29 on Higher Education.

30 (c) The commission in consultation with the board shall designate
31 an individual to serve as the chief executive officer of the fund **[and]**,
32 who shall organize the work of the fund in such manner as **[the chief**
33 **executive officer]** he deems necessary to carry out the provisions of
34 this act. The commission may employ such persons, contract for such
35 services, make such expenditures and adopt such rules and regulations
36 as may be necessary or appropriate to carry out the provisions of this
37 act.

38 (cf: P.L.1994, c.48, s.213)

39
40 46. Section 5 of P.L.1968, c.142 (C.18A:71-32) is amended to read
41 as follows:

42 5. (a) The board of directors of the fund shall consist of the
43 chairman of the Commission on Higher Education **[or the chairman's**
44 **designee]** and the chairperson of the Board of the Higher Education
45 Student Assistance Authority or their designees from among the public
46 members and eight citizens of this State appointed by the Governor.

1 Citizen members of the board shall be selected without regard to
2 political affiliation and, as far as may be practicable, on the basis of
3 their knowledge of, or interest in, the problems of needy students and
4 higher education. The board shall organize annually as established by
5 rule of the board to elect a chairman, vice chairman and other officers
6 as the board shall determine from among its members. The officers
7 shall serve for a one-year term and until their successors are elected
8 and qualified. Vacancies in the offices shall be filled in the same
9 manner for the unexpired term only.

10 (b) Each citizen member of the board shall serve for a term of four
11 years and until his successor shall have been appointed and qualified;
12 provided, that in the case of the first appointments to the board, two
13 members shall be appointed for terms expiring June 30, 1969; two
14 members shall be appointed for terms expiring June 30, 1970; two
15 members shall be appointed for terms expiring June 30, 1971; and two
16 members shall be appointed for terms expiring June 30, 1972. Any
17 vacancy in the membership of the board shall be filled in the same
18 manner as the original appointment for the remainder of the unexpired
19 term.

20 (c) The board shall develop and maintain a Statewide system for the
21 identification of potential college students from needy families; devise
22 methods for recruiting such students; advise the commission on the
23 organization, coordination and support, in cooperation with public and
24 private institutions of higher education of the State, of programs of
25 remedial education for such students; and provide financial assistance
26 as required by such students.

27 (d) Members of the board shall serve without compensation but
28 shall be entitled to be reimbursed for all reasonable and necessary
29 expenses incurred in the discharge of their duties.

30 (cf: P.L.1994, c.48, s.214)

31

32 47. Section 7 of P.L.1968, c.142 (C.18A:71-34) is amended to read
33 as follows:

34 7. (a) The board is hereby authorized to award "opportunity grants"
35 from the fund to needy students for undergraduate study leading to a
36 baccalaureate degree, associate degree, or other approved certificate
37 and for graduate and professional study leading to approved master's
38 and doctor's degrees at institutions of higher education, public and
39 private, located in New Jersey; provided, that the board shall allow not
40 more than 10% of the needy students to be awarded opportunity
41 grants in any year to use their opportunity grants at institutions of
42 higher education located outside this State; and, provided further, that
43 no more than 10% of the funds appropriated and available for the
44 purposes of this act shall be awarded to students for use in graduate
45 study.

46 (b) Opportunity grants may be awarded annually, upon proper

1 application to the fund, to any needy student who qualifies under the
2 standards to be developed and promulgated by the board and who is
3 or will be attending an institution of collegiate grade located in New
4 Jersey and approved for this purpose by the Commission on Higher
5 Education, except that in cases where the student will be or is
6 attending an institution in another State, the accreditation procedures
7 of that State shall be accepted, subject to the approval of the board.

8 (c) The board may utilize the services of the [Office of Student
9 Assistance] Higher Education Student Assistance Authority to
10 administer the provisions of this section. The cost of these services
11 shall be paid by the Equal Opportunity Fund.

12 (cf: P.L.1994, c.48, s.216)

13

14 48. N.J.S.18A:72A-4 is amended to read as follows:

15 18A:72A-4. (a) There is hereby established in but not of the
16 Department of the Treasury a public body corporate and politic, with
17 corporate succession to be known as the "New Jersey educational
18 facilities authority." Notwithstanding this allocation, the authority shall
19 be independent of any supervision or control by the department or any
20 officer thereof. The authority shall constitute a political subdivision of
21 the State established as an instrumentality exercising public and
22 essential governmental functions, and the exercise by the authority of
23 the powers conferred by this chapter shall be deemed and held to be
24 an essential governmental function of the State.

25 (b) The authority shall consist of seven members, two of whom shall
26 be the chairman of the Commission on Higher Education, ex officio,
27 and the State Treasurer, ex officio, or when so designated by them,
28 their deputies and five citizens of the State to be appointed by the
29 Governor with the advice and consent of the Senate for terms of five
30 years; provided that the terms of the members first appointed shall be
31 arranged by the Governor so that one of such terms shall expire on
32 April 30 in each successive year ensuing after such appointments. Each
33 member shall hold office for the term of his appointment and shall
34 continue to serve during the term of his successor unless and until his
35 successor shall have been appointed and qualified. Any vacancy
36 among the members appointed by the Governor shall be filled by
37 appointment for the unexpired term only. A member of the authority
38 shall be eligible for reappointment.

39 (c) Any member of the authority appointed by the Governor may be
40 removed from office by the Governor for cause after a public hearing.

41 (d) The members of the authority shall serve without compensation,
42 but the authority may reimburse its members for necessary expenses
43 incurred in the discharge of their duties.

44 (e) The authority, upon the first appointment of its members and
45 thereafter on or after April 30 in each year, shall annually elect from
46 among its members a chairman and a vice chairman who shall hold

1 office until April 30 next ensuing and shall continue to serve during the
2 terms of their respective successors unless and until their respective
3 successors shall have been appointed and qualified. The authority may
4 also appoint, retain and employ, without regard to the provisions of
5 Title 11, Civil Service, of the Revised Statutes, such officers, agents,
6 employees and experts as it may require, and it shall determine their
7 qualifications, terms of office, duties, services and compensation.

8 (f) The powers of the authority shall be vested in the members
9 thereof in office from time to time and a majority of the total
10 authorized membership of the authority shall constitute a quorum at
11 any meeting thereof. Action may be taken and motions and resolutions
12 adopted by the authority at any meeting thereof by the affirmative vote
13 of a majority of the members present, unless in any case the bylaws of
14 the authority shall require a larger number. No vacancy in the
15 membership of the authority shall impair the right of a quorum to
16 exercise all the rights and perform all the duties of the authority.

17 (g) Before the issuance of any bonds under the provisions of this
18 chapter, the members and the officer of the authority charged with the
19 handling of the authority's moneys shall be covered by a surety bond
20 or bonds in a penal sum of not less than \$25,000.00 per person
21 conditioned upon the faithful performance of the duties of their
22 respective offices, and executed by a surety company authorized to
23 transact business in the State of New Jersey as surety. Each such bond
24 shall be submitted to the attorney general for his approval and upon his
25 approval shall be filed in the Office of the Secretary of State prior to
26 the issuance of any bonds by the authority. At all times after the
27 issuance of any bonds by the authority the officer of the authority and
28 each member charged with the handling of the authority's moneys shall
29 maintain such surety bonds in full force and effect. All costs of such
30 surety bonds shall be borne by the authority.

31 (h) Notwithstanding any other law to the contrary, it shall not be or
32 constitute a conflict of interest for a trustee, director, officer or
33 employee of a participating college to serve as a member of the
34 authority; provided such trustee, director, officer or employee shall
35 abstain from discussion, deliberation, action and vote by the authority
36 under this chapter in specific respect to such participating college of
37 which such member is a trustee, director, officer or employee.

38 (i) A true copy of the minutes of every meeting of the authority shall
39 be forthwith delivered by and under the certification of the secretary
40 thereof, to the Governor. No action taken at such meeting by the
41 authority shall have force or effect until 10 days after such copy of the
42 minutes shall have been so delivered. If, in said 10-day period, the
43 Governor returns such copy of the minutes with veto of any action
44 taken by the authority or any member thereof at such meeting, such
45 action shall be null and of no effect. If the Governor shall not return
46 the minutes within said 10-day period, any action therein recited shall

1 have force and effect according to the wording thereof. At any time
2 prior to the expiration of the said 10-day period, the Governor may
3 sign a statement of approval of any such action of the authority, in
4 which case the action so approved shall not thereafter be disapproved.

5 Notwithstanding the foregoing provisions of this subsection (i), with
6 regard to the authorization or sale **[and award]** of bonds of the
7 authority, the authority shall furnish to the Governor a certified copy
8 of the minutes of the meeting at which **[said]** the bonds are authorized
9 or sold **[and awarded forthwith upon the taking of such action]** and
10 the Governor shall indicate **[his]** approval or disapproval of **[such]**
11 the action **[prior to the end of the business day upon which such**
12 **action of the authority was taken]** upon receipt of the certified copy
13 of the minutes.

14 The powers conferred in this subsection (i) upon the Governor shall
15 be exercised with due regard for the rights of the holders of bonds of
16 the authority at any time outstanding, and nothing in, or done pursuant
17 to, this subsection (i) shall in any way limit, restrict or alter the
18 obligation or powers of the authority or any representative or officer
19 of the authority to carry out and perform in every detail each and
20 every covenant, agreement or contract at any time made or entered
21 into by or on behalf of the authority with respect to its bonds or for
22 the benefit, protection or security of the holders thereof.

23 (cf: P.L.1994, c.48, s.236)

24

25 49. Section 2 of P.L.1988, c.159 (C.18A:72A-27.3) is amended to
26 read as follows:

27 2. **[** a. Following final approval by the board of trustees of a
28 proposed project for the acquisition, construction or financing of any
29 non-revenue producing educational facility, the board of trustees shall,
30 on a day when both houses of the Legislature are meeting, submit the
31 proposal to the President of the Senate and the Speaker of the General
32 Assembly, and submit informational copies of the proposal to the
33 members of the Senate Budget and Appropriations Committee and the
34 Assembly Appropriations Committee, or their successors and to the
35 Commission on Higher Education. The submission shall include all
36 appropriate supporting information, including, at a minimum, a
37 description of the project, its impact, cost and construction schedule,
38 and a detailed explanation of the sources of revenue which will be
39 dedicated to the financing of the project.

40 b. The proposal as submitted to the Legislature shall be deemed
41 approved after 60 days, as provided herein, of the date on which the
42 proposal and the supporting information were submitted to the
43 Legislature, unless between the date of submission and the end of the
44 60-day period, the Legislature passes a concurrent resolution
45 approving the proposal with modifications or rejecting the proposal.
46 The 60 days shall commence on the day of submission and expire on

1 the 60th day after submission or for a house not meeting on the 60th
2 day, on the next meeting day of that house] The board of trustees of
3 the public institution of higher education shall submit a copy of a
4 resolution approving any non-revenue producing facility project to the
5 President of the Senate and the Speaker of the General Assembly and
6 shall submit informational copies of the proposal to the members of
7 the Senate Budget and Appropriations and the Assembly
8 Appropriations Committee and to the Commission on Higher
9 Education. The submission shall include all appropriate supporting
10 information including, but not limited to, a description of the project,
11 its impact, cost and construction schedule, and a detailed explanation
12 of the sources of revenue which will be dedicated to the financing of
13 the project. If the Legislature does not disapprove the proposal by the
14 adoption of a concurrent resolution within 60 days, the proposal shall
15 be deemed to be approved.

16 (cf: P.L.1994, c.48, s.240)

17

18 50. N.J.S.18A:72A-29 is amended to read as follows:

19 18A:72A-29. All lands and other assets real or personal presently
20 titled in the name of the State Board of Higher Education or the State
21 Department of Higher Education, which are occupied by a public
22 institution of higher education shall be titled in the name of the State
23 of New Jersey only. All conveyances, leases and subleases, pursuant
24 to this chapter shall be made, executed and delivered in the name of
25 the State and shall be signed by the State Treasurer and sealed with
26 the seal of the State [subject to the approval of the State House
27 Commission].

28 To the extent not otherwise expressly provided under existing law,
29 all powers and duties conferred upon the university pursuant to this
30 chapter shall be exercised and performed by resolution of its board of
31 governors and all powers and duties conferred upon any of said
32 colleges pursuant to this chapter shall be exercised and performed by
33 resolution of its board of trustees.

34 All conveyances, leases and subleases made pursuant to this chapter,
35 when duly authorized by the university, shall be made, executed and
36 delivered in the name of the university and shall be signed by its
37 president or a vice president and sealed with the seal of the university
38 and all conveyances, leases and subleases made pursuant to this
39 chapter, when duly authorized by any of said colleges, shall be made,
40 executed and delivered in the name of the college and shall be signed
41 by the president or a vice president and sealed with the seal of the
42 college.

43 (cf: P.L.1994, c.48, s.241)

44

45 51. Section 5 of P.L.1979, c.132 (C.18A:72B-19) is amended to
46 read as follows:

1 5. Funds received by an institution pursuant to this act shall be
2 maintained in a separate ledger account. Each institution shall cause
3 an audit of such account and of enrollment figures to be made annually
4 by a certified public accountant and forwarded to the treasurer. The
5 treasurer shall have the right to audit institutional records pertaining
6 to this act. Each institution also shall furnish to the **[board]** treasurer
7 a copy of its audited annual financial statement.

8 (cf: P.L.1994, c.48, s.244)

9

10 52. Section 1 of P.L.1984, c.189 (C.18A:72F-1) is amended to read
11 as follows:

12 1. This act shall be known and may be cited as the "Minority Faculty
13 Advancement **[Loan and Loan Redemption]** Program Act."

14 (cf: P.L.1984, c.189, s.1)

15

16 53. Section 2 of P.L.1984, c.189 (C.18A:72F-2) is amended to read
17 as follows:

18 2. The Legislature finds and declares that:

19 a. Within **[the State]** New Jersey colleges and universities minority
20 faculty members with doctoral degrees in certain academic disciplines,
21 notably the physical and life sciences, engineering, mathematics,
22 management, computer science, environmental sciences, and statistics,
23 are underrepresented in comparison to nonminority faculty members
24 with doctorates.

25 b. There is in the United States a serious shortage of minority
26 doctoral degree graduates in the academic disciplines cited above from
27 which **[the State]** New Jersey colleges and universities can recruit
28 faculty members.

29 c. The **[State]** colleges and universities in New Jersey currently face
30 difficult problems in recruiting and retaining minority faculty members
31 with doctoral degrees in the academic disciplines cited above.

32 d. Rutgers, The State University and the State colleges have
33 cooperated in implementing a pilot program, the Minority
34 Advancement Program in Teaching and Research, whereby eligible
35 State college minority faculty members or other minorities admitted to
36 the State university in a doctoral degree program in certain academic
37 disciplines are provided grant, loan and other support opportunities to
38 assist them in completing the academic degree requirements and to
39 increase the pool of potential minority faculty members holding
40 doctoral degrees.

41 (cf: P.L.1994, c.48, s.271)

42

43 54. Section 3 of P.L.1984, c.189 (C.18A:72F-3) is amended to read
44 as follows:

45 3. As used in this act:

46 a. "Eligible discipline" means an academic discipline in which

1 minority individuals are underrepresented as determined by the
2 ~~【Executive Director of Student Assistance Programs in consultation~~
3 ~~with the】 Commission on Higher Education ~~【and】~~ in consultation with
4 the Board of Directors of the Educational Opportunity Fund and the
5 New Jersey Presidents' Council.~~

6 b. "Faculty member" means any person employed full-time by a New
7 Jersey ~~【State】~~ college or university ~~【,】~~ to perform primarily teaching,
8 research, or administrative duties for 10 or more months per academic
9 year.

10 c. "Minority" means any person who is a member of a racial-ethnic
11 group that has been historically disadvantaged in obtaining access to
12 equal educational opportunities.

13 d. "Program" means the Minority Faculty Advancement ~~【Loan and~~
14 ~~Loan Redemption】~~ Program created pursuant to this act.

15 e. ~~【"State college" means any institution created pursuant to chapter~~
16 ~~64 of Title 18A of the New Jersey Statutes.】 Deleted by amendment,~~
17 ~~P.L. , c. (C.)(now pending before the Legislature as this bill.)~~

18 f. "Eligible student participant" means a minority student enrolled
19 in a doctoral degree program in an eligible discipline, as defined in this
20 section, at any New Jersey college or university that qualifies for and
21 agrees to participate in the program.

22 g. "New Jersey college or university" means any public or
23 independent institution of higher education in the State licensed by the
24 New Jersey Commission on Higher Education.

25 (cf: P.L.1994, c.48, s.272)

26

27 55. Section 4 of P.L.1984, c.189 (C.18A:72F-4) is amended to read
28 as follows:

29 4. a. There is established within the ~~【Office of Student Assistance】~~
30 New Jersey Commission on Higher Education a Minority Faculty
31 Advancement ~~【Loan and Loan Redemption】~~ Program ~~【for students at~~
32 Rutgers, The State University, or the New Jersey Institute of
33 Technology, or at a private college or university which agrees to
34 participate in the program who are enrolled in an eligible discipline in
35 the Minority Advancement Program in Teaching and Research.

36 Eligible participants shall include:

37 a. State college faculty members who have been nominated by their
38 institution and granted up to a four-year leave of absence in order to
39 participate in the program. A nomination by a State college shall
40 include a commitment to reemploy the nominee in the same or in an
41 equivalent position at the college upon completion of the program; and

42 b. Individuals who otherwise qualify pursuant to procedures set
43 forth by the Executive Director of Student Assistance Programs in
44 consultation with the Commission on Higher Education and the Board
45 of Directors of the Educational Opportunity Fund, but who are not

1 State college faculty members, or who have not been nominated by a
2 college].

3 To increase the representation of doctorally trained minority faculty
4 and administrators at New Jersey colleges and universities, the loan
5 and loan redemption features of the Minority Faculty Advancement
6 Loan and Loan Redemption Program, established pursuant to
7 P.L.1984, c.189, shall be phased out and replaced by incentive hiring
8 grants. Support, other than loans, for students participating in the
9 program shall continue through campus assistance grants. The
10 commission may enter into an agreement with another agency or entity
11 to administer or provide services for this program.

12 b. To be eligible for a campus assistance grant, a New Jersey college
13 or university shall enter into an agreement with the commission to
14 provide support opportunities to eligible student participants. Support
15 opportunities may include, but are not limited to: advising; mentoring;
16 workshops and colloquia.

17 c. To be eligible for an incentive hiring grant, a New Jersey college
18 or university shall enter into an agreement with the commission to
19 provide loan redemption up to \$40,000 per individual as a benefit to
20 newly hired minority faculty or administrators with doctoral degrees,
21 regardless of whether the doctorate was earned at an institution of
22 higher education within or outside of the State. No more than
23 \$10,000 shall be redeemed for an individual for each year of service as
24 a faculty member or administrator.

25 d. No student loans shall be originated or guaranteed under this
26 program after the effective date of P.L. , c. (C.)(now pending
27 before the Legislature as this bill), to any person not already the
28 recipient of a student loan made or guaranteed under the Minority
29 Faculty Advancement Loan and Loan Redemption Program,
30 established pursuant to P.L.1984, c.189. The Higher Education
31 Student Assistance Authority shall administer the loan and loan
32 redemption components for persons participating prior to the effective
33 date of P.L. , c. (C.)(now pending before the Legislature as this
34 bill) until they have exhausted eligibility for such assistance.

35 (cf: P.L.1994, c.48, s.273)

36

37 56. Section 5 of P.L.1984, c.189 (C.18A:72F-5) is amended to read
38 as follows:

39 5. Eligible program participants who entered the program prior to
40 the effective date of P.L. , c. (C.)(now pending before the
41 Legislature as this bill), and who **【seeking】** seek loans to finance their
42 education shall **【first】** apply for loans under the **【Guaranteed Student】**
43 Federal Family Education Loan Program. In the event that these
44 participants have borrowed the maximum permitted under the terms
45 of this program **【or are otherwise ineligible】** but would otherwise be
46 eligible borrowers under this program, they may apply for nonfederal

1 direct loans in amounts not exceeding \$10,000.00 per student annually
2 which loans may be renewed for up to a maximum of four academic
3 years for a total loan indebtedness not exceeding \$40,000.00 per
4 student. **【Direct】** However, the amount of a nonfederal direct loan
5 shall not exceed, in combination with other financial aid, the total
6 educational costs of a participant attending a college or university
7 participating in this program. Nonfederal direct loans will be
8 evidenced by promissory notes and may be secured pursuant to
9 **【regulations and】** forms established by the **【Executive Director of**
10 **Student Assistance Programs】** Higher Education Student Assistance
11 Authority.

12 **【Direct】** Nonfederal direct loans shall not bear interest or finance
13 charges during the time a student is enrolled as a full-time student in
14 the program or is engaged in approved redemption service pursuant to
15 this act. **【Direct】** Nonfederal direct loans shall become due and payable
16 pursuant to section 8 of this act six months after graduation if no
17 redemption contract is in effect, or six months after change to
18 part-time student status, withdrawal from the program, or termination
19 from full-time employment either as a faculty member at a **【State】**
20 New Jersey college or university or other qualified employment.

21 (cf: P.L.1994, c.48, s.274)

22

23 57. Section 6 of P.L.1984, c.189 (C.18A:72F-6) is amended to read
24 as follows:

25 6. **【Direct】** Nonfederal direct loans obtained pursuant to section 5
26 of this act and **【federally guaranteed student loans】** Federal Family
27 Education Loans together with interest thereon secured after
28 admission to the Minority Advancement Program may be redeemed by
29 program participants who entered the program prior to the effective
30 date of P.L. , c. (C.)(now pending before the Legislature as this
31 bill), upon execution of a contract between the participant and the
32 **【executive director】** Higher Education Student Assistance Authority.
33 The maximum loan redemption for program participants shall amount
34 to cancellation of repayment for one-quarter of the eligible loan
35 indebtedness in return for each full academic year of service as a
36 faculty member in a **【State】** New Jersey college or university for total
37 cancellation of loan indebtedness for up to, but not to exceed, a
38 maximum of \$40,000.00 per student. In no event shall faculty service
39 for less than the full academic year of each period of service entitle the
40 participant to any benefits under the loan redemption conditions of the
41 program. Prior to the annual redemption of loan indebtedness,
42 participants in the program shall submit proof of faculty service to the
43 **【executive director】** Higher Education Student Assistance Authority.

44 (cf: P.L.1994, c.48, s.275)

1 58. Section 7 of P.L.1984, c.189 (C.18A:72F-7) is amended to read
2 as follows:

3 7. Faculty service requirements for loan redemption purposes
4 pursuant to section 6 of P.L.1984, c.189 (C.18A:72F-6) shall be
5 satisfied at **【the State】** any New Jersey college or university **【which**
6 **nominated the faculty member to participate in the program unless**
7 **otherwise agreed by the State college president. Program participants**
8 **not nominated by a State college may satisfy their faculty service**
9 **requirement at any New Jersey State college; except that any faculty**
10 **member participating in the program upon nomination by an institution**
11 **of higher education within New Jersey other than a State college shall**
12 **satisfy his faculty service requirements for loan redemption purposes**
13 **at his nominating institution unless otherwise agreed by the nominating**
14 **institution's president. However, if the executive director determines**
15 **that no appropriate faculty positions are available in the State colleges,**
16 **faculty service requirements may be satisfied at other public or private**
17 **colleges or universities in New Jersey which are licensed by the**
18 **Commission on Higher Education, or at any other agency of State**
19 **government】.**

20 (cf: P.L.1994, c.48, s.276)

21

22 59. Section 8 of P.L.1984, c.189 (C.18A:72F-8) is amended to read
23 as follows:

24 8. Program participants who entered the program prior to the
25 effective date of P.L. , c. (C.)(now pending before the Legislature
26 as this bill), and who have entered into redemption contracts with the
27 **【executive director】** Higher Education Student Assistance Authority
28 may nullify their contracts by submitting written notification to the
29 executive director of the authority and assuming full responsibility for
30 repayment of principal and interest on the full amount of their
31 nonfederal direct loans or that portion of the loans which has not been
32 redeemed by the State in return for partial fulfillment of the contracts.
33 The interest on the loans shall be at the prevailing rate established for
34 the **【federal Guaranteed Student】** Federal Family Education Loan
35 Program at the time the loans were made. The participant seeking to
36 nullify the contract shall be required to repay the loan or the
37 unredeemed portion thereof in not more than 10 years following the
38 termination of the contract minus the years of service already
39 performed under the contract. Repayments of nonfederal direct loans
40 by participants who do not perform faculty service for redemption
41 purposes may be used to provide future loans under the program, as
42 determined by the executive director of the authority.

43 (cf: P.L.1994, c.48, s.277)

44

45 60. Section 9 of P.L.1984, c.189 (C.18A:72F-9) is amended to read
46 as follows:

1 9. In case of a program participant's death or total or permanent
2 disability, the executive director of the Higher Education Student
3 Assistance Authority shall nullify the service obligation of the student,
4 thereby terminating the student's obligation to repay the unpaid
5 balance of the redeemable portion of the loan and the accrued interest
6 thereon, or where continued enforcement of the contract may result in
7 extreme hardship, the executive director of the authority may nullify
8 or suspend the service obligation of the student.

9 (cf: P.L.1994, c.48, s.278)

10

11 61. Section 10 of P.L.1984, c.189 (C.18A:72F-10) is amended to
12 read as follows:

13 10. The impact of the program on the representation of **[State]**
14 New Jersey college and university minority faculty members with
15 doctoral degrees in the designated disciplines shall be evaluated
16 periodically by the Commission on Higher Education in consultation
17 with the Board of Directors of the New Jersey Educational
18 Opportunity Fund and the New Jersey Presidents' Council.

19 (cf: P.L.1994, c.48, s.279)

20

21 62. Section 11 of P.L.1984, c.189 (C.18A:72F-11) is amended to
22 read as follows:

23 11. The **[executive director and the]** Commission on Higher
24 Education shall promulgate such rules and regulations in accordance
25 with the "Administrative Procedure Act," P.L.1968, c.410
26 (C.52:14B-1 et seq.) as are necessary to carry out the purposes of this
27 act. Rules pertaining to loans and loan redemption pursuant to
28 sections 5 through 9 of P.L.1984, c.189 (C.18A:72F-5 through
29 18A:72F-9) shall be promulgated by the Higher Education Student
30 Assistance Authority.

31 (cf: P.L.1994, c.48, s.280)

32

33 63. Section 1 of P.L.1991, c.485 (C.18A:72M-1) is amended to
34 read as follows:

35 1. As used in this act:

36 "Eligible discipline" means an academic discipline in which minority
37 individuals are underrepresented as determined by the **[Executive**
38 **Director of Student Assistance Programs]** Commission on Higher
39 Education in consultation with the Board of Directors of the
40 Educational Opportunity Fund and the New Jersey Presidents' Council.

41 "Minority" means any person who is a member of a racial-ethnic
42 group that has been historically disadvantaged in obtaining access to
43 equal educational opportunities.

44 "Program" means the Minority Undergraduate Fellowship Program
45 established pursuant to this act.

46 (cf: P.L.1994, c.48, s.289)

1 64. Section 2 of P.L.1991, c.485 (C.18A:72M-2) is amended to
2 read as follows:

3 2. **【The Executive Director of Student Assistance Programs shall**
4 **establish】** There is established a Minority Undergraduate Fellowship
5 Program within the **【Office of Student Assistance】** Commission on
6 Higher Education. The purpose of the program is to identify
7 academically talented minority undergraduate students who may be
8 interested in pursuing an academic career in an eligible discipline at a
9 public or independent institution of higher education within the State,
10 and to provide such students with the institutional and faculty support
11 necessary to assist them in reaching that goal. The commission may
12 enter into an agreement with another agency or entity to administer or
13 provide services for this program.

14 (cf: P.L.1994, c.48, s.290)

15

16 65. Section 3 of P.L.1991, c.485 (C.18A:72M-3) is amended to
17 read as follows:

18 3. The **【executive director, in consultation with the】** Commission
19 on Higher Education**【,】** shall establish policies and procedures for the
20 nomination and selection as program fellows of academically talented
21 minority undergraduate students who are in their junior year of study
22 at a public or independent college or university within the State. Upon
23 the selection of program fellows, the institution in which each student
24 who is selected is enrolled shall assign to the student a faculty advisor
25 who shall do the following:

26 a. Supervise a research project conducted by the fellow during the
27 junior year or actively involve the student in a project which the
28 advisor is conducting;

29 b. Supervise the fellow as an undergraduate teaching assistant in the
30 fellow's senior year of study;

31 c. Accompany the fellow to the annual meeting of the professional
32 association of the fellow's academic discipline; and

33 d. Assist the fellow in the selection of a graduate or professional
34 school.

35 (cf: P.L.1994, c.48, s.291)

36

37 66. Section 4 of P.L.1991, c.485 (C.18A:72M-4) is amended to
38 read as follows:

39 4. Each fellow shall receive a stipend in the amount of \$1,000 per
40 semester during the senior year of study and an amount not to exceed
41 \$500.00 for travel expenses. Each faculty advisor shall receive a
42 stipend in the amount of \$500.00 per semester for two semesters.

43 (cf: P.L.1991, c.485, s.4)

44

45 67. Section 5 of P.L.1991, c.485 (C.18A:72M-5) is amended to
46 read as follows:

1 5. The **[executive director, in consultation with the commission,]**
2 Commission on Higher Education in consultation with the Board of
3 Directors of the New Jersey Educational Opportunity Fund and the
4 New Jersey Presidents' Council shall periodically evaluate the impact
5 of the program **[on the representation of college and university**
6 **minority faculty members with graduate degrees in eligible**
7 **disciplines].**

8 (cf: P.L.1994, c.48, s.292)

9
10 68. Section 6 of P.L.1991, c.485 (C.18A:72M-6) is amended to
11 read as follows:

12 6. The **[executive director and the]** Commission on Higher
13 Education**[, in consultation with the Board of Directors of the**
14 **Educational Opportunity Fund,]** shall adopt rules and regulations
15 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
16 (C.52:14B-1 et seq.), necessary to effectuate the purposes of this act.
17 (cf: P.L.1994, c.48, s.293)

18
19 69. Section 7 of P.L.1991, c.485 (C.18A:72M-7) is amended to
20 read as follows:

21 7. The **[executive director]** commission may utilize funding
22 received under the "Minority Faculty Advancement **[Loan and Loan**
23 **Redemption]** Program Act," P.L.1984, c.189 (C.18A:72F-1 et seq.)
24 in making payments under this act.

25 (cf: P.L.1994, c.48, s.294)

26
27 70. Section 13 of P.L.1997, c.237 (C.54A:6-25) is amended to read
28 as follows:

29 13. a. Gross income shall not include the earnings on or distribution
30 from an individual trust account or savings account established
31 pursuant to the "New Jersey Better Educational Savings Trust
32 Program" established pursuant to **[P.L.1997, c.237 (C.18A:72-43 et**
33 **seq.)]** N.J.S.18A:71B-38.

34 b. "Distribution" means a withdrawal which pays the designated
35 beneficiary's qualified higher education expenses described in section
36 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529 or
37 which represents contributions net of earnings thereon.

38 (cf: P.L.1997, c.237, s.13)

39
40 71. The following acts and parts of acts are hereby repealed:
41 Sections 17, 18, and 20 of P.L.1994, c.48 (C.18A:3B-17, 18A:3B-
42 18 and 18A:3B-20);
43 P.L.1971, c.191 (C.18A:63A-1 et seq.);
44 Chapter 64F of Title 18A of the New Jersey Statutes;
45 Chapter 71 of Title 18A of the New Jersey Statutes;

1 Sections 1 and 2 of P.L.1969, c.117 (C.18A:71-7.2 and 18A:71-7.3);
2 Sections 1 through 4 of P.L.1977, c.330 (C.18A:71-15.1 through
3 18A:71-15.4);
4 Section 1 of P.L.1991, c.38 (C.18A:71-15.5);
5 Sections 1 through 11 of P.L.1977, c.345 (C.18A:71-26.1 through
6 18A:71-26.11);
7 Section 2 and 3 of P.L.1984, c.94 (C.18A:71-26.12 and 18A:71-
8 26.13);
9 P.L.1989, c.288 (C.18A:71-26.14 et seq.);
10 P.L.1968, c.429 (C.18A:71-41 et seq.);
11 Section 8 of P.L.1977, c.344 (C.18A:71-47.1);
12 P.L.1979, c.229 (C.18A:71-77 et seq.);
13 P.L.1991, c.272 (C.18A:71-87 et seq.);
14 P.L.1997, c.118 (C.18A:71-102 et seq.);
15 P.L.1997, c.220 (C.18A:71-106 et seq.);
16 Chapter 72 of Title 18A of the New Jersey Statutes;
17 P.L.1974, c.157 (C.18A:72-9.1 et seq.);
18 Sections 6 through 17 and 22 of P.L.1969, c.135 (C.18A:72-10.1
19 through 18A:72-10.13);
20 Section 23 of P.L.1969, c.135 (C.18A:72-17.1);
21 Section 24 of P.L.1969, c.135 (C.18A:72-22);
22 P.L.1982, c.117 (C.18A:72-23 et seq.);
23 P.L.1986, c.12 (C.18A:72-25.1 et seq.);
24 P.L.1988, c.33 (C.18A:72-25.4 et seq.);
25 Sections 1 through 8 of P.L.1982, c.135 (C.18A:72-26 through
26 18A:72-33);
27 Sections 1 through 9 of P.L.1991, c.268 (C.18A:72-34 through
28 18A:72-42);
29 Sections 1 through 12 and section 14 of P.L.1997, c.237 (C.18A:72-
30 43 through C.18A:72-54);
31 Sections 60 through 76 of P.L.1991, c.187 (C.18A:72D-12 through
32 18A:72D-28); and
33 Section 12 of P.L.1984, c.189 (C.18A:72F-12).

34
35 72. The following acts and parts of acts are hereby repealed:

36 **¹ [Section 12 of P.L.1986, c.42 (C.18A:64-21.1);]**¹

37 P.L.1975, c.331 (C.18A:71-61 et seq.);

38 P.L.1975, c.356 (C.18A:71-64 et seq.);

39 P.L.1985, c.114 (C.18A:71-76.1 et seq.); and

40 P.L.1991, c.296 (C.18A:71-96 et seq.).

41

42 73. This act shall take effect immediately, except that sections 1, 18,
43 19, 27, 29, 31, 32, 46, 47, 52 through 62, and 71 shall take effect on
44 the 45th day after enactment.

1

2

3 Consolidates higher education student assistance entities including

4 existing authority under one new authority.

ASSEMBLY, No. 2217

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JUNE 11, 1998

Sponsored by:

**Assemblyman DAVID W. WOLFE
District 10 (Monmouth and Ocean)**

Co-Sponsored by:

Assemblymen Garcia and Stanley

SYNOPSIS

Consolidates higher education student assistance entities including existing authority under one new authority.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/16/1998)

1 AN ACT concerning higher education and revising parts of the
2 statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. An additional Subtitle, 12A, is added to Title 18A of the New
8 Jersey Statutes as follows:

9 SUBTITLE 12A
10 NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE
11 AUTHORITY
12

13 **Part 1.—Authority Structure and General Provisions**
14

15 18A:71A-1. Short Title.

16 Section 1 shall be known and may be cited as the “Higher
17 Education Student Assistance Authority Law.”

18
19 18A:71A-2. Terms Defined.

20 As used in this act, unless the context indicates another or different
21 meaning, the following words shall have the following meanings:

22 “Authority” means the Higher Education Student Assistance
23 Authority established pursuant to this act, or any body, entity,
24 commission, or department succeeding to the principal functions
25 thereof or to whom the powers conferred upon the authority by this
26 act shall be given by law.

27 “Board” means the governing body of the authority appointed or
28 elected pursuant to N.J.S.18A:71A-4 of this article.

29 “Bond” means bonds, notes or other obligations of the authority
30 issued pursuant to this act.

31 “Commission” means the New Jersey Commission on Higher
32 Education.

33 “Eligible institution” means, unless otherwise defined by this act or
34 by the authority by regulation, an institution having a participation
35 agreement with the authority which is further defined in 20 U.S.C.
36 s.1071 et seq., and which includes an institution of higher education,
37 a proprietary institution of higher education, a postsecondary
38 vocational institution and a vocational school, provided that the
39 institution or school is licensed or approved by the appropriate agency
40 or department and accredited or preaccredited by a nationally
41 recognized accrediting association.

42 “Executive director” means the chief executive and administrative
43 officer of the authority.

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.

1 “Fund” means the Higher Education Student Assistance Fund.

2 “Lender” or “eligible lender” includes the authority and any
3 institution authorized to make loans under 20 U.S.C. s.1071 et seq.
4 which has entered into a participation agreement with the authority.

5 “Member” means an individual appointed or elected to the board of
6 the authority or serving ex-officio on the board.

7 “State college” means any college or university created pursuant to
8 chapter 64 of Title 18A of the New Jersey Statutes.

9

10 18A:71A-3. Higher Education Student Assistance Authority
11 Created.

12 The Higher Education Student Assistance Authority, a body
13 corporate and politic, shall be established in the Executive Branch of
14 the State Government and for the purposes of complying with the
15 provisions of Article V, Section IV, paragraph 1 of the New Jersey
16 Constitution, the authority is allocated in but not of the Department of
17 State. The authority shall constitute an instrumentality of the State
18 exercising public and essential governmental functions, and the
19 exercise by the authority of the powers conferred by this act in the
20 furthering of access to postsecondary education, whether by loans,
21 grants, scholarships or other means, shall be deemed and held to be an
22 essential governmental function of the State. The authority shall
23 submit its budget request directly to the Division of Budget and
24 Accounting in the Department of the Treasury.

25

26 18A:71A-4. Board of the Authority.

27 a. The Board of the Higher Education Student Assistance Authority
28 shall consist of 18 members as follows: the State Treasurer, ex-
29 officio, or a designee; the chairperson of the Commission on Higher
30 Education, ex-officio or a designee from among the public members
31 of the commission; the chairperson of the Board of Directors of the
32 Educational Opportunity Fund, ex-officio, or a designee from among
33 the public members of the board; five representatives from eligible
34 institutions in this State, including one from Rutgers, the State
35 University, one from either the New Jersey Institute of Technology or
36 the University of Medicine and Dentistry of New Jersey, one from the
37 county colleges, one from the State colleges, and one from the
38 independent institutions of higher education in the State; two students
39 from different collegiate institutional sectors; seven public members
40 who shall be residents of this State, including one who shall represent
41 a lender party to a participation agreement with the authority; and the
42 executive director of the authority, or designee, who shall be an ex-
43 officio, non-voting member of the board.

44 b. The seven public members, including the lender member, shall be
45 appointed by the Governor with the advice and consent of the Senate.
46 No more than four of the public members shall be members of the

1 same political party. The institutional representatives shall be
2 nominated by the respective institution in the case of Rutgers, the
3 State University, New Jersey Institute of Technology, and University
4 of Medicine and Dentistry of New Jersey. The remaining institutional
5 representatives shall be nominated by the respective sector association.
6 Institutional representatives shall be appointed by the Governor with
7 the advice and consent of the Senate. The student members shall be
8 the individuals that the Student Advisory Committee elects as its
9 chairperson and vice-chairperson. The Student Advisory Committee
10 shall be created by the board to include students from all collegiate
11 institutional sectors. The necessary appointments shall be made within
12 45 days of the enactment of P.L. , c. (C.) (now pending before the
13 Legislature as this bill).

14 c. Public and institutional members of the board shall serve a term
15 of four years and until a successor is appointed and qualified, except
16 in the case of the first members so appointed, four of whom shall be
17 appointed for a term of four years, four of whom shall be appointed
18 for a term of three years, two of whom shall be appointed for a term
19 of two years, and two of whom shall be appointed for a term of one
20 year. Student members shall serve a term of office not to exceed two
21 years. Any vacancy in the membership of the board, occurring
22 otherwise than by expiration of term, shall be filled in the same manner
23 as the original appointment or election was made, but for the
24 unexpired term only.

25

26 18A:71A-5. Executive Director.

27 a. The executive director of the authority shall be appointed by the
28 Governor and shall serve at the pleasure of the Governor during the
29 Governor's term of office and until a successor is appointed and
30 qualified, except that the person holding the office of Executive
31 Director of Student Assistance Programs in the Office of Student
32 Assistance in, but not of, the Department of the Treasury, on the
33 effective date of this act shall be the initial executive director of the
34 authority. The executive director shall receive annual compensation,
35 which shall be payable as other State compensation is paid.

36 b. The executive director shall be:

37 (1) the chief executive and administrative officer of the authority
38 having general charge and supervision of the work of the authority;

39 (2) the appointing authority and official agent of the authority for
40 all purposes. The authority shall delegate to the executive director the
41 power to employ financial and computer experts, attorneys,
42 accountants, managers, and such other employees and agents as may
43 be necessary; to fix their compensation; and to promote and discharge
44 the employees and agents;

45 (3) the budget request officer and the approval officer of the
46 authority;

1 (4) an officer and an ex-officio, non-voting member of the board;
2 and

3 (5) authorized, subject to law, to select a designee to act in his
4 place or stead and to have authority over all matters concerning the
5 employment and compensation of staff not classified under Title 11A
6 of the New Jersey Statutes.

7

8 18A:71A-6. Organization of the Board.

9 a. Meetings of the board shall be held at such time and place as the
10 members shall determine. A majority of the members in office at a
11 meeting at which public members of the board are present shall be
12 necessary to constitute a quorum for the transaction of business, and
13 the acts of a majority of the members present at a meeting at which a
14 quorum is present shall be the acts of the authority. The board shall
15 hold all meetings attended by, or open to, all members of the board in
16 accordance with the "Open Public Meetings Act," P.L. 1975, c.231
17 (C.10:4-6 et seq.).

18 b. A true copy of the minutes of every meeting of the board shall be
19 forthwith delivered by and under the certification of the secretary
20 thereof, to the Governor. No action taken at the meeting by the board
21 shall have force or effect until 10 days after the copy of the minutes
22 has been delivered. If, in the 10-day period, the Governor returns the
23 copy of the minutes with a veto of any action taken by the authority or
24 any member thereof at the meeting, the action shall be null and of no
25 effect. If the Governor does not return the minutes within the 10-day
26 period, any action therein recited shall have force and effect according
27 to the wording thereof. At any time prior to the expiration of the 10-
28 day period, the Governor may sign a statement of approval of any such
29 action of the board, in which case the approved action shall not
30 thereafter be disapproved.

31 Notwithstanding the provisions of this section, with regard to the
32 authorization or sale of bonds of the authority, the authority shall
33 furnish to the Governor a certified copy of the minutes of the meeting
34 at which the bonds are authorized or sold after the taking of the
35 action, and the Governor shall indicate approval or disapproval of the
36 action prior to the end of the business day upon which the certified
37 copy of the minutes was furnished to the Governor.

38 The powers conferred in this section upon the Governor shall be
39 exercised with due regard for the rights of the holders of bonds of the
40 authority at any time outstanding, and nothing in, or done pursuant to,
41 this section shall in any way limit, restrict or alter the obligation or
42 powers of the authority or any representative or officer of the
43 authority to carry out and perform in every detail each and every
44 covenant, agreement or contract at any time made or entered into by
45 or on behalf of the authority with respect to its bonds or for the
46 benefit, protection or security of the holders thereof.

1 c. The officers of the board shall be a chairperson, a vice-
2 chairperson, and one person to act as secretary and treasurer. The
3 chairperson and vice-chairperson shall be elected from among the
4 public members of the board by the board annually and shall hold
5 office until their successors are elected or until their earlier death,
6 disability, resignation, or removal. The secretary and treasurer shall
7 be the executive director or designee. Any vacancy of the chairperson
8 or vice-chairperson caused by the death, disability, resignation, or
9 removal of any officer shall be filled by the members of the board.

10
11 18A:71A-7. Limitation of Liability, Conflict of Interest,
12 Compensation.

13 a. The personal liability of members of the board, which shall be a
14 public entity under the "New Jersey Tort Claims Act," N.J.S.59:1-1
15 et seq., shall be limited to the extent permitted by N.J.S.59:1-1 et seq.,
16 this act, and other applicable New Jersey law.

17 b. Each member of the board shall comply with the "New Jersey
18 Conflicts of Interest Law," P.L. 1971, c.182 (C.52:13D-12 et seq.).

19 c. The members of the board shall receive no compensation for their
20 services, but shall be reimbursed for their actual expenses necessarily
21 incurred in the performance of their duties.

22
23 18A:71A-8. General Powers of the Authority.

24 The authority shall have the power to:

25 a. adopt by-laws for the regulation of its affairs and the conduct of
26 its business;

27 b. maintain an office at such place or places within the State as it
28 may designate;

29 c. adopt an official seal and alter the same at pleasure;

30 d. sue and be sued in its own name;

31 e. retain legal counsel of its choosing. The authority may choose
32 representation by the Attorney General; however, as to claims of a
33 tortious nature, the authority shall elect within 75 days of the effective
34 date of this act whether it, and its employees, shall be represented in
35 all such matters by the Attorney General. If the authority elects not to
36 be represented by the Attorney General, it shall be considered and its
37 employees considered employees of a sue and be sued entity for the
38 purposes of the "New Jersey Tort Claims Act" only. The authority
39 shall be required in that circumstance to provide its employees with
40 defense and indemnification consistent with the terms and conditions
41 of the Tort Claims Act in lieu of the defense and indemnification that
42 such employees would otherwise seek and be entitled to from the
43 Attorney General pursuant to N.J.S.59:10-1 et seq. and P.L.1972, c.48
44 (C.59:10A-1 et seq.);

45 f. make and enter into all contracts and agreements necessary or
46 incidental to the performance of its duties and the execution of its

- 1 powers under this act;
- 2 g. borrow money and to issue bonds, notes and other obligations of
3 the authority to carry out any purposes of the authority under this act,
4 including, without limitation: (1) making or purchasing loans under
5 any provision of this act; (2) purchasing from lenders approved notes
6 or participations in approved notes as provided by law; and (3)
7 refunding of outstanding bonds; but it shall not in any manner, directly
8 or indirectly, pledge the credit of the State;
- 9 h. receive and accept, from any federal or other public agency or
10 governmental entity, grants, including block grants, or loans for or in
11 aid of its programs and powers under this act, and to receive aid and
12 contributions from any other source, of money, property, labor, and
13 other things of value, to be held, used and applied only for the
14 purposes for which the grants, loans and contributions may be made;
- 15 i. acquire, lease as lessee, hold and dispose of real and personal
16 property or any interest therein, in the exercise of its powers and the
17 performance of its duties under this act;
- 18 j. complete, administer, operate, obtain and authorize payment for
19 insurance on and maintain, renovate, repair, modernize, lease or
20 otherwise deal with any property acquired or held by it pursuant to
21 this act;
- 22 k. authorize payment for disbursements, costs, commissions,
23 attorney's fees and other reasonable expenses related to and necessary
24 for the making and protection of guaranteed and other authority loans
25 and the recovery of moneys, loans or management of property
26 acquired in connection with the loans;
- 27 l. adopt rules and regulations to implement this act; and
- 28 m. do all acts and things necessary or appropriate to carry out the
29 objects and purposes of this act.

30

31 18A:71A-9. Further Powers of the Authority.

32 The authority shall have the following powers to:

- 33 a. further access to postsecondary education, whether by loans,
34 grants, scholarships, savings programs, or other means as approved by
35 the Legislature to meet the expenses of postsecondary education;
- 36 b. make, assist in the placing of federally guaranteed student loans,
37 service or otherwise provide such loans:
- 38 (1) to persons who are residents of this State or who reside outside
39 this State who are attending and are in good standing in, or who plan
40 to attend, any eligible institution located in this State or elsewhere; or
- 41 (2) to parents of persons meeting the requirements set forth in
42 paragraph (1) of this subsection, in order to assist them in meeting the
43 expenses of postsecondary education;
- 44 c. guarantee the loans in subsection b. of this section upon such
45 terms and conditions as the authority may prescribe; provided that the
46 amounts may not exceed the annual and aggregate amounts authorized

- 1 under 20 U.S.C. s.1071 et seq.;
- 2 d. buy and sell approved notes evidencing loans made under this act,
3 and to buy and sell participations in approved notes made pursuant to
4 this act, either by buying and selling directly or by establishing a
5 separate entity which will serve as a secondary market for student
6 loans under the oversight of the authority, which entity shall take
7 action and adopt rules subject to the approval of the authority;
- 8 e. be the State guaranty agency for the State of New Jersey and
9 engage in programs which state guaranty agencies are authorized to
10 participate in pursuant to 20 U.S.C. s.1071 et seq.;
- 11 f. be the lead State agency in coordination with the commission in
12 determining policy on student assistance issues;
- 13 g. assist students who are parties to loans made, funded, or
14 guaranteed under this act to qualify for federal interest subsidy, special
15 allowance, loan forgiveness or other applicable benefits;
- 16 h. establish a separate entity or utilize established agencies to
17 administer loan programs, which entity or agencies shall administer
18 authority loan programs and adopt rules subject to the approval of the
19 authority. Loans made by the entity or agencies shall be subject to the
20 same criteria as to amount, interest and payment as are other loans
21 authorized under this act, and shall be given to students who are
22 eligible for loans under the terms and conditions of the law but have
23 been unable to secure them;
- 24 i. be an agency of communication with departments and agencies of
25 the United States on the availability of grants or loans to this State for
26 purposes related to or similar to those set forth in this act;
- 27 j. request and receive from any department, division, board, bureau,
28 commission or agency of the State or any subdivision thereof the
29 assistance and data necessary to properly carry out its powers, duties
30 and functions;
- 31 k. make and service loans to eligible borrowers through State loan
32 programs established by law;
- 33 l. administer loan redemption and related fellowship programs
34 established by law;
- 35 m. administer and coordinate grant, scholarship and tuition aid
36 programs as established by law;
- 37 n. be the primary State agency for the administration of non-
38 campus based federal grant and scholarship programs for students
39 seeking to meet the expenses of postsecondary education;
- 40 o. inform the public of financial aid programs to meet the expenses
41 of postsecondary education;
- 42 p. perform audit and review functions, including federally mandated
43 lender and school reviews, campus level State student financial aid
44 program reviews and State-mandated annual internal control reviews;
45 and
- 46 q. assist the Attorney General in the investigation of alleged

1 violations of all criminal statutes related to fraud or a breach of
2 fiduciary obligations committed by any person who has obtained or
3 aided and abetted in obtaining loans, loan guarantees, scholarships,
4 and grants or other moneys from this authority; and to work in
5 conjunction with the appropriate prosecuting authorities in the
6 prosecution of cases where it is determined that evidence of criminal
7 activity exists.

8
9 18A:71A-10. Contracts, Purchases, Records, Travel.

10 a. The authority, in the exercise of its power to make and enter into
11 contracts and agreements necessary or incidental to the performance
12 of its duties and the execution of its powers, shall adopt standing
13 operating rules and procedures providing that, except as hereinafter
14 provided, no contract on behalf of the authority shall be entered into
15 for the doing of any work, or for the hiring of equipment or vehicles,
16 when the sum to be expended exceeds the sum of \$12,300 or, after
17 June 30, 1998, the amount determined pursuant to subsection b. of
18 this section, unless the authority shall first publicly advertise for bids
19 therefor, and shall award the contract to the lowest responsible bidder.
20 Waiver of bid advertising and of actual bidding shall be made by
21 resolution of the authority for those goods, services, and contracts
22 described in sections 4 and 5 of P.L.1954, c.48 (C.52:34-9 and 52:34-
23 10). Special rules shall apply to the procurement of professional
24 services when the authority shall consider a variety of factors
25 associated with rendering the professional services, including price, in
26 awarding of a contract.

27 This subsection shall not prevent the authority from having any work
28 done by its own employees, nor shall it apply when the safety or
29 protection of its or other public property requires. In the case of
30 exigency or emergency, the authority shall, by resolution passed by the
31 affirmative vote of a majority of its members, declare the exigency or
32 emergency to exist, and set forth in the resolution the nature thereof
33 and the approximate amount to be so expended.

34 b. The Governor, in consultation with the Department of the
35 Treasury, shall, not later than March 1 of each odd-numbered year,
36 adjust the threshold amount set forth in subsection a. of this section,
37 or the threshold amount resulting from any adjustment under this
38 subsection, in direct proportion to the rise or fall of the consumer
39 price index for all urban consumers in the New York City and the
40 Philadelphia areas as reported by the United States Department of
41 Labor. The Governor shall, no later than June 1 of each odd-
42 numbered year, notify the authority of the adjustment. The adjustment
43 shall become effective July 1 of each odd-numbered year.

44 c. The authority, in the exercise of its power to make purchases and
45 enter into contracts, leases and agreements necessary or incidental to
46 the performance of its duties and the execution of its powers, shall

1 adopt standing operating rules and procedures providing that, subject
2 to subsections a. and b. of this section, for purchases, contracts, leases
3 and agreements payable exclusively with or out of funds transferred
4 from the Higher Education Student Assistance Fund, the purchases,
5 contracts, leases and agreements shall be subject to the authority's sole
6 approval. Approval of the purchases, contracts, leases, and
7 agreements shall not be required by any other department, division,
8 board, bureau, agency, office or officer of the State.

9 d. The authority, without advertising for bids, or after having
10 rejected all bids obtained pursuant to advertising therefor, may
11 purchase any materials, supplies or equipment pursuant to a contract
12 or contracts for the materials, supplies or equipment entered into on
13 behalf of the State. Any department, division, commission, board,
14 bureau, agency, office or officer of the State may, by joint action with
15 the authority, purchase any articles used or needed by the State and
16 the authority.

17 e. Records subject to the record retention requirements set forth
18 under 20 U.S.C. s.1071 et seq., 20 U.S.C. s.1070c et seq., and 20
19 U.S.C. s.1104 et seq. and implementing regulations and rules shall not
20 be "public records" for purposes of the "Destruction of Public Records
21 Law (1953)", P.L.1953, c.410 (C.47: 3-15 et seq.), notwithstanding
22 the provisions of any law to the contrary.

23 f. The executive director shall have the power to approve of travel
24 consistent with Office of Management and Budget travel regulations,
25 except that for travel that is payable exclusively with or out of funds
26 transferred from the Higher Education Student Assistance Fund, no
27 approval shall be required by the Director of the Office of
28 Management and Budget.

29

30 18A:71A-11. Certain Pension, Benefits, and Employment
31 Classification Provisions Applicable to Employees of the Authority.

32 a. Notwithstanding the provisions of any law to the contrary, any
33 former employee of the Office of Student Assistance who was a
34 participant in the alternate benefit program, P.L.1969, c.242
35 (C.18A:66-168 et seq.), and who has continued in uninterrupted
36 service with the State may continue to participate in the alternate
37 benefit program on the same terms as other eligible employees.

38 b. Notwithstanding the provisions of any law to the contrary,
39 professional administrative staff of the authority are eligible to
40 participate in the alternate benefit program under the provisions of
41 P.L.1969, c.242 (C.18A:66-168 et seq.).

42 c. Notwithstanding the provisions of any law to the contrary,
43 eligible employees of the authority shall be eligible to obtain
44 supplemental tax-deferred annuities with outside investment carriers
45 on the same basis and with the same carriers as available to members
46 of the alternate benefit program under the provisions of P.L.1969,

1 c.242 (C.18A:66-168 et seq.).

2 d. The total number of employees in unclassified service including
3 the number of vacant unclassified service positions on the date this act
4 becomes effective shall not decrease without prior authorization by the
5 board.

6

7 18A:71A-12. Limitations on Issue of Bond Anticipation Notes and
8 Other Obligations.

9 The authority may issue bond anticipation notes and other short-
10 term obligations which may be renewed from time to time, but the
11 maximum maturity of the notes or obligations, including renewals
12 thereof, shall not exceed five years from the date of issue of the
13 original. The notes or obligations shall be paid from any revenues or
14 other moneys of the authority available therefor and not otherwise
15 pledged, or from the proceeds of sale of the bonds of the authority in
16 anticipation of which they were issued. The notes or obligations shall
17 be issued in the same manner as bonds, and the resolution or
18 resolutions authorizing them may contain any provisions, conditions
19 or limitations which a bond resolution of the authority may contain.

20

21 18A:71A-13. Bonds, Bond Anticipation Notes, Other Obligations:
22 General Provisions.

23 Except as may otherwise be expressly provided by the authority,
24 every issue of its bonds, notes or obligations shall be general
25 obligations of the authority payable from any revenues or moneys of
26 the authority, subject only to any agreements with the holders of
27 particular bonds, notes or obligations pledging any particular revenues
28 or moneys. Notwithstanding that bonds, notes, and other obligations
29 may be payable from a special fund, they shall be fully negotiable
30 within the meaning of Title 12A of the New Jersey Statutes, the
31 Uniform Commercial Code, subject only to the provision of the bonds,
32 notes, and other obligations for registration. The bonds may be issued
33 as serial bonds or as term bonds, or the authority, in its discretion, may
34 issue bonds of both types. The bonds shall be authorized by resolution
35 of the members of the authority and shall bear such date or dates,
36 mature at such time or times, not exceeding 35 years from their
37 respective dates, bear interest at such rate or rates including, but not
38 limited to, fixed, variable, floating or adjustable interest rates, be
39 payable at such time or times, be in such denominations, be in such
40 form, either coupon or registered, carry such registration privileges,
41 be executed in such manner, be payable in lawful money of the United
42 States of America at such place or places, and be subject to such terms
43 of redemption, as the resolution or resolutions may provide. The
44 bonds, notes or obligations may be sold at public or private sale for
45 such price or prices as the authority shall determine. Pending
46 preparation of the definitive bonds, the authority may issue interim

1 receipts or certificates which shall be exchanged for the definitive
2 bonds.

3 At any time prior to the issuance and sale of bonds or other
4 obligations by the authority under this act, the State Treasurer is
5 authorized to transfer from any available moneys in any fund of the
6 Treasury of the State to the credit of any fund of the authority those
7 sums which the State Treasurer may deem necessary. The sums so
8 transferred shall be returned to the same fund of the Treasury of the
9 State by the State Treasurer from the proceeds of the sale of the first
10 issue of authority bonds, notes or other obligations issued for the same
11 programmatic purpose as the funds transferred by the State Treasurer.

12

13 18A:71A-14. Bond Resolutions.

14 Any resolution or resolutions of the authority authorizing any bonds
15 or any issues of bonds may contain provisions, which shall be a part of
16 the contract with the holders of the bonds to be authorized as to:

17 a. the pledging of all or any part of the revenues of the authority;

18 b. the use and disposition of the revenues;

19 c. the setting aside of reserves or sinking funds, and the regulations
20 and disposition thereof;

21 d. limitations on the issuance of additional bonds, the terms upon
22 which additional bonds may be issued and secured and the refunding
23 of outstanding bonds;

24 e. the procedure, if any, by which the terms of any contract with
25 bondholders may be amended or abrogated, the amount of bonds the
26 holders of which must consent thereto, and the manner in which the
27 consent may be given;

28 f. limitations on the purpose to which the proceeds of sale of any
29 issue of bonds then or thereafter to be issued may be applied and
30 pledging the proceeds to secure the payment of the bonds or any issue
31 of the bonds;

32 g. defining the acts or omissions to act which shall constitute a
33 default in the duties of the authority to holders of its obligations and
34 providing the rights and remedies of the holders in the event of a
35 default; and

36 h. the making of covenants other than and in addition to the
37 covenants herein expressly authorized, of like or different character;
38 and the making of the covenants to do or refrain from doing such acts
39 and things as may be necessary or convenient or desirable in order to
40 better secure the bonds, notes or other obligations which, in the
41 absolute discretion of the authority, will tend to make the bonds,
42 notes, or other obligations more marketable, notwithstanding that the
43 covenants, acts or things may not be enumerated herein.

44

45 18A:71A-15. Personal Liability on Bonds, Notes and Other
46 Obligations.

1 Neither the members of the authority, nor any person executing
2 bonds, notes or other obligations issued by it, nor any officer or
3 employee of the authority shall be liable personally on the bonds, notes
4 or other obligations or be subject to any personal liability or
5 accountability by reason of the issuance thereof.

6
7 18A:71A-16. Purchase by Authority of Bonds, Notes and Other
8 Obligations.

9 The authority shall have the power out of any funds available
10 therefor to purchase its bonds, notes or other obligations. The
11 authority may hold, pledge, cancel or resell the bonds, subject to and
12 in accordance with agreements with bondholders.

13
14 18A:71A-17. Security for Bonds.

15 In the discretion of the authority, any bonds issued by it may be
16 secured by a trust agreement between the authority and a qualified
17 bank as defined in section 1 of "The Banking Act of 1948," P.L.1948,
18 c.67 (C.17:9A-1 et seq.). The trust agreement or resolution providing
19 for the issuance of the bonds may contain such provisions for
20 protecting and enforcing the rights and remedies of the bondholders as
21 may be reasonable and proper and not in violation of law, including
22 particularly those provisions authorized to be included in any
23 resolution or resolutions of the authority authorizing bonds. Any
24 banking institution, as defined in section 1 of "The Banking Act of
25 1948," P.L.1948, c.67 (C.17:9A-1 et seq.), may act as depository of
26 the proceeds of bonds or of revenues or other moneys and may furnish
27 such indemnifying bonds or pledge such securities as may be required
28 by the authority. The trust agreement may set forth the rights and
29 remedies of the bondholders and of the trustee or trustees, and may
30 restrict the individual right of action by bondholders. In addition to
31 the foregoing, the trust agreement or resolution may contain such
32 other provisions as the authority may deem reasonable and proper for
33 the security of the bondholders.

34
35 18A:71A-18. Liability for Payment of Bonds.

36 Bonds issued pursuant to N.J.S.18A:71A-8 shall not be deemed to
37 constitute a debt or liability of the State or of any political subdivision
38 thereof or a pledge of the faith and credit of the State or of any
39 political subdivision, but shall be payable solely from the funds herein
40 provided. The bonds shall contain on the face a statement to the
41 effect that neither the State of New Jersey nor the authority shall be
42 obligated to pay the same or the interest thereon except from revenues
43 or other moneys of the authority and that neither the faith and credit
44 nor the taxing power of the State or of any political subdivision
45 thereof is pledged to the payment of the principal of or the interest on
46 the bonds. The issuance of bonds under the provisions of this act shall

1 not directly or indirectly or contingently obligate the State or any
2 political subdivision thereof to levy or to pledge any form of taxation
3 whatever therefor.

4
5 18A:71A-19. Rights of Bondholders.

6 A holder of bonds issued by the authority pursuant to
7 N.J.S.18A:71A-8, or any of the coupons appertaining thereto, and the
8 trustee or trustees under any trust agreement, except to the extent the
9 rights herein given may be restricted by any resolution authorizing the
10 issuance of, or any trust agreement securing, the bonds, may, either
11 at law or in equity, by suit, action or other proceedings, protect and
12 enforce any and all rights under the laws of the State or granted
13 hereunder or under the resolution of trust agreement, and may enforce
14 and compel the performance of all duties required by this act or by the
15 resolution or trust agreement to be performed by the authority or by
16 any officer, employee or agent thereof.

17
18 18A:71A-20. Refunding Bonds.

19 a. The authority shall have power to issue bonds for the purposes of
20 refunding any of its bonds then outstanding, including the payment of
21 any redemption premium thereon and any interest accrued or to accrue
22 to the earliest or subsequent date of redemption, purchase or maturity
23 of the bonds.

24 b. The proceeds of bonds issued for the purpose of refunding
25 outstanding bonds may, in the discretion of the authority, be applied
26 to the purchase or retirement at maturity or redemption of outstanding
27 bonds either on their earliest or any subsequent redemption date or
28 upon the purchase or at the maturity thereof and may, pending such
29 application, be placed in escrow to be applied to the purchase or
30 retirement at maturity or redemption on such date as may be
31 determined by the authority. Any escrowed proceeds, pending such
32 use, may be invested and reinvested in obligations of or guaranteed by
33 the United States of America, or in certificates of deposit or time
34 deposits secured by obligations of or guaranteed by the United States
35 of America, maturing at such time or times as shall be appropriate to
36 assure the prompt payment, as to principal, interest and redemption
37 premium, if any, of the outstanding bonds to be so refunded. The
38 interest, income and profits, if any, earned or realized on any such
39 investment may also be applied to the payment of the outstanding
40 bonds to be so refunded. After the terms of the escrow have been
41 fully satisfied and carried out, any balance of the proceeds and interest,
42 income and profits, if any, earned or realized on the investments
43 thereof may be returned to the authority for use by it in any lawful
44 manner. All such bonds shall be subject to the provisions of this act
45 in the same manner and to the same extent as other bonds issued
46 pursuant to this act and N.J.S.18A:71A-8.

1 18A:71A-21. Bonds as Legal Investments.

2 Bonds, notes and other obligations issued by the authority under the
3 provisions of this act and N.J.S.18A:71A-8, are hereby made securities
4 in which the State and all political subdivisions of the State, their
5 officers, boards, commissions, departments or other agencies, banks,
6 savings banks, savings and loan associations, investment companies,
7 all insurance companies, insurance associations and all administrators,
8 executors, guardians, trustees and other fiduciaries, and all other
9 persons who now are or may hereafter be authorized to invest in
10 bonds, notes or other obligations of the State, may properly and
11 legally invest any funds, including capital belonging to them or within
12 their control; and the bonds, notes or other obligations are hereby
13 made securities which may properly and legally be deposited with and
14 received by any State or municipal officers or agency of the State for
15 any purpose for which the deposit of bonds or other obligations of the
16 State is now or may hereafter be authorized by law.

17

18 18A:71A-22. Pledge of State; Exemption From Taxation; Taxable
19 Bond Option.

20 a. The State of New Jersey does pledge to and agree with the
21 holders of the bonds, notes and other obligations issued pursuant to
22 authority contained in this act and N.J.S.18A:71A-8, that the State
23 will not limit the power and obligation of the authority to fulfill the
24 terms of any agreements made with the holders of bonds, notes and
25 other obligations so issued, or in any way impair the rights or
26 remedies of the holders of the bonds, and will not modify in any way
27 the exemptions for taxation provided for in this act, until the bonds,
28 notes and other obligations together with interest thereon, are fully
29 paid and discharged. The authority as a public body corporate and
30 politic shall have the right to include the pledge herein made in its
31 bonds and contracts.

32 b. Unless otherwise determined by the authority, all bonds, notes
33 or other obligations issued pursuant to this act are hereby declared to
34 be issued by a body corporate and politic of this State and for an
35 essential public and governmental purpose. The bonds, notes and
36 other obligations, and the interest thereon and the income therefrom,
37 and all fees, charges, funds, revenues, income and other moneys
38 pledged or available to pay or secure the payment of the bonds, notes
39 or other obligations, or interest thereon, shall at all times be exempt
40 from taxation except for transfer, inheritance and estate taxes.

41 c. With respect to all or any portion of any issue of any bonds, notes
42 or other obligations that the authority may issue in accordance with
43 this act, the authority may covenant, elect and consent that the interest
44 on the bonds be includable under the federal Internal Revenue Code of
45 1986, as amended, in the gross income of the holders of the bonds to
46 the same extent and in the same manner that the interest on bills,

1 bonds, notes or other obligations of the United States is includable in
2 the gross income of the holders under the federal Internal Revenue
3 Code of 1986, as amended, or in such other manner as the authority
4 may covenant, elect and consent. Bonds issued pursuant to this act
5 are not subject to any limitations or restrictions of any law that may
6 limit the authority's power to issue those bonds.

7
8 18A:71A-23. Higher Education Student Assistance Fund.

9 The authority shall establish and maintain a special fund called the
10 "Higher Education Student Assistance Fund" solely for its activities as
11 a guaranty agency and lender under 20 U.S.C. s.1071 et seq. The fund
12 shall consist of: a. all moneys appropriated by the Legislature for
13 inclusion in the fund; b. federal advances and other revenues realized
14 as a result of guaranty and lender activities under 20 U.S.C. s.1071 et
15 seq.; c. investment earnings of the fund; d. moneys contributed to
16 the authority by private sources, to be used for the purposes of this
17 act; e. the proceeds received by the sale of its bonds, bond
18 anticipation notes and other obligations as provided by law; and f. the
19 proceeds received by the authority from the resale of notes evidencing
20 approved loans made pursuant to this act.

21 The authority may in any resolution authorize the establishment
22 within the Higher Education Student Assistance Fund of separate
23 special funds as necessary for moneys to be held in pledge or
24 otherwise for payment or redemption of bonds, notes or other
25 obligations, reserves or other purposes and to covenant as to use and
26 disposition of the moneys held in these special funds.

27
28 18A:71A-24. Loan Reserve Fund.

29 a. Within the Higher Education Student Assistance Fund, the
30 authority shall establish and maintain a special fund called the "Loan
31 Reserve Fund" in which shall be deposited: (1) all reserve funds held
32 by the authority; (2) all moneys appropriated by the State for the
33 purpose of the fund, and (3) any other moneys or funds of the
34 authority which it determines to deposit therein. Moneys in the Loan
35 Reserve Fund shall be held and approved solely for the purchase by the
36 fund of defaulted loans either by payment to a lender or by transfer to
37 the Higher Education Student Assistance Fund, of the total amount of
38 principal and interest then due and owing on any defaulted note,
39 except to the extent that the moneys represent advances made to the
40 authority by the United States of America, or agencies thereof, which
41 the authority may be required to repay, and in the event repayment is
42 required, it shall be made from the Loan Reserve Fund.

43 b. The sum total of all funds on deposit in the Loan Reserve Fund,
44 hereafter referred to as the "loan reserve requirement," shall in no
45 event be less than the amount required under 20 U.S.C. s.1071 et seq.

46 c. In order to assure the maintenance of the loan reserve

1 requirement in the Loan Reserve Fund, there shall be appropriated
2 annually and paid to the authority for deposit in the fund, such sum, if
3 any, as shall be certified by the chairperson of the Board of the Higher
4 Education Student Assistance Authority to the Governor as necessary
5 to maintain the fund in an amount equal to the loan reserve
6 requirement during the then current fiscal year. The chairperson shall
7 annually, on or before December 1, make and deliver to the Governor
8 a certificate stating the sums, if any, required to maintain the fund in
9 the amount equal to the loan reserve requirement, and the sum or sums
10 so certified shall be appropriated and paid to the authority during the
11 then current State fiscal year.

12 d. Moneys in the fund at any time in excess of the loan reserve
13 requirement, whether by reason of investment or otherwise, may be
14 withdrawn at any time by the authority and transferred to any other
15 fund or account of the authority, to the extent permitted under 20
16 U.S.C. s.1071 et seq.

17 e. Moneys at any time in the Loan Reserve Fund may be invested in
18 any direct obligations of, or obligations as to which the principal and
19 interest thereof is guaranteed by, the United States of America or
20 such other obligations as the authority may approve, to the extent
21 permitted under 20 U.S.C. s.1071 et seq.

22 f. For purposes of valuation, investments in the Loan Reserve Fund
23 shall be valued at the lowest of the par value, cost to the authority, or
24 market value of the investments. Valuation on any particular date
25 shall include the amount of interest then earned or accrued to the date
26 on any moneys or investments in the Loan Reserve Fund.

27

28 18A:71A-25. Capital Reserve Fund; Use; Investment.

29 a. The authority shall establish and maintain a special fund called the
30 "New Jersey Higher Education Student Assistance Capital Reserve
31 Fund" in which there shall be deposited: (1) all moneys appropriated
32 by the State for the purpose of the fund; (2) all proceeds of bonds
33 required to be deposited therein by terms of any contract between the
34 authority and its bondholders or any resolution of the authority with
35 respect to the proceeds or bonds; and (3) any other moneys or funds
36 of the authority which it determines to deposit therein. Moneys in the
37 capital reserve fund shall be held and applied solely to the payment of
38 the interest on and principal of bonds of the authority as the same shall
39 become due and payable and for the retirement of bonds, and shall not
40 be withdrawn therefrom if the withdrawal would reduce the amount in
41 the capital reserve fund to an amount equal to less than the maximum
42 debt service reserve, except for payment of interest then due and
43 payable on bonds and the principal of bonds then maturing and payable
44 and for the retirement of bonds in accordance with the terms of any
45 contract between the authority and its bondholders and for the
46 payments on account of which interest or principal or retirement of

1 bonds other moneys of the authority are not then available in
2 accordance with the terms of the contract. As used in this section,
3 "maximum debt service reserve" means, as of any date of computation,
4 the lesser of: the largest amount of money required by the terms of all
5 contracts between the authority and its bondholders to be raised in any
6 succeeding calendar year for the payment of interest on and maturing
7 principal of outstanding bonds and payments required by the terms of
8 the contracts to sinking funds established for the payment or
9 redemption of the bonds, all calculated on the assumption that bonds
10 will cease to be outstanding after the date of the computation by
11 reason of the payment of bonds at their respective maturities and the
12 payments of the required moneys to sinking funds and the application
13 thereof in accordance with the terms of the contracts to the retirement
14 of bonds; or the amount of money required by the terms of all
15 contracts between the authority and its bondholders to be maintained
16 in the fund.

17 b. Moneys in the fund at any time in excess of the maximum debt
18 service reserve, whether by reason of investment or otherwise, may be
19 withdrawn at any time by the authority and transferred to any other
20 fund or account of the authority.

21 c. Moneys at any time in the fund may be invested in any direct
22 obligations of, or obligations as to which the principal and interest
23 thereof is guaranteed by, the United States of America or such other
24 obligations as the authority may approve.

25 d. For purposes of valuation, investments in the capital reserve fund
26 shall be valued at the lowest of the par value, cost to the authority or
27 market value of the investments. Valuation on any particular date
28 shall include the amount of interest then earned or accrued to the date
29 on any moneys or investments in the reserve fund.

30 e. Notwithstanding any other provisions contained in this act, no
31 bonds shall be issued by the authority unless there is in the capital
32 reserve fund the maximum debt service reserve for all bonds then
33 issued and outstanding and the bonds about to be issued; provided
34 that nothing herein shall prevent or preclude the authority from
35 satisfying the foregoing requirement by depositing so much of the
36 proceeds of the bonds about to be issued, upon their issuance, as is
37 needed to achieve the maximum debt service reserve. The authority
38 may at any time issue its bonds, notes or other obligations for the
39 purpose of providing any amount necessary to increase the amount in
40 the capital reserve fund to the maximum debt service reserve, or to
41 meet such higher or additional reserve as may be fixed by the authority
42 with respect to the fund.

43 f. In order to assure the maintenance of the maximum debt service
44 reserve in the capital reserve fund, there shall be appropriated annually
45 and paid to the authority for deposit in the fund, such sum, if any, as
46 shall be certified by the chairperson of the Board of Higher Education

1 Student Assistance Authority to the Governor as necessary to restore
2 the fund to an amount equal to the maximum debt service reserve.
3 The chairperson shall annually, on or before December 1, make and
4 deliver to the Governor a certificate stating the sums, if any, required
5 to restore the fund to the amount equal to the maximum debt service
6 reserve, and the sum or sums so certified shall be appropriated and
7 paid to the authority during the then current State fiscal year.

8 g. The capital reserve fund shall be kept separate from any other
9 reserve fund established by the authority and shall not be subject to the
10 provisions of N.J.S.18A:71A-24.

11

12 18A:71A-26. Dissolution.

13 Should the Legislature act to dissolve the authority, the dissolution
14 shall not be complete until all loans guaranteed have been paid by the
15 borrower, or if in default, by the authority. Thereafter, upon
16 dissolution of the authority, or the cessation of its activities, all assets
17 of the authority, after payment and discharge of its debts and other
18 liabilities, shall be distributed to the State, for exclusively public
19 purposes, or distributed for one or more exempt purposes within the
20 meaning of paragraph (3) of subsection (c) of section 501 of the federal
21 Internal Revenue Code of 1986, 26 U.S.C. s.501.

22

23 18A:71A-27. Effect of Partial Invalidity; Severability.

24 If any clause, sentence, article, paragraph, section or part of this act
25 be adjudged to be unconstitutional or invalid, that judgment shall not
26 affect, impair or invalidate the remainder thereof, but shall be confined
27 in its operation to the clause, sentence, article, paragraph, section or
28 part thereof directly involved in the controversy in which the judgment
29 has been rendered.

30

31 18A:71A-28. Transfer of Functions, Powers and Duties of Office of
32 Student Assistance.

33 a. The Office of Student Assistance in, but not of, the Department
34 of the Treasury is abolished and all its functions, powers, duties and
35 employees are transferred to the Higher Education Student Assistance
36 Authority in, but not of, the Department of State.

37 b. Whenever, in any law, rule, regulation, order, contract, document,
38 judicial or administrative proceeding or otherwise, reference is made
39 to the Office of Student Assistance or officers thereof in, but not of,
40 the Department of the Treasury, the same shall mean and refer to the
41 Higher Education Student Assistance Authority or the officers thereof
42 in, but not of, the Department of State.

43 c. Nothing in this act shall be construed to alter the terms and
44 conditions, rights or remedies of any loan, grant or scholarship made
45 by the Office of Student Assistance.

46 d. This transfer shall be subject to the provisions of the "State

1 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.)

2

3 18A:71A-29. Transfer of Functions, Powers and Duties of Student
4 Assistance Board.

5 a. The Student Assistance Board in, but not of, the Department of
6 the Treasury established pursuant to section 1 of P.L.1977, c.330
7 (C.18A:71-15.1), is abolished and all its functions, powers and duties
8 are transferred to the Higher Education Student Assistance Authority
9 in, but not of, the Department of State.

10 b. Whenever, in any law, rule, regulation, order, contract, document,
11 judicial or administrative proceeding or otherwise, reference is made
12 to the Student Assistance Board in, but not of, the Department of the
13 Treasury, the same shall mean and refer to the Higher Education
14 Student Assistance Authority in, but not of, the Department of State.

15 c. Nothing in this act shall be construed to alter the terms and
16 conditions of any loan, grant or scholarship made to students through
17 the board.

18 d. This transfer shall be subject to the provisions of the "State
19 Agency Transfer Act", P.L.1971, c.375 (C.52:14D-1 et seq.).

20

21 18A:71A-30. Transfer of Functions, Powers and Duties of Higher
22 Education Assistance Authority.

23 a. The Higher Education Assistance Authority in, but not of, the
24 Department of the Treasury, established pursuant to N.J.S.18A:72-3,
25 is abolished and all its functions, powers and duties are transferred to
26 the Higher Education Student Assistance Authority in, but not of, the
27 Department of State.

28 b. Whenever, in any law, rule, regulation, order, contract,
29 document, judicial or administrative proceeding or otherwise,
30 reference is made to the Higher Education Assistance Authority or the
31 officers thereof in, but not of, the Department of the Treasury, the
32 same shall mean and refer to the Higher Education Student Assistance
33 Authority or the officers thereof in, but not of, the Department of
34 State.

35 c. Nothing in this act shall be construed to alter the terms and
36 conditions of loans made to students by the authority. Nothing in this
37 act shall be construed to alter the terms, conditions, rights, or
38 remedies of any obligation issued by the authority.

39 d. This transfer shall be subject to the provisions of the "State
40 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

41

42 18A:71A-31. Abolishment of Executive Director of Student
43 Assistance Programs.

44 The Office of the Executive Director of Student Assistance
45 Programs in the Office of Student Assistance, established pursuant to
46 subsection b. of section 17 of P.L.1994, c.48 (C.18A:3B-17), is hereby

1 abolished.

2

3 18A:71A-32. Construction of Law.

4 The enactment of this revision law shall not:

5 a. affect the tenure, compensation and pension rights, if any, of the
6 lawful holder thereof, in any position held in the Office of Student
7 Assistance on the effective date of this act and not specifically
8 abolished in this act;

9 b. alter the term of any employee of the Office of Student
10 Assistance, lawfully employed as of the effective date of this act;

11 c. alter any terms or conditions of any student loans, grants or
12 scholarships;

13 d. alter any rights or obligations arising from any law, rule,
14 regulation, order, contract, loan, grant, document, judicial or
15 administrative proceeding.

16

17 18A:71A-33. Higher Education Student Assistance Authority to Be
18 Responsible for Implementation.

19 The Higher Education Student Assistance Authority, with the aid of
20 any department or officer thereof, if requested, shall be responsible for
21 any administrative, fiscal and personnel actions necessary to implement
22 the provisions of this act.

23

24 18A:71A-34. Limitation on Powers of Authority; Bond Holders
25 Protected.

26 The powers conferred in this act upon the Higher Education Student
27 Assistance Authority shall be exercised with due regard for the rights
28 of the holders of bonds of this State or any authority thereof, at any
29 time outstanding, and nothing in, or done pursuant to this act, shall in
30 any way limit, restrict, or alter the obligation or powers of the State
31 or its authorities to carry out and perform in every detail each and
32 every covenant, agreement or contract at any time made or entered
33 into by, or on behalf of the State or any authority thereof with respect
34 to its bonds or for the benefit, protection or security of the holders
35 thereof.

36

37 **Part 2.— Student Financial Aid**

38

39 Article 1. State Scholarships and Grants - General Provisions.

40

41 18A:71B-1. Eligible Institution Defined.

42 Unless otherwise restricted by the authority by regulation, "eligible
43 institution" for purposes of this chapter only means an institution of
44 higher education in this State that is licensed by the Commission on
45 Higher Education and accredited or preaccredited by a nationally
46 recognized accrediting association. Eligible institution shall also

1 include certain proprietary institutions but only for certain degree
2 granting programs as approved by the commission.

3

4 18A:71B-2. Student Eligibility.

5 a. A student who is enrolled in an eligible institution and who is
6 eligible for and receives any form of student financial aid through a
7 program administered by the State under this chapter shall be
8 considered to remain domiciled in New Jersey and eligible for
9 continued financial assistance notwithstanding the fact that the student
10 is financially dependent upon the student's parents or guardians and
11 that the parents or guardians change their domicile to another State.

12 b. A person shall not be awarded financial aid under this chapter
13 unless the person has been a resident of this State for a period of not
14 less than 12 months immediately prior to receiving the financial aid.

15 c. A person shall not be awarded student financial aid under this
16 chapter unless the person is a United States citizen or eligible
17 noncitizen, as determined under 20 U.S.C. s.1091. The authority shall
18 determine whether persons who were eligible noncitizens prior to the
19 effective date of the "Personal Responsibility and Work Opportunity
20 Reconciliation Act of 1996," Pub.L. 104-193, but not after that date,
21 shall continue to be eligible for student financial aid under this chapter.

22 d. A person who is incarcerated shall not be eligible for student
23 financial aid under this chapter.

24

25 18A:71B-3. Discrimination Forbidden.

26 Financial aid under this chapter shall be awarded without regard to
27 race, religion, creed, age, sex, national origin or handicapped status.

28

29 18A:71B-4. Academic Year Defined.

30 a. An academic year for the purpose of this chapter means the
31 period between the time the institution which the student is attending
32 opens after the general summer vacation until the beginning of the next
33 succeeding summer vacation.

34 b. In case an institution operates on a full calendar-year program,
35 the academic year shall be determined in accordance with rules
36 adopted by the authority, but in no case shall be less than one-fifth of
37 the time required for the completion of a five-year program, or one-
38 fourth of the time required for the four-year program in an institution
39 operating on an academic year as defined in subsection a. of this
40 section.

41

42 18A:71B-5. Notification of Authority in the Case of Withdrawal or
43 Change in Status.

44 In the event a student for any reason ceases to continue to be
45 enrolled or otherwise becomes ineligible during the course of an
46 academic year, the student shall cease to be eligible for financial aid

1 under this chapter. Both the student and the institution shall have the
2 responsibility to notify the authority when a student ceases to be
3 eligible to receive student assistance because of withdrawal for any
4 reason or a change in status from a full to part-time student.

5
6 18A:71B-6. Verification of Compliance with Military Selective
7 Service Act.

8 A student who is subject to the provisions of the "Military Selective
9 Service Act," 50 U.S.C. App. 453, shall not be eligible to receive any
10 State-funded loan, grant, or scholarship for attendance at any
11 postsecondary institution without verification of compliance with the
12 requirements of that act. Verification of compliance shall be satisfied
13 as follows:

14 a. for a student who uses the Free Application for Federal Student
15 Aid or its equivalent to receive financial aid, verification of military
16 selective service compliance provided under the federal "Higher
17 Education Act of 1965," Pub.L.89-329 (20 U.S.C. s.1001 et seq.)
18 shall be satisfactory;

19 b. for a student who does not use the Free Application for Federal
20 Student Aid or its equivalent, the institution or agency awarding the
21 financial aid shall not disburse the aid until provided proof, as specified
22 by regulations, that the student has complied with the requirements of
23 the "Military Selective Service Act."

24
25 18A:71B-7. Rules and Regulations.

26 The Higher Education Student Assistance Authority shall adopt rules
27 and regulations pursuant to the "Administrative Procedure Act,"
28 P.L.1968, c.410 (C.52:14B-1 et seq.), which are necessary to carry
29 out the provisions of N.J.S.18A:71B-6.

30
31 18A:71B-8. Compliance with Terms and Conditions of Financial
32 Aid.

33 A person shall not be awarded financial aid under this chapter unless
34 the person has complied with all the regulations, rules, and
35 requirements adopted by the authority for the award, regulation and
36 administration of financial aid programs under this chapter.

37
38 18A:71B-9. False Information; Penalty.

39 A person who knowingly and willfully furnishes any false or
40 misleading information for the purpose of obtaining a scholarship or
41 tuition assistance grant, or of enabling another to obtain a scholarship
42 or tuition assistance grant under any program administered by the
43 authority shall be guilty of a crime of the fourth degree. A statement
44 to this effect shall be distributed with all State application forms
45 utilized for any State scholarship or grant programs administered by
46 the authority.

1 18A:71B-10. Collection of Overpayments and Ineligible Payments
2 of Financial Aid.

3 Because the institution is responsible for ensuring a student's
4 eligibility for financial aid awarded under this chapter, the institution
5 shall be responsible for collecting any State awards which are
6 overpayments or any State awards for which the student is ineligible
7 in whole or in part. In the event an institution is unable to collect an
8 overpayment or ineligible payment from the student, the institution
9 may request the authority to collect the debt from the student. If the
10 institution demonstrates to the authority that it has made a good faith
11 effort to collect the debt, the authority may, on a case by case basis,
12 approve this request. If the authority approves this request from an
13 institution, the authority may use collection procedures that include,
14 but are not limited to, the procedures set forth under N.J.S.18A:71C-1
15 through N.J.S.18A:71C-20.

16

17 Article 2. Garden State Scholarships.

18

19 18A:71B-11. Scholarships Created.

20 There are hereby created Garden State Scholarships which shall be
21 maintained by the State, awarded to secondary school students with
22 records of distinguished achievement and promise, and used for
23 undergraduate study in eligible institutions. These scholarships may
24 be awarded on the basis of indicators of academic merit defined by the
25 authority without consideration of financial need.

26

27 18A:71B-12. Administration by the Authority.

28 The authority shall administer the provisions of this article, establish
29 criteria, methodology and guidelines for awarding Garden State
30 Scholarships, adopt rules and regulations, and prescribe and provide
31 appropriate forms for application for Garden State Scholarships.

32

33 18A:71B-13. Criteria, Methodology and Guidelines; Revisions.

34 Any revisions to criteria, methodology and guidelines in effect at the
35 date this act becomes effective shall be promulgated in accordance
36 with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
37 1 et seq.).

38

39 18A:71B-14. Award of Scholarships.

40 As determined by the authority and subject to the amount of
41 appropriations available therefor, a Garden State Scholarship shall be
42 awarded annually to each eligible New Jersey resident enrolled as a
43 full-time undergraduate in a curriculum leading to a degree or
44 certificate in an eligible institution.

45

46 18A:71B-15. Renewal of Scholarships.

1 Each Garden State scholarship awarded shall be renewable annually
2 for up to four years except that, in the case of a scholarship holder
3 who is enrolled in a course of study required by the institution to cover
4 five years, the period of the scholarship shall be the length of time
5 regularly required for the completion of the course of study, but each
6 scholarship shall remain in effect only during such period as the
7 undergraduate holder thereof achieves satisfactory academic progress
8 as defined by the institution, continues to meet the eligibility criteria
9 and guidelines established pursuant to N.J.S.18A:71B-12, and is
10 regularly enrolled as a full-time student in an eligible institution.

11

12 18A:71B-16. Amount of Scholarship; Payments.

13 A Garden State Scholarship shall entitle the recipient to an award in
14 an amount established by the authority pursuant to N.J.S.18A:71B-12,
15 and subject to the amount of appropriations available therefor.
16 Payments under this article shall be made by the State Treasurer on the
17 order of the executive director in accordance with the rules adopted
18 by the authority.

19

20 18A:71B-17. Limitation.

21 A Garden State Scholarship shall not, when combined with any other
22 financial assistance, exceed, except for a nominal amount as
23 determined by the authority, the student's cost of attendance at the
24 institution where the grants are used.

25

26 Article 3. State Tuition Aid Grants.

27

28 18A:71B-18. Grants Created; Use.

29 There are hereby created State tuition aid grants which shall be
30 maintained by the State, awarded and administered pursuant to this
31 act, and used by the holders thereof for undergraduate study in eligible
32 institutions.

33

34 18A:71B-19. Administration of Provisions.

35 The authority shall administer the provisions of this article, adopt
36 rules and regulations, and prescribe and provide appropriate forms for
37 application for State tuition aid grants.

38

39 18A:71B-20. Eligibility, Prerequisite.

40 a. A State tuition aid grant shall be awarded annually to each
41 eligible, qualified full-time undergraduate student enrolled in a
42 curriculum leading to a degree or certificate in an eligible institution,
43 or in an institution of higher education in another state, provided that
44 state permits its residents to utilize its state student financial assistance
45 grants in New Jersey institutions of higher education through
46 reciprocity agreements approved by the authority. In no event shall a

1 State tuition aid grant be utilized at an out-of-state institution which
2 is not licensed by that state and accredited by a regional accrediting
3 association recognized by a national accrediting organization.

4 b. To each New Jersey resident enrolled as a full-time student and
5 meeting the other requirements for eligibility under this chapter, the
6 State shall grant an amount as provided in N.J.S.18A:71B-21. A
7 student shall not be eligible for a grant unless the application is in a
8 form satisfactory to the authority. A student shall not be eligible for
9 grants for more than four and one-half academic years, unless the
10 recipient is enrolled in an undergraduate program regularly requiring
11 five academic years for completion, in which case the authority shall
12 permit five and one-half years of eligibility. Notwithstanding the
13 foregoing provisions, a student receiving aid under the provisions of
14 P.L.1968, c.142 (C.18A:71-28 et seq.) shall be entitled to a sixth year
15 of eligibility. Notwithstanding the foregoing provisions, a county
16 college student who transfers to a four- year institution, or any student
17 who is required to pursue 18 or more credit hours in a remedial or
18 developmental curriculum, as defined by regulations adopted by the
19 authority, is entitled to an additional half year of eligibility. For the
20 purpose of this article, a remedial curriculum shall include only
21 noncredit courses in which a student is directed to enroll by the
22 institution. Eligibility for tuition aid grants may be extended to part-
23 time students through regulations developed by the authority if funds
24 are separately appropriated for this purpose. A student shall not be
25 eligible for grants unless the student maintains such minimum
26 standards of academic performance as are required by the institution
27 of enrollment. A student who is enrolled in a course leading to a
28 degree in theology or divinity shall not be eligible for a tuition aid
29 grant.

30 c. A person shall not be awarded a State tuition aid grant unless that
31 person:

32 (1) satisfies the residency and other requirements provided in article
33 1 of this part;

34 (2) has applied for State tuition aid and has been determined by the
35 authority to be eligible for the tuition aid;

36 (3) has demonstrated financial need for the tuition aid as determined
37 by and in accordance with standards to be established by the
38 authority; and

39 (4) maintains satisfactory academic progress in accordance with
40 standards established by the authority.

41

42 18A:71B-21. Amount of Grant; Reduction of Award.

43 a. The amount of a tuition aid grant awarded under this article to
44 any student attending an eligible institution shall be established by the
45 authority, but shall not exceed the maximum amount of tuition
46 normally charged at a public institution of higher education for

1 students attending that institution or 50% of the average tuition
2 normally charged at the independent institutions of higher education
3 for students attending those institutions. The amount of a State tuition
4 aid grant awarded under this act to any student attending an institution
5 of higher education in any state other than New Jersey pursuant to this
6 section shall not exceed \$500 in an academic year. The amount of
7 grant to be paid for each semester or its equivalent shall be based on
8 the financial need for the grant, as determined by standards and
9 procedures established by the authority, and subject to the amount of
10 appropriations available therefor.

11 b. Appropriations for each program category of tuition aid grants
12 shall be separately made by line item.

13 c. State tuition aid grants shall be awarded by the authority to all
14 eligible applicants without any limitation on the number to be awarded
15 in any year other than the amount of appropriations available therefor.
16 In the event that the amount appropriated is insufficient for full awards
17 to all eligible applicants, the authority, in consultation with the
18 Commission on Higher Education, shall reduce awards equitably
19 among eligible students according to such procedures and guidelines
20 as it shall establish. Any revisions of procedures and guidelines in
21 effect as of the effective date of this act shall be promulgated in
22 accordance with the "Administrative Procedure Act," P.L.1968, c.410
23 (C.52:14B-1 et seq.).

24

25 18A:71B-22. Construction of Article.

26 This article shall not be construed as granting any authority to
27 control or influence the policies of any educational institution because
28 it accepts students receiving tuition aid grants, nor as requiring any
29 institution to admit or once admitted to continue in the institution any
30 tuition aid recipient.

31

32 Article 4. Survivor Tuition Benefits Program.

33

34 18A:71B-23. Scholarships for Undergraduate Education; Eligibility.

35 Any child or surviving spouse of a member or officer of a New
36 Jersey volunteer fire company, volunteer first aid or rescue squad or
37 municipal fire, police, county police or park police department, State
38 fire service or of the division of State police, or of a permanent, active
39 and full-time officer employee of this State or any political subdivision
40 thereof holding the following titles: State investigator, correction
41 officer, recruit, senior correction officer, sergeant, lieutenant, captain,
42 correction officer duty keeper, court attendant and sheriff's officer,
43 court attendant and sheriff's officer lieutenant, court attendant and
44 sheriff's officer captain, court attendant and sheriff's officer deputy
45 chief, prosecutor's detective, prosecutor's investigator, narcotics
46 officer, marine patrolman, senior marine patrolman, principal marine

1 patrolman, chief, bureau of marine law enforcement, or who is an
2 inspector, assistant, technician, supervisor or superintendent with
3 respect to the enforcement and regulation of weights and measures, or
4 civil defense or disaster control worker, which member, officer or
5 worker was killed in the performance of his duties as a member of such
6 company, squad or fire or police department or division, or worker in
7 a civil defense or disaster control unit, upon such child or surviving
8 spouse being accepted to pursue a course of undergraduate study in
9 any public institution of higher education of this State, as enumerated
10 in N.J.S.18A:62-1, shall, while enrolled as an undergraduate student
11 in good standing at the institution, have the tuition paid by the State;
12 or upon that child or surviving spouse being accepted to pursue a
13 course of undergraduate study at any independent institution of higher
14 education located in the State, shall, while enrolled as an
15 undergraduate in good standing at that independent institution of
16 higher education, have that part of the tuition which is not more than
17 the highest tuition charged at the public institutions of higher
18 education in this State, enumerated in N.J.S.18A:62-1, paid by the
19 State.

20 Eligibility for this program shall be limited to a period of eight years
21 from the date of death of the member, officer of worker, in the case of
22 a surviving spouse, and eight years following graduation from high
23 school, in the case of a child, pursuant to rules and regulations
24 established by the authority.

25

26 18A:71B-24. Appropriation of Funds.

27 There shall be appropriated to the authority in any general or
28 supplemental appropriation act such sums as shall be necessary to
29 carry out the purposes of N.J.S.18A:71B-23.

30

31 Article 5. Miss New Jersey Educational Scholarship Program.

32

33 18A:71B-25. Scholarship Program Established.

34 There is established the Miss New Jersey Educational Scholarship
35 program. It shall be the duty of the Higher Education Student
36 Assistance Authority, established pursuant to N.J.S.18A:71A-3, to
37 administer this program.

38

39 18A:71B-26. Scholarship Eligibility.

40 A Miss New Jersey Educational Scholarship shall be awarded
41 annually to an individual who has been designated by the Higher
42 Education Student Assistance Authority, in consultation with the Miss
43 New Jersey Pageant Organization, as being an exceptional young
44 leader in the area of civic, cultural or charitable endeavors in the spirit
45 of the Miss New Jersey Pageant. In order to be eligible for the
46 scholarship, the individual shall be enrolled in or accepted into a

1 course of study leading to an initial bachelors degree or a post
2 graduate degree in any public institution of higher education of this
3 State, as enumerated in N.J.S.18A:62-1.

4
5 18A:71B-27. Scholarship Conditions.

6 Any Miss New Jersey scholarship recipient who enrolls in a public
7 institution of higher education in the State shall be allowed to obtain
8 an initial bachelors degree or a post graduate degree without payment
9 of tuition as long as the individual remains a full time student in good
10 standing at the institution. There shall be appropriated annually to the
11 Higher Education Student Assistance Authority a sum equal to the
12 cost of tuition at each public institution enrolling a Miss New Jersey
13 Scholarship recipient and any other sums as shall be necessary to carry
14 out the purposes of the Miss New Jersey Educational Scholarship
15 program. The scholarship recipient shall be responsible for all other
16 costs.

17
18 Article 6. Garden State Savings Bonds.

19
20 18A:71B-28. Definitions.

21 As used in this article:

22 “Garden State Savings Bonds” means bonds of the State of New
23 Jersey and its authorities issued pursuant to the provisions of this
24 article.

25 “Institution of higher education” means any public institution of
26 higher education as defined in N.J.S.18A:62-1 and any independent
27 institution of higher education which is an “eligible institution” as
28 defined in section 3 of P.L.1979, c.132 (C.18A:72B-17).

29 “Issuing officials” means the Governor, the State Treasurer, the
30 Director of the Division of Budget and Accounting in the Department
31 of the Treasury and the issuing authority or agency.

32
33 18A:71B-29. Issue of Bonds.

34 a. In furtherance of the public policy of this article, the State shall
35 set aside, from the bonds of the State of New Jersey authorized to be
36 issued or from the bonds of any authority or agency authorized to be
37 issued, an amount to be determined by the State Treasurer of the total
38 aggregate original principal amount of the bonds. These bonds shall
39 be issued as determined by the issuing officials and shall be known as
40 “Garden State Savings Bonds,” in addition to any other name they may
41 be known as.

42 b. Garden State Savings Bonds may be issued in low denominations
43 and in the form or forms, whether coupon, fully-registered or book
44 entry, and with or without provisions for interchangeability thereof, as
45 may be determined by the issuing officials, and in such amounts as will
46 allow a large number of New Jersey families to participate in the

1 program, and with the maturity dates which will make funds available
2 to purchasers at the time when the funds are needed for educational
3 purposes.

4 c. When Garden State Savings Bonds are issued from time to time,
5 the bonds of each issue shall constitute a separate series to be
6 designated by the issuing officials. Each series of bonds so designated
7 shall bear the rate or rates of interest as may be determined by the
8 issuing officials, which interest shall be payable as may be determined
9 by the issuing officials.

10

11 18A:71B-30. Participation by Institutions of Higher Education.

12 a. The State Treasurer, in consultation with the commission, shall
13 also provide for additional financial incentives to be provided to
14 holders of Garden State Savings Bonds to encourage the enrollment
15 of students at institutions of higher education located in the State of
16 New Jersey. These financial incentives shall be in such forms as
17 determined by the State Treasurer in consultation with issuing officials
18 at the time of the authorization of the Garden State Savings Bonds and
19 shall at a minimum provide that each participating institution shall
20 guarantee that the value of Garden State Savings Bonds redeemed for
21 the purposes of the payment of tuition, fees, and other educational
22 costs at the institution, shall, at the time of matriculation of the
23 student, be increased by not less than six percent of the face value of
24 the bonds at the time of redemption. Two percent of the incentive
25 amount shall be paid by the State, and four percent by participating
26 institutions.

27 b. Every public institution of higher education in New Jersey shall
28 participate in the financial incentive program. Independent institutions
29 of higher education in New Jersey may elect to participate in the
30 program. Each independent institution which elects to participate shall
31 enter into a contract with the Department of the Treasury which shall,
32 at a minimum, define the terms of participation and establish
33 conditions under which an institution may withdraw from the program.
34 Any independent institution that withdraws from the program shall
35 guarantee to provide the financial incentives in effect for all bonds
36 purchased during the period in which the institution was a participant
37 in the program.

38 c. The original purchaser and any member of the immediate family
39 of the original purchaser of a Garden State Savings Bond shall be
40 eligible for the financial incentive program established pursuant to this
41 section.

42

43 18A:71B-31. Dollar Amount Not to be Considered in Determining
44 Eligibility for Monetary Assistance.

45 Annually, the authority shall determine a dollar amount of Garden
46 State Savings Bonds or accumulated bonds, interest or supplemental

1 payment, which shall not be less than \$25,000, unless a greater amount
2 is approved by the authority, which shall not be considered in
3 evaluating the financial needs of a student enrolled at an institution of
4 higher education located in the State of New Jersey, or be deemed a
5 financial resource of or a form of financial aid or assistance to each
6 student, for purposes of determining the eligibility of a student for any
7 scholarship, grant, or monetary assistance awarded by the State; nor
8 shall the amount of any such bonds, interest or supplemental payment
9 as determined by the authority provided for a qualified student under
10 this article reduce the amount of any scholarship, grant or monetary
11 assistance which the student is entitled to be awarded by the State.

12

13 18A:71B-32. Report on Results of Sale.

14 The State Treasurer or the issuing authority or agency shall submit
15 a report after each bond issuance to the commission detailing the
16 results of each separate sale of Garden State Savings Bonds.

17

18 18A:71B-33. Duties of the State Treasurer.

19 The State Treasurer shall, in consultation with the commission,
20 approve the following:

- 21 a. additional financial incentives as provided in this article;
22 b. limits that may be imposed on the amount of Garden State
23 Savings Bonds that may be purchased by individual households;
24 c. minimum denominations to market the Garden State Savings
25 Bonds so that they are affordable by individuals; however, each issue
26 shall be offered with sufficient bonds at a purchase price of \$100 to
27 satisfy demand.

28 In addition, the State Treasurer shall evaluate the feasibility of
29 staggered or periodic forms of payments for Garden State Savings
30 Bonds and shall advise the issuing officials regarding the evaluation.

31

32 18A:71B-34. Assessment of Effectiveness of Program.

33 The commission and the State Treasurer shall assess the
34 effectiveness of the program and recommend any necessary changes
35 to the issuing officials regarding future bond sales after the initial sale
36 of Garden State Savings Bonds.

37

38 Article 7. New Jersey Better Educational Savings Trust Program.

39

40 18A:71B-35. Legislative Findings and Declarations.

41 The Legislature finds and declares that:

- 42 a. This State is committed to making world-class education
43 accessible and affordable for all New Jersey students;
44 b. When families save for college education, they are making an
45 important investment in the future for themselves and the young
46 people of this State;

1 c. Incentives are needed to encourage families to save for college
2 education;

3 d. The "Small Business Job Protection Act of 1996,"
4 Pub.L.104-188, amended the federal Internal Revenue Code to provide
5 for favorable tax treatment for qualified college savings programs and
6 participants in the programs; and

7 e. In addition to favorable federal tax treatment for a college savings
8 program and its participants, it is desirable to provide favorable State
9 tax treatment, as a special incentive for student beneficiaries to attend
10 college in this State.

11

12 18A:71B-36. Definitions.

13 As used in this article:

14 "Account" means an individual trust account or savings account
15 established in accordance with this article;

16 "Authority" means the Higher Education Student Assistance
17 Authority;

18 "Contributor" means the person or organization contributing to and
19 maintaining an account and having the right to withdraw funds from
20 the account before the account is disbursed to or for the benefit of the
21 designated beneficiary;

22 "Designated beneficiary" means: a. the individual designated at the
23 time the account is opened as the individual whose higher education
24 expenses are expected to be paid from the account; b. the replacement
25 beneficiary if the change in designated beneficiary would not result in
26 a distribution that is included in federal gross income under section
27 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529;
28 and c. in the case of an interest in the program purchased by a state
29 or local government or an organization described in paragraph (3) of
30 subsection (c) of section 501 of the federal Internal Revenue Code of
31 1986, 26 U.S.C.s.501 and exempt from taxation under subsection (a)
32 of section 501 of the federal Internal Revenue Code of 1986, 26
33 U.S.C.s.501, as a part of a scholarship program operated by the
34 government or organization, the individual receiving the interest as a
35 scholarship;

36 "Higher education institution" means an eligible educational
37 institution as defined in or for purposes of section 529 of the federal
38 Internal Revenue Code of 1986, 26 U.S.C.s.529. Higher education
39 institution shall include a proprietary institution if expenses for tuition
40 at the institution would be considered qualified higher education
41 expenses under section 529 of the federal Internal Revenue Code of
42 1986, 26 U.S.C.s.529, but only for degree granting programs licensed
43 or approved by the Commission on Higher Education or for other
44 proprietary institutions as determined by the authority;

45 "Investment Manager" means the Division of Investment in the
46 Department of the Treasury or the private entities authorized to do

1 business in this State that may be designated by the authority to invest
2 the funds of the trust pursuant to the terms of this article;

3 "Member of the family" means a member of the family as defined in
4 or for purposes of section 529 of the federal Internal Revenue Code
5 of 1986, 26 U.S.C.s.529;

6 "Nonqualified withdrawal" means a withdrawal from an account
7 other than: a. a qualified withdrawal; b. a withdrawal made as the
8 result of the death or disability of the designated beneficiary of an
9 account; c. a withdrawal made on account of a scholarship (or
10 allowance or payment described in subparagraph (B) or (C) of
11 paragraph (1) of subsection (d) of section 135 of the federal Internal
12 Revenue Code of 1986, 26 U.S.C.s.135) received by the designated
13 beneficiary, but only to the extent of the amount of that scholarship,
14 allowance or payment; d. a rollover or change in designated
15 beneficiary which would not result in a distribution includible in
16 federal gross income under section 529 of the federal Internal
17 Revenue Code of 1986, 26 U.S.C.s.529; or e. any other withdrawal
18 if the failure of the program to impose a more than de minimis penalty
19 on the withdrawal would cause the program not to be a qualified State
20 tuition program under section 529 of the federal Internal Revenue
21 Code of 1986, 26 U.S.C.s.529;

22 "Program" means the "New Jersey Better Educational Savings Trust
23 (NJBEST) Program" established pursuant to this article;

24 "Qualified higher education expenses" means expenses described in
25 paragraph (3) of subsection (e) of section 529 of the federal Internal
26 Revenue Code of 1986, 26 U.S.C.s.529 incurred in connection with
27 the enrollment of a designated beneficiary at a higher education
28 institution;

29 "Qualified withdrawal" means a withdrawal from an account to pay
30 the qualified higher education expenses of the designated beneficiary
31 of the account; but a withdrawal shall not be considered a qualified
32 withdrawal if the failure of the program to impose a more than de
33 minimis penalty on the withdrawal would cause the program not to
34 qualify as a qualified State tuition program under section 529 of the
35 federal Internal Revenue Code of 1986, U.S.C.s.529;

36 "Trust" means the "New Jersey Better Educational Savings Trust"
37 established pursuant to N.J.S.18A:71B-37.

38

39 18A:71B-37. New Jersey Better Educational Savings Trust Created.

40 There is created within the Higher Education Student Assistance
41 Authority the New Jersey Better Educational Savings Trust
42 (NJBEST). The trust shall provide a mechanism through which the
43 authority, as trustee, holds accounts established and maintained
44 pursuant to the provisions of this article to finance the cost of qualified
45 higher education expenses.

1 18A:71B-38. Administration of the Program; Powers of the
2 Authority.

3 The Higher Education Student Assistance Authority shall administer
4 the NJBEST Program. The authority shall have the power to:

- 5 a. serve as trustee of the trust;
- 6 b. adopt rules and regulations pursuant to the "Administrative
7 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to
8 carry out the provisions of this article;
- 9 c. prescribe and provide appropriate forms for participation in the
10 program;
- 11 d. select an investment manager and any other contractors needed
12 to manage and market the program;
- 13 e. monitor the investment manager and any other contractors by
14 audits and other reports;
- 15 f. collect reasonable administrative fees in connection with any
16 contract or transaction relating to the program;
- 17 g. impose penalties for nonqualified withdrawals;
- 18 h. take all actions required so that the program is treated as a
19 qualified State tuition program under section 529 of the federal
20 Internal Revenue Code of 1986, 26 U.S.C.s.529; and
- 21 i. perform any other acts which may be deemed necessary or
22 appropriate to carry out the objects and purposes of this article.

23

24 18A:71B-39. Immunity.

25 Neither the members of the authority, nor any officer or employee of
26 the authority shall be liable personally for the debts, liabilities or
27 obligations of the program established pursuant to this article.

28

29 18A:71B-40. Selection of Investment Manager.

30 a. The authority shall select an investment manager or managers to
31 invest the funds of the trust or the funds in accounts. In making this
32 selection, any investment manager shall be subject to the "prudent
33 person" standard of care applicable to the Division of Investment in
34 the Department of the Treasury pursuant to subsection b. of section 11
35 of P.L.1950, c.270 (C.52:18A-89), and the authority shall consider the
36 impact of fees and costs imposed by the manager or managers on yield
37 to contributors.

38 b. The authority may select more than one investment manager and
39 investment instrument for the program if it is in the best interest of
40 contributors and will not interfere with the administration of the
41 program.

42 c. The authority may provide a contributor with a choice of
43 investment managers or investment instruments or both for the
44 program if both of the following conditions exist:

- 45 (1) the federal Internal Revenue Service has provided guidance that
46 providing a contributor with a choice of investment managers or

1 instruments under a State tuition program will not cause the program
2 to fail to qualify for favorable tax treatment under section 529 of the
3 federal Internal Revenue Code of 1986, 26 U.S.C. s.529; and

4 (2) the authority concludes that a choice of investment managers or
5 of investment instruments is in the best interest of contributors and
6 will not interfere with the administration of the program.

7 d. If the authority terminates the designation of an investment
8 manager to hold accounts, and accounts must be moved from that
9 investment manager to another investment manager, the authority shall
10 select the investment manager and type of investment instrument to
11 which the balance of the account is moved, unless the federal Internal
12 Revenue Service provides guidance that allowing the contributor to
13 select among several investment managers or investment instruments
14 that have been selected by the authority would not cause a program to
15 cease to be a qualified State tuition program for the purposes of
16 section 529 of the federal Internal Revenue Code, 26 U.S.C. s.529.

17
18 18A:71B-41. Operation of Program; Fees.

19 a. The program shall be operated as a trust through the use of
20 accounts for designated beneficiaries. An account may be opened by
21 any person who desires to save to pay the qualified higher education
22 expenses of an individual by satisfying each of the following
23 requirements:

24 (1) completing an application in the form prescribed by the
25 authority;

26 (2) paying the one-time application fee established by the authority;

27 (3) making the minimum contribution required by the authority for
28 opening an account;

29 (4) designating the account or accounts to be opened; and

30 (5) in the case of an account to which subsection a. of
31 N.J.S.A.18A:71B-44 would apply, demonstrating to the satisfaction
32 of the authority that either the contributor, if an individual, or the
33 designated beneficiary is a New Jersey resident. The requirement of
34 New Jersey residency for either the contributor or the designated
35 beneficiary would not apply to an account to which subsection b. of
36 N.J.S.18A:71B-44 would apply unless otherwise determined by the
37 authority.

38 b. Except as provided under N.J.S.18A:71B-42, only the contributor
39 may make contributions to an account after the account is opened.

40 c. Contributions to accounts shall be made only in cash, as defined
41 by the authority pursuant to regulations, in accordance with section
42 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

43 d. Contributors may withdraw all or part of the balance from an
44 account on sixty days' notice or a shorter period, as may be authorized
45 by the authority pursuant to regulations.

46 e. A contributor may change the designated beneficiary of an

1 account or rollover all or a portion of an account to another account
2 if the change or rollover would not result in a distribution includible
3 in gross income under section 529 of the federal Internal Revenue
4 Code of 1986, 26 U.S.C.s.529, in accordance with procedures
5 established by the authority.

6 f. In the case of any nonqualified withdrawal, a penalty at a level
7 established by the authority and sufficient to be considered a more than
8 de minimis penalty for purposes of section 529 of the federal Internal
9 Revenue Code of 1986, 26 U.S.C.s.529, shall be withheld and paid to
10 the authority for use in operating and marketing the program. The
11 authority may elect not to impose a penalty if that section ceases to
12 include a provision requiring more than de minimis penalties for a
13 program to qualify as a qualified State tuition program.

14 g. If a contributor makes a nonqualified withdrawal and a penalty
15 amount is not withheld pursuant to subsection f. of this section or the
16 amount withheld is less than the amount required to be withheld under
17 that subsection, the contributor shall pay the unpaid portion of the
18 penalty to the authority at the same time that the contributor files a
19 State income tax return for the taxable year of the withdrawal, or if the
20 contributor does not file a return, the unpaid portion of the penalty
21 shall be paid on or before the due date for the filing of that income tax
22 return.

23 h. Each account shall be maintained separately from each other
24 account under the program.

25 i. Separate records and accounting shall be maintained for each
26 account for each designated beneficiary.

27 j. A contributor to or designated beneficiary of any account shall not
28 direct the investment of any contributions to an account or the
29 earnings from the account, except as permitted under section 529 of
30 the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

31 k. A contributor or a designated beneficiary shall not use an interest
32 in an account as security for a loan. Any pledge of an interest in an
33 account is of no force and effect.

34 l. The maximum contribution for any designated beneficiary shall be
35 determined by the authority pursuant to regulations, in accordance
36 with section 529 of the federal Internal Revenue Code of 1986, 26
37 U.S.C.s.529.

38 m. Statements, reports on distributions and information returns
39 relating to accounts shall be prepared, distributed, and filed to the
40 extent required by section 529 of the federal Internal Revenue Code
41 of 1986, 26 U.S.C.s.529, or regulations issued thereunder.

42 n. The authority may charge, impose and collect reasonable
43 administrative fees and service charges in connection with any
44 agreement, contract or transaction relating to the program. These fees
45 and charges may be imposed directly on contributors or may be taken
46 as a percentage of the investment earnings on accounts.

1 o. The State or any State agency, municipality, or other political
2 subdivision may, by contract or collective bargaining agreement, agree
3 with any employee to remit contributions to accounts through payroll
4 deductions made by the appropriate officer or officers of the State,
5 State agency, county, municipality, or political subdivision. The
6 contributions shall be held and administered in accordance with this
7 act.

8
9 18A:71B-42. NJBEST Scholarship; Conditions.

10 a. An amount of no less than \$500 shall be provided by the State for
11 the qualified higher education expenses of a designated beneficiary at
12 the time of a qualified withdrawal provided that:

13 (1) the contributor demonstrates, to the satisfaction of the authority,
14 that the contributor participated in the program for at least four years
15 by making a qualifying minimum initial deposit or qualifying minimum
16 annual contributions, or both, as shall be determined by the authority,
17 for a designated beneficiary;

18 (2) the designated beneficiary demonstrates, to the satisfaction of
19 the authority, attendance or enrollment in a higher education
20 institution in this State, at the time of initial attendance or enrollment
21 in the higher education institution; and

22 (3) either the contributor, if an individual, or the designated
23 beneficiary demonstrates, to the satisfaction of the authority, that the
24 contributor or designated beneficiary is a New Jersey resident.

25 b. The amount provided under subsection a. of this section shall
26 meet the requirements of a qualified scholarship within the meaning of
27 section 117 of the federal Internal Revenue Code of 1986, 26
28 U.S.C.s.117, for a designated beneficiary satisfying the requirements
29 of subsection a. of this section.

30 c. A designated beneficiary shall not receive more than one State
31 scholarship provided pursuant to subsection a. of this section.

32
33 18A:71B-43. Determination of Dollar Amount of Account.

34 Annually, the authority shall determine a dollar amount of an
35 account, which shall not be less than \$25,000, which shall not be
36 considered in evaluating the financial needs of a student enrolled in an
37 institution of higher education located in the State of New Jersey, or
38 be deemed a financial resource or a form of financial aid or assistance
39 to a student, for purposes of determining the eligibility of a student for
40 any scholarship, grant, or monetary assistance awarded by the State;
41 nor shall the amount of any account as determined by the authority
42 provided for a designated beneficiary under this article reduce the
43 amount of any scholarship grant or monetary assistance which the
44 student is entitled to be awarded by the State.

45
46 18A:71B-44. Assurance of Availability of Principal.

1 a. If the investment manager is the Division of Investment in the
2 Department of the Treasury, in order to assure the availability of
3 principal of any amount contributed under this article, there shall be
4 paid to the authority for deposit in the trust, at the time of distribution,
5 subject to appropriation, such sum, if any, as shall be certified by the
6 chairperson of the authority as necessary to provide that amount at the
7 time of distribution. The chairperson shall make and deliver to the
8 Governor, or his designee, the certificate stating the sums, if any,
9 required to make available in the trust the amount aforesaid, and the
10 sums so certified shall be appropriated and paid to the authority during
11 the then current State fiscal year.

12 b. If the investment manager is a private entity, the investment of
13 the principal and interest of any amount contributed under this article
14 shall be backed by the full faith and credit of the United States or be
15 fully insured by the Federal Deposit Insurance Corporation or other
16 similar insurer backed by the full faith and credit of the United States.
17 No account balance shall exceed the maximum amount of insurance
18 provided by the insurer. No investment is permitted in derivatives of
19 eligible securities, and any investment must be designed to balance
20 prospective payments according to the guidelines established.

21

22 18A:71B-45. Construction.

23 a. Nothing in this article shall be construed to:

24 (1) guarantee that a designated beneficiary will be admitted to a
25 higher education institution or be allowed to continue enrollment at or
26 graduate from a higher education institution after admission;

27 (2) establish State residency for a person merely because the person
28 is a designated beneficiary; or

29 (3) guarantee that amounts saved pursuant to the program will be
30 sufficient to cover the qualified higher education expenses of a
31 designated beneficiary.

32 b. Nothing in this article establishes any obligation of this State or
33 any agency or instrumentality of this State to guarantee for the benefit
34 of any contributor or designated beneficiary any of the following:

35 (1) the rate of interest or other return on any account; or

36 (2) the payment of interest or other return on any account.

37 c. Nothing in this article establishes any obligation or liability of this
38 State or any agency or instrumentality of this State with respect to any
39 federal or State tax liability of any contributor or designated
40 beneficiary in this program.

41 d. Under regulations promulgated by the authority, every contract
42 and application that may be used in connection with a contribution to
43 an account shall clearly indicate that the account is not insured by this
44 State nor is the investment return guaranteed by this State.

45

46 Article 8. Veterinary Medical Education.

1 18A:71B-46. Contracts with Accredited Schools of Veterinary
2 Medicine.

3 The authority is hereby authorized to contract with any and all
4 accredited schools of veterinary medicine in the United States for the
5 acceptance of students who are residents of New Jersey for at least 12
6 months and desire to study veterinary medicine, and to expend
7 annually within the limits of available appropriations such sums as are
8 necessary to accomplish the intent of this act.

9

10 18A:71B-47. Contracts with Consent of Advisory Committee;
11 Members.

12 All contracts provided for in N.J.S.18A:71B-46 shall only be entered
13 into by the authority with the advice and consent of an advisory
14 committee consisting of the following: the Dean of the Cook College,
15 Rutgers, the State University of New Jersey, or a designee; the
16 President of the New Jersey Veterinary Medical Association; the
17 Secretary of the New Jersey Veterinary Medical Examining Board; and
18 four New Jersey veterinarians appointed by the Governor for terms of
19 four years each.

20

21 18A:71B-48. Organization of Committee; Expenses.

22 The advisory committee shall organize annually by the appointment
23 of one of its members as chairperson and one as vice-chairperson.
24 Members shall serve without compensation, but shall be entitled to all
25 necessary expenses.

26

27 Article 9. State Aid to Schools of Professional Nursing.

28

29 18A:71B-49. Definitions.

30 As used in this article:

31 "Operational expense" means those funds devoted to or required for
32 the regular or ordinary expenses of the school of professional nursing,
33 including administration, maintenance and salary expenses;

34 "School of professional nursing" means a school in New Jersey
35 offering a program of nursing instruction not exceeding four years
36 beyond high school, which is affiliated with a hospital and holds a
37 certificate of accreditation issued by the New Jersey Board of Nursing,
38 provided that the school is not eligible to receive State aid for its
39 nursing program under any other law;

40 "Student" means any full-time student who is a resident of this State
41 and who enters a school of professional nursing to begin a program of
42 nursing instruction or any part-time student who is a resident of this
43 State who enters an upper division program of nursing instruction in
44 a school of professional nursing.

45

46 18A:71B-50. Application for State Support; Form of Application;

1 Certificate of Accreditation by New Jersey Board of Nursing.

2 A school of professional nursing may apply for and receive State aid
3 towards the operational expense of the school. The application shall
4 be upon forms prepared and provided by the authority and shall
5 contain such information as the authority shall require. Each
6 application shall be first submitted to the New Jersey Board of Nursing
7 which shall certify thereon whether the school is accredited and
8 whether or not the accreditation has been suspended or revoked.

9

10 18A:71B-51. Operational Support by State; Limitation.

11 Within the limits of funds appropriated for purposes of this article,
12 any school of professional nursing whose application has been
13 approved by the authority shall be entitled to receive State aid for the
14 operational expense of the school to the extent of one-half thereof or
15 \$600 per full-time student, whichever is the lesser amount and a pro
16 rata amount for part-time students.

17

18 **Part 3.—Student Loans**

19

20 Article 1. Federal Student Loan Program

21

22 18A:71C-1. Administration by the authority.

23 It shall be the duty of the authority to administer the Federal Family
24 Education Loan Program for this State. The authority shall adopt
25 rules and regulations, and prescribe and provide appropriate forms for
26 application as may be necessary or appropriate for administering the
27 programs of a State guaranty agency, pursuant to 20 U.S.C. s.1071 et
28 seq.

29 As used in this act:

30 “Federal Family Education Loan” (FFEL) program mean the
31 programs of the United States government making low interest loans
32 available to students or parents of students to pay for their cost of
33 attending post-secondary institutions established pursuant to 20
34 U.S.C. s.1071.

35 “Federal loan” or “FFEL Loan” means any loan made under the
36 FFEL program.

37 “Guaranty agency” means any State agency or not-for-profit
38 corporation which has entered into an agreement with the United
39 States Secretary of Education to guarantee loans made under the
40 FFEL program and which guarantees loans to eligible residents and
41 nonresidents of this State.

42

43 18A:71C-2. Application; Grounds for Approval.

44 Any application for a federal loan under this article shall be
45 submitted to the authority for its approval, and the authority shall
46 approve the application only if it finds that the applicant is an eligible

1 borrower under the "Higher Education Act of 1965," Pub.L.89-329
2 (20 U.S.C. s.1001 et seq.), and implementing rules and regulations,
3 and has complied with all rules adopted by the authority pursuant to
4 this article in connection with the granting of the loans.

5
6 18A:71C-3. Approval and Granting of Federal Loan.

7 Upon approval by the authority of a federal loan application, any
8 eligible lender may make a loan as approved and upon the terms and
9 conditions required under this article, but no moneys shall be advanced
10 or paid under any loan until the applicant has satisfied the authority,
11 and the eligible institution certifies to the lender that the applicant, or
12 the person on behalf of whom the parent is the applicant, has been
13 admitted to, or is in regular attendance and in good standing at, an
14 eligible institution located in this State or elsewhere. Any lender
15 making a loan shall cooperate with the authority in supervising the use
16 of credit in accordance with its purposes. If disbursement of loan
17 proceeds is in the form of a check, the check representing the loan
18 proceeds shall be made payable to the applicant and the eligible
19 institution jointly, except when the applicant is attending an eligible
20 institution not located in the United States, in which instance the check
21 may be made payable to the applicant only. Disbursement may also be
22 made by master check, electronic funds transfer, or other methods
23 permitted under 20 U.S.C. s.1071 et seq.

24
25 18A:71C-4. Federal Loan Evidenced by Note; Interest Rate;
26 Method of Payment; Security.

27 Each federal loan made under this article shall:

- 28 a. be evidenced by a note or other obligation approved by the
29 authority;
- 30 b. bear interest at a rate not exceeding the maximum percentage per
31 annum permitted under 20 U.S.C. s.1071 et seq. and implementing
32 rules and regulations;
- 33 c. be payable in such manner or in such installments as permitted
34 under 20 U.S.C. s.1071 et seq. and implementing rules and
35 regulations; and
- 36 d. be secured only by the personal liability of the maker, and not by
37 any endorsers, co-maker's collateral, or other security, except as may
38 be permitted under 20 U.S.C. s.1071 et seq. and implementing rules
39 and regulations.

40
41 18A:71C-5. Extension and Refinancing of Federal Loans.

42 Any loan made under this article may be extended or refinanced at
43 the discretion of the lender without affecting the obligation of the
44 authority hereunder for such period and under such terms as permitted
45 under 20 U.S.C. s.1071 et seq. and implementing rules and
46 regulations, and any loan may be reduced at any time at the option of

1 the borrower.

2

3 18A:71C-6. Purchase of Notes.

4 Whenever any approved note, including notes held by the authority
5 in the Higher Education Student Assistance Fund, or any installment
6 thereon, shall be in default as defined under 20 U.S.C. s.1071 et seq.,
7 upon the death or total and permanent disability of the borrower, or
8 upon any other reason for payment of a claim permitted under 20
9 U.S.C. s.1071 et seq., the authority shall, upon the demand of a lender
10 and subject to a lender's meeting federal and authority due diligence
11 requirements, purchase the note by paying to the lender or by
12 transferring to the Higher Education Student Assistance Fund out of
13 the Loan Reserve Fund, the amount of principal, interest and other
14 permissible charges then due and owing on the note, as herein
15 provided.

16

17 18A:71C-7. Falsely Securing Federal Loan a Misdemeanor; Penalty.

18 Any person who, having obtained a federal loan under this act,
19 solicits, applies for, or accepts another such loan, except as specifically
20 authorized in this act, and any person who knowingly or willfully
21 furnishes any false or misleading information for the purpose of
22 obtaining a loan, or of enabling another to obtain a loan, under this
23 act, shall be guilty of a crime of the fourth degree.

24

25 18A:71C-8. Repayment—Compromises, Modifications and Other
26 Determinations Made by Authority.

27 The authority may, with respect to the exercise of its functions
28 related to loans guaranteed by it under this article, to the extent
29 consistent with 20 U.S.C. s.1071 et seq. and notwithstanding the
30 provisions of any other law to the contrary:

31 a. consent to the modification, with respect to rate of interest, time
32 of payment of principal or interest or any portion thereof, or other
33 provisions of any note, or any instrument securing a loan which has
34 been guaranteed by the authority;

35 b. authorize payment or compromise, subject to the approval or
36 approvals required under the authority's write off and compromise
37 procedures, of any claim upon or arising as a result of any such
38 guaranty; and

39 c. authorize payment, compromise, waiver or release, of any debt,
40 right, title, claim, lien or demand, however acquired, including any
41 equity or right of redemption, and the waiver or release of any debt,
42 right, title, claim, lien or demand including any equity or right of
43 redemption shall be sufficient if executed by the executive director or
44 designee on behalf of the authority. The register or county clerk of
45 any county and the clerk of any court is hereby authorized to cancel of
46 record any lien, including, but not limited to, judgments, chattel

1 mortgages and conditional sales agreements whenever the document
2 evidencing the cancellation or request for cancellation is signed by the
3 executive director or designee on behalf of the authority. The register
4 and the clerk of any county are authorized to record any documents of
5 the authority signed by the executive director or designee.

6
7 18A:71C-9. Contracts, Promissory Notes, made by Minor, Valid
8 and Binding.

9 Any contract, promissory note, or other written obligation made by
10 any minor to repay or secure payment of a loan made under this
11 article, payment whereof is guaranteed or insured by the authority, or
12 which forms part of the same transaction as the making of the loan
13 shall, notwithstanding any provision of law to the contrary, be as valid
14 and binding as if the person were at the time of the making and
15 execution 18 years of age, and it may be enforced in any action or
16 proceeding by or against the person in his own name, and shall be valid
17 without the consent of the parent or guardian of the person, and the
18 person shall not disaffirm the instrument because of his age, nor shall
19 the person hereafter interpose the defense that he is, or was, at the
20 time of the making and execution, a minor in any action or proceeding
21 arising out of any such loan.

22
23 18A:71C-10. Deduction of Overdue Student Loan Payments From
24 Wages of Employees of the State, Institution of Higher Education and
25 Public Authorities.

26 Whenever any officer or employee of the State of New Jersey, a
27 public institution of higher education in this State now or hereafter
28 established or authorized by law, any independent institution of higher
29 education in this State now or hereafter established that receives State
30 funds, or any public authority established pursuant to State law, has
31 failed to make scheduled payments to the Higher Education Student
32 Assistance Authority on any note held by that authority pursuant to
33 N.J.S.18A:71C-6, there shall be deducted from the wages of the
34 employee the full amount of both any arrears payment and any
35 schedule payment due to the Higher Education Student Assistance
36 Authority until such time as the note is fully satisfied.

37 In the case of State officers or employees on the centralized regular
38 bi-weekly payroll, the Department of the Treasury shall make the
39 deduction and shall transmit the payments to the Higher Education
40 Student Assistance Authority, but the Department of the Treasury
41 shall retain an amount, as established by regulation of the authority, of
42 the moneys collected to defray the cost of collection.

43 In the case of officers and employees not on the centralized regular
44 bi-weekly payroll, the chief financial officer of the institution or the
45 public authority shall make the deduction and transmit the payments
46 to the Higher Education Student Assistance Authority, but the

1 institution or public authority shall retain an amount, as established by
2 regulations of the Higher Education Student Assistance Authority, of
3 the moneys collected to defray the cost of collection.

4
5 18A:71C-11. Regulations.

6 The Department of the Treasury and the authority shall jointly
7 promulgate regulations concerning the procedures and methods to be
8 employed for the implementation of the provisions of this act
9 concerning deductions for overdue student loan payments from
10 wages. The regulations shall be consistent with all federal
11 requirements or limitations regarding any information utilized in any
12 collection, and shall in addition provide for due notice to the employee
13 of an opportunity for a hearing upon request prior to any collection.

14
15 18A:71C-12. Deduction of Overdue Student Loan Payments from
16 Wages of County and Municipal Employees.

17 Whenever any officer or employee of a county or municipality has
18 failed to make scheduled payments to the authority on any note held
19 by the authority pursuant to N.J.S.18A:71C-6, the chief financial
20 officer of the appropriate local unit shall deduct from the wages of the
21 employee the full amount of both any arrears payment and any
22 scheduled payment due to the authority, but the local unit shall retain
23 an amount not to exceed 1% of the moneys collected to defray the
24 cost of collection.

25
26 18A:71C-13. Guidelines for Payment of Arrearages.

27 The Division of Local Government Services in the Department of
28 Community Affairs, in conjunction with the Department of the
29 Treasury and the Higher Education Student Assistance Authority, shall
30 prepare guidelines concerning the procedures and methods to be
31 employed by local units for the implementation of N.J.S. 18A:71C-12.
32 The guidelines, and all actions taken by local units, shall be consistent
33 with all federal regulations and limitations regarding any information
34 utilized in any collection.

35
36 18A:71C-14. Deduction of Overdue Student Loan Payments From
37 Wages of Certain Boards or Authorities.

38 Whenever any officer or employee of a local board of education, a
39 county or municipal board of health or an autonomous authority
40 created by a county or municipality pursuant to statute has failed to
41 make scheduled payments to the Higher Education Student Assistance
42 Authority on any note held by that authority pursuant to
43 N.J.S.18A:71C-6, the board or autonomous authority shall deduct
44 from the wages of the employee the full amount of both any arrears
45 payment and any scheduled payment due to the Higher Education
46 Student Assistance Authority until such time as the note is fully

1 satisfied. The board or autonomous authority shall transmit the
2 payments to the Higher Education Student Assistance Authority, but
3 the board or autonomous authority may retain an amount of the
4 moneys collected as established by regulations of the Higher
5 Education Student Assistance Authority to defray the cost of
6 collection.

7

8 18A:71C-15. Guidelines for Payment of Arrearages.

9 The Department of Education and the Division of Local Government
10 Services in the Department of Community Affairs, in conjunction with
11 the Department of the Treasury and the Higher Education Student
12 Assistance Authority, shall prepare guidelines concerning the
13 procedures and methods to be employed by boards and autonomous
14 authorities for the implementation of N.J.S. 18A:71C-14. The
15 guidelines, and all actions taken by a board or autonomous authority
16 pursuant to this act, shall be consistent with all federal regulations or
17 limitations regarding any information utilized in any collection.

18

19 18A:71C-16. Deduction of Overdue Student Loan Payments From
20 Wages of Employees of the Private Sector.

21 Whenever any officer or employee or any employer within or
22 outside this State not described in N.J.S.18A:71C-10, N.J.S.18A:71C-
23 12 or N.J.S.18A:71C-14 has failed to make scheduled payments to the
24 Higher Education Student Assistance Authority on any note or other
25 written obligation held by that authority, there shall be deducted from
26 the wages of the employee the full amount of both any arrears
27 payment and any scheduled payment due to the Higher Education
28 Student Assistance Authority until such time as the note or other
29 written obligation is fully satisfied.

30 The employer shall retain an amount, as established by regulations
31 promulgated jointly by the Department of the Treasury and the Higher
32 Education Student Assistance Authority, of the moneys collected to
33 defray the cost of collection.

34 An employer may not discharge from employment, refuse to employ,
35 or take disciplinary action against an individual subject to wage
36 deduction in accordance with this section by reason of the fact the
37 individual's wages have been subject to wage deduction under this
38 section, and the individual may sue in a State court of competent
39 jurisdiction any employer who takes this action. The court shall award
40 attorneys' fees to a prevailing employee and, in its discretion, may
41 order reinstatement of the individual, award punitive damages and
42 back pay to the employee, or order another remedy as may be
43 reasonably necessary.

44

45 18A:71C-17. Lien Not Treated as Wage Execution.

46 The lien against an employee's wages undertaken pursuant to

1 N.J.S.18A:71C-10, N.J.S.18A:71C-12, N.J.S.18A:71C-14 and
2 N.J.S.18A:71C-16 shall not be considered an execution against wages
3 pursuant to N.J.S.2A:17-52, and shall not prevent the simultaneous
4 satisfaction of an execution from the amount of wages remaining after
5 the satisfaction of this debt.

6

7 18A:71C-18. Exchange of Information with Other State
8 Departments and Agencies.

9 The authority may use the following procedures to locate borrowers
10 who have failed to make scheduled payments to the authority on any
11 note held by the authority:

12 a. the authority may furnish the name and Social Security number of
13 a delinquent or defaulted borrower to the Division of Pensions and
14 Benefits, the Division of Taxation, the Division of Motor Vehicles, the
15 Department of Human Services, the Casino Control Commission, and
16 any State professional or licensing board or body. Except as
17 prohibited by federal or State law, these departments, divisions,
18 boards, and bodies shall return to the authority the address of any
19 borrower or the address of the employer of any borrower that appears
20 in its most recent records;

21 b. the authority may furnish the name and Social Security number of
22 any delinquent or defaulted borrower to the Department of Labor.
23 Except as prohibited by federal or State law, the Department of Labor
24 shall return to the authority the address of the employer of any such
25 borrower that appears in its most recent records;

26 c. the authority shall reimburse the department, division, board or
27 body listed in subsections a. and b. of this section for any costs
28 associated with services performed pursuant to this section.
29 Information furnished to the authority by the entities listed in
30 subsections a. and b. shall be considered confidential and shall not be
31 disclosed except to a federal department or agency entitled to the
32 information because the disclosure is necessary for the proper
33 administration of this article.

34

35 18A:71C-19. Professional or Occupational Misconduct.

36 a. Notwithstanding provisions of any law to the contrary, any State
37 professional or occupational licensing board shall define a borrower's
38 delinquent or default status of any loan made or guaranteed by the
39 authority as misconduct punishable by the denial, suspension, or
40 revocation of the borrower's professional or occupational license by
41 that board.

42 b. For the purposes of this section:

43 "License" means the whole or part of any State agency permit,
44 certificate, approval, registration, charter or similar form of permission
45 to engage in a profession, trade, business or occupation and any
46 notification required to be made to any State agency that a profession,

1 trade, business or occupation is being engaged in or is expected to be
2 commenced; provided that “license” shall not include any original
3 charter or certificate of incorporation granted by any State agency;

4 “State agency” means the legislative or executive branch of the
5 State, including, but not limited to, any department, board, bureau,
6 commission, division, office, council, agency, or instrumentality
7 thereof, or independent agency, public authority or public benefit
8 corporation.

9
10 18A:71C-20. Deductions of Overdue Payments from State Lottery
11 Winnings.

12 a. The Director of the Division of State Lottery in the Department
13 of the Treasury and the executive director shall initiate an ongoing
14 data exchange in the Office of Telecommunications and Information
15 Systems in the Department of the Treasury before a payment is made
16 of a State lottery prize in excess of \$1,000.

17 b. The executive director shall periodically supply the Office of
18 Telecommunications and Information Systems with a list of those
19 individuals with delinquent or defaulted student loan repayments to the
20 authority.

21 c. The Director of the Division of State Lottery shall promptly
22 provide the Office of Telecommunications and Information Systems
23 with a prize winners list, which shall include the prize claimant’s name,
24 address and Social Security number and the amount of the pending
25 payment.

26 d. The Office of Telecommunications and Information Systems shall
27 cross check the lottery list with the data supplied by the executive
28 director for a Social Security number match. If a match is made, the
29 Office of Telecommunications and Information Systems shall notify the
30 authority.

31 e. If a lottery prize claimant is on the list of individual delinquents
32 or in default of a student loan, the authority shall promptly notify the
33 Department of the Treasury and the Division of the State Lottery of
34 the claimant’s name, address, Social Security number and the
35 outstanding amount of the student loan. The Department of the
36 Treasury shall, after withholding any appropriate amount for income
37 tax or such other withholdings as may be required under federal or
38 State law, withhold this amount from the pending lottery payment and
39 transmit this amount to the authority. If the amount of the student
40 loan outstanding is greater than the amount available from the lottery
41 payment, the entire amount available shall be transmitted to the
42 authority.

43 f. Any of the claimant’s lottery prize funds remaining after
44 withholding pursuant to subsection e. of this section shall be paid to
45 the claimant in accordance with lottery procedures.

46 g. The State Treasurer in consultation with the authority shall

1 promulgate, pursuant to the “Administrative Procedure Act,”
2 P.L.1968, c. 410 (C.52:14B-1 et seq), such rules and regulations as
3 may be necessary to effectuate the purpose of this section including,
4 but not limited to, regulations providing for prompt notice to any prize
5 winner from whose award the Department of the Treasury seeks to
6 withhold funds of the amount to be withheld and the reason therefor
7 and providing the prize winner with the opportunity for a hearing
8 upon request prior to the disposition of any funds. The State
9 Treasurer shall also provide, by regulation, safeguards against the
10 disclosure or inappropriate use of any personally identifiable
11 information regarding any person obtained pursuant to this section.
12 For purposes of this section, “prompt notice” shall mean within 14
13 days or less.

14

15 Article 2. State Loan Programs

16

17 18A:71C-21. College Loans to Assist State Students Loan Program.

18 There is hereby established within the authority a New Jersey
19 College Loans to Assist State Students (NJCLASS) Loan Program.
20 Under the NJCLASS Loan Program, the authority shall make loans
21 available in such amounts as necessary to ensure that student loans
22 remain generally available to, or for the benefit of, eligible students
23 who are not eligible for, or have additional financial need beyond, a
24 federally insured student loan and who meet the eligibility criteria set
25 forth in N.J.S.18A:71C-27.

26

27 18A: 71C-22. College Loans to Assist State Students Loan Fund.

28 a. The authority shall establish and maintain a special fund called the
29 “New Jersey College Loans to Assist State Students (NJCLASS) Loan
30 Fund” in which there shall be deposited: (1) all funds received by the
31 authority from the sale of State bonds as provided by law; (2) all
32 moneys appropriated by the State for the purpose of the fund; (3) all
33 funds contributed to the authority by private sources, to be used for
34 the purposes of this article; and (4) any other moneys or funds of the
35 authority, including the proceeds of bonds, bond anticipation notes,
36 and other obligations issued by the authority, which it determines to
37 deposit therein. Moneys in the NJCLASS Loan Fund shall be held and
38 applied to make loans pursuant to this article and to pay for the costs
39 of administering the NJCLASS Loan Program.

40 b. The sum total of all funds on deposit in the NJCLASS Loan Fund
41 shall be maintained in the amount determined by the authority to be
42 necessary to fulfill its responsibilities as set forth in this article.

43 c. Moneys in the NJCLASS Loan Fund at any time in excess of the
44 NJCLASS Loan Program requirements, whether by reason of
45 investment or otherwise, may be withdrawn at any time by the
46 authority and transferred to any other fund or account of the authority.

1 d. Moneys at any time in the NJCLASS Loan Fund may be invested
2 in any direct obligations of, or obligations as to which the principal
3 and interest thereof is guaranteed by, the United States of America or
4 such other obligations as the authority may approve.

5
6 18A: 71C-23. Eligible Borrower.

7 Loans under the NJCLASS Loan Program may be made to eligible
8 borrowers. An eligible borrower is an eligible student or any parent,
9 spouse, legal guardian or other relative providing financial support for
10 a dependent eligible student. The authority shall set maximum loan
11 amounts for each participant based on such factors as the cost of
12 attending the particular institution, family income, value of family
13 assets or other factors the authority may consider relevant. The loans
14 may be secured by such endorsement, co-maker's collateral or other
15 security as may be required by rules and regulations established by the
16 authority.

17
18 18A: 71C-24. Eligible Institution.

19 Unless restricted by the authority by regulations, "eligible
20 institution" means, for the purposes of this article only, an institution
21 of higher education licensed by the appropriate agency or department
22 and accredited or preaccredited by a nationally recognized accrediting
23 association. Eligible institutions shall also include certain proprietary
24 institutions but only for degree granting programs approved by the
25 commission or for other proprietary institutions as determined by the
26 authority.

27
28 18A: 71C-25. Maximum Loan Amounts.

29 The authority shall establish maximum annual loan amounts and
30 maximum total loan amounts which may be made under the NJCLASS
31 Loan Program; however, the amount of a NJCLASS Loan Program
32 loan may not exceed, in combination with other financial aid, the total
33 education costs of attending an eligible institution as determined by
34 that institution plus the amount of interest payments which may be
35 deferred pursuant to N.J.S.18A:71C-26.

36
37 18A:71C-26. Accrual of Interest; Payment.

38 Interest on each NJCLASS Loan Program loan shall accrue from the
39 date of the making of the loan; however, the payment of the principal
40 or the interest or both may be deferred until a time or times
41 determined by the authority. The rate of interest on each loan shall be
42 determined by the authority.

43
44 18A:71C-27. Student Eligibility.

45 a. Unless otherwise restricted by the authority by regulation, an
46 eligible student under the NJCLASS Loan Program shall:

1 (1) be a New Jersey resident enrolled on at least a part-time basis as
2 an undergraduate or graduate student in an eligible institution in New
3 Jersey; or

4 (2) be a New Jersey resident enrolled on at least a part-time basis as
5 an undergraduate or graduate student in an eligible institution outside
6 of New Jersey; or

7 (3) reside outside the State and be enrolled on at least a part-time
8 basis as an undergraduate or graduate student in an eligible institution
9 in New Jersey.

10 b. To be eligible for a NJCLASS loan financed in whole or in part
11 by qualified student loan bonds, as described under section 144(b) of
12 the Federal Internal Revenue Code of 1986, 26 U.S.C. s.144(b), the
13 student in addition to meeting the requirements of subsection a. of this
14 section, shall meet the eligiblity criteria described in section 144(b) of
15 the Federal Internal Revenue Code of 1986, 26 U.S.C. s.144(b), or not
16 be in violation of any other criteria which would result in the bonds no
17 longer to be qualified under section 144(b) of the Federal Internal
18 Revenue Code of 1986, 26 U.S.C. s.144(b).

19

20 18A: 71C-28. Limitations on Program; Fees.

21 a. The authority may limit the number of students who receive
22 NJCLASS Loan Program loans for attendance at any educational
23 institution with a default rate exceeding the standard which will be set
24 by the authority.

25 b. The authority may place a limitation upon the number of
26 NJCLASS Loan Program loans made pursuant to this article, if, in its
27 judgment, a limitation is necessary to preserve the fiscal viability of the
28 fund.

29 c. The authority may establish and collect a fee, to be paid by each
30 eligible borrower under the NJCLASS Loan Program to assist in the
31 support of the administration of the NJCLASS Loan Program by the
32 authority and to assist in covering the cost of loan defaults.

33

34 18A:71C-29. Applicability of Information Exchange, Collection
35 Procedures, Repayment Determinations and Other Federal Provisions.

36 Unless expressly limited to federal programs, the information
37 exchange, wage withholding, collection procedures, repayment
38 determinations, and other provisions set forth under article 1 of this
39 part shall apply to the NJCLASS Loan Program.

40

41 18A:71C-30. Act Not to Affect Higher Education Student
42 Assistance Fund.

43 Nothing in this article shall be construed to limit the power of the
44 authority to establish and maintain the Higher Education Student
45 Assistance Fund or to alter the terms and conditions of loans made to
46 students under that fund.

1 18A:71C-31. Falsely Securing State Loan a Misdemeanor; Penalty.
2 Any person who, having obtained a State loan under this act, solicits,
3 applies for, or accepts another such loan, except as specifically
4 authorized in this act, and any person who knowingly or willfully
5 furnishes any false or misleading information for the purpose of
6 obtaining a loan, or of enabling another to obtain a loan, under this
7 act, shall be guilty of a crime of the fourth degree.

8

9 Article 3. Loan Redemption Program

10

11 18A:71C-32. Definitions.

12 As used in N.J.S.18A:71C-32 through N.J.S.18A:71C-48:

13 “Eligible student loan expenses” means the cumulative total of the
14 annual student loans covering the cost of attendance at an
15 undergraduate institution of medical, dental, or other primary care
16 professional education. Interest paid or due on student loans that an
17 applicant has taken out for use in paying the costs of undergraduate
18 medical, dental, or other primary care professional education shall be
19 considered eligible for reimbursement under the program. The
20 authority may establish a limit on the total amount of student loans
21 which may be redeemed for participants under the program, provided
22 that the total redemption of student loans does not exceed \$120,000
23 either in State funds or the sum of federal, State, and other non-federal
24 matching funds, pursuant to section 338I of the Public Health Service
25 Act (42 U.S.C. s.254q-1), whichever is applicable.

26 “Health professional shortage area” (HPSA) means an urban or rural
27 area, a population group or a public or non-profit private medical
28 facility or other public facility which the Secretary of Health and
29 Human Services determines has a health professional shortage
30 pursuant to section 332 of the Public Health Service Act (42 U.S.C.
31 s.254e).

32 “Primary care” means the practice of family medicine, general
33 internal medicine, general pediatrics, general obstetrics, gynecology,
34 and any other areas of medicine which the Commissioner of Health and
35 Senior Services may define as primary care. Primary care also includes
36 the practice of general dentistry and pedodontics, as well as the
37 professions of nurse-practitioner, certified nurse-midwife, and
38 physician assistant.

39 “Primary Care Physician and Dentist Loan Redemption Program”
40 means a program which provides for the redemption of the eligible
41 student loan expenses of its participants.

42 “State designated underserved area” means a geographic area in this
43 State which has been ranked by the Commissioner of Health and
44 Senior Services on the basis of health status and economic indicators
45 as reflecting a medical or dental health professional shortage.

46 “Undergraduate medical, dental, or other professional primary care

1 professional education” means the period of time between entry into
2 medical school, dental school, or other primary care professional
3 training program and the award of the medical (M.D., D.O.) degree,
4 the dental (D.M.D., D.D.S.) degree, or other primary care professional
5 degree respectively.

6
7 18A:71C-33. Primary Care Physician and Dentist Loan Redemption
8 Program Established.

9 There is established a Primary Care Physician and Dentist Loan
10 Redemption Program within the Higher Education Student Assistance
11 Authority. The program shall provide for the redemption of a portion
12 of the eligible student loan expenses of program participants for each
13 year of service in a State designated underserved area.

14
15 18A:71C-34. Eligibility for Participation in Program.

16 To be eligible to participate in the Primary Care Physician and
17 Dentist Loan Redemption Program, an applicant shall:

- 18 a. be a resident of the State;
- 19 b. be a graduate of a medical school approved by the State Board
20 of Medical Examiners for the purpose of licensure and receive a
21 recommendation from the school’s medical staff concerning
22 participation in the loan redemption program in the case of a physician;
23 be a graduate of a dental school approved by the New Jersey State
24 Board of Dentistry for the purpose of licensure and receive a
25 recommendation from the school’s dental staff concerning
26 participation in the loan redemption program in the case of a dentist;
27 or be a graduate of another state-approved primary care professional
28 training program for the purpose of licensure or certification and
29 receive a recommendation from the program's professional staff
30 concerning participation in the loan redemption program in the case of
31 another primary care provider;
- 32 c. in the case of a physician, have completed an accredited residency
33 training program and received a recommendation from the director of
34 the training program concerning participation in the loan redemption
35 program; and
- 36 d. agree to practice primary care, as appropriate, in a State
37 designated underserved area.

38
39 18A:71C-35. Ranking of State Designated Underserved Areas.

40 The Commissioner of Health and Senior Services, after consultation
41 with the Commissioner of Corrections and the Commissioner of
42 Human Services, shall designate and establish a ranking of State
43 designated underserved areas. The criteria used by the Commissioner
44 of Health and Senior Services in designating areas shall include, but
45 not be limited to:

- 46 a. the financial resources of the population under consideration;

- 1 b. the population's access to primary care services; and
- 2 c. appropriate physician, dentist, or other primary care staffing in
- 3 State, county, municipal and private nonprofit health care facilities.

4 The Commissioner of Health and Senior Services shall transmit the
5 list of State designated underserved areas and the number of positions
6 needed in each area to the executive director or designee.

7

8 18A:71C-36. Entry into Program; Agreements.

9 A medical, dental, nursing, or other primary care student who is
10 eligible and interested in participating in the loan redemption program
11 shall sign a nonbinding agreement with the Higher Education Student
12 Assistance Authority or its designated agent upon completion of the
13 final year of undergraduate medical, dental, or other primary care
14 training, as appropriate. At the end of the final year or residency
15 training in the case of a physician; at the end of the final year of
16 undergraduate dental training or residency training if the training is
17 required in a primary care dental speciality in the case of a dentist; and
18 at the end of the final year of other primary care training in the case of
19 another primary care provider, the applicant shall sign a contractual
20 agreement with the authority or its designated agent. The agreement
21 shall specify the applicant's dates of required service, the initial period
22 to cover a minimum of two years, and the total amount of eligible
23 student loan expenses to be redeemed by the State in return for
24 service. The agreement shall also stipulate that the applicant has
25 knowledge of and agrees to the six-month probationary period
26 required prior to final acceptance into the program pursuant to
27 N.J.S.18A:71C-38.

28

29 18A:71C-37. Redemption Limits; Start of Service.

30 a. Maximum redemption of loans under the loan redemption
31 program shall amount to 18% of principal and interest of eligible
32 student loan expenses in return for one full year of service in a State
33 designated medically underserved area, an additional 26% for a second
34 full year of service, an additional 28% for a third full year of service
35 and an additional 28% for a fourth full year of service for a total
36 redemption of eligible student loan expenses of up to, but not to
37 exceed, \$120,000 either (1) in State funds or (2) the sum of federal,
38 State, and other non-federal funds pursuant to section 338I of the
39 Public Health Service Act (42 U.S.C. s.254q-1), whichever is
40 applicable. Service in a State designated underserved area shall begin
41 within two years of completion of the medical residency training
42 program in the case of a physician; within two years of completion of
43 undergraduate dental training or residency training if the training is
44 required in a primary care dental specialty in the case of a dentist; and
45 within two years of completion of other primary care professional
46 training if the training is required in the case of another primary care

1 provider.

2 b. A participant who enters an agreement to fulfill service in a State
3 designated underserved area that is also a federal HPSA shall be
4 permitted a total redemption of eligible student loan expenses for four
5 years of service up to, but not to exceed, the sum of federal, State and
6 other non-federal matching funds provided pursuant to section 338I of
7 the Public Health Service Act (42 U.S.C. s.254q-1).

8

9 18A:71C-38. Probationary Period.

10 Each program participant shall serve a six-month probationary
11 period upon initial placement in a service site within the State
12 designated underserved area. During that period, the medical or
13 dental staff of the service site, as appropriate, together with the
14 program participant, shall evaluate the suitability of the placement for
15 the participant. At the end of the probationary period, the medical or
16 dental staff shall recommend the continuation of the program
17 participant's present placement, a change in placement, or its
18 determination that the participant is an unsuitable candidate for the
19 loan redemption program. If the medical or dental staff of the service
20 site recommends a change in placement, the executive director or a
21 designee shall place the program participant in an alternate placement
22 within a State designated underserved area. If the medical or dental
23 staff determines that the program participant is not a suitable candidate
24 for the program, the executive director shall take this
25 recommendation into consideration in regard to the participant's final
26 acceptance into the program. No loan redemption payment shall be
27 made during the six-month probationary period; however, a program
28 participant shall receive credit for the six-month period in calculating
29 the first year of required service under the loan redemption contract.

30

31 18A:71C-39. Matching of Participants with Areas.

32 The executive director or designee, in consultation with the
33 Commissioner of Health and Senior Services, shall match program
34 participants to State designated underserved areas based upon the
35 ranking of the underserved areas established by the commissioner and
36 on the basis of participant preference.

37

38 18A:71C-40. Determination of Number of Positions; Selection of
39 Participants.

40 The executive director or designee shall annually determine the
41 number of program positions available on the basis of the need for
42 primary care physicians, dentists, and other primary care providers in
43 State designated underserved areas as determined by the
44 Commissioner of Health and Senior Services and the State and federal
45 funds available for the program. Once the number of program
46 positions has been determined, the executive director or designee shall

1 select the program participants from among those students who have
2 applied to the program and who meet the criteria established pursuant
3 to N.J.S.18A:71C-34. In selecting program participants, the executive
4 director shall accord priority to applicants in the following manner:

5 a. first, to any applicant who is completing a fourth, third or second
6 year of a loan redemption contract;

7 b. second, to any applicant whose residence in the State at the time
8 of entry into postsecondary education was within a State designated
9 underserved area; and

10 c. third, to any applicant according to the severity of the physician,
11 dentist, or other primary care provider shortage in the area selected by
12 the applicant.

13 In the event that there are more applicants who have the same
14 priority than there are program positions, the executive director shall
15 select participants by means of a lottery or other form of random
16 selection.

17

18 18A:71C-41. Nullification of Agreement.

19 A physician, dentist, or other primary care provider who has
20 previously entered into a contract with the authority may nullify the
21 agreement by notifying the authority in writing and reassuming full
22 responsibility for the remaining outstanding balance of the loan debt.
23 In no event shall service in a State designated underserved area for less
24 than the full calendar year of each period of service entitle the
25 participant to any benefits under the loan redemption program. A
26 participant seeking to nullify the contract before completing a second
27 full year of service shall be required to pay 50% of the redeemed
28 portion of indebtedness in not more than one year following
29 nullification of the agreement.

30

31 18A:71C-42. Death or Permanent Disability of Participant.

32 In case of a program participant's death or total and permanent
33 disability, the authority shall nullify the service obligation of the
34 student. The nullification shall terminate the authority's obligations
35 under the loan redemption contract, except in the event that a
36 participant's death or total and permanent disability occurs after the
37 second year of service, the authority shall redeem the current year of
38 service. When continued enforcement of the contract may result in
39 extreme hardship, the authority may nullify or suspend the service
40 obligation of the student.

41

42 18A:71C-43. Conviction of Crime; Gross Negligence; License
43 Suspension or Revocation.

44 In case of a program participant's conviction of a crime or an act of
45 gross negligence in the performance of service obligations or when the
46 license to practice has been suspended or revoked, the executive

1 director or designee shall have the authority to terminate the
2 participant's service in the program and require forfeiture of the
3 amount redeemed for the current year of service.

4
5 18A:71C-44. National Health Service Corps Loan Repayment
6 Program Participants Not Eligible.

7 A student who is participating in the federally administered National
8 Health Service Corps Loan Repayment Program, section 338B of the
9 Public Health Service Act (42 U.S.C. s.254 1-1), shall not be eligible
10 to participate simultaneously in the Primary Care Physician and Dentist
11 Loan Redemption Program.

12
13 18A:71C-45. Report on Performance.

14 Prior to repayment of the annual amount eligible for redemption,
15 each program participant shall report to the authority or its designated
16 agent, in such manner and form as it shall prescribe, information on the
17 participant's performance of service in the State designated
18 underserved area as required under the contract.

19
20 18A:71C-46. Recruitment.

21 The executive director or designee and the Commissioner of Health
22 and Senior Services, in cooperation with their designated agent, shall
23 together establish a procedure for the recruitment of program
24 applicants at medical and dental schools and health centers. The
25 procedure shall provide for the participation of the medical and dental
26 staff, as appropriate, of those facilities in the selection of appropriate
27 applicants for the program.

28
29 18A:71C-47. Federal Funds.

30 The authority shall annually apply for any federal funds which may be
31 available to implement the provisions of this act.

32
33 18A:71C-48. Rules and Regulations.

34 The authority shall adopt rules and regulations pursuant to the
35 "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1 et seq.)
36 necessary to implement the provisions of N.J.S.18A:71C-32 through
37 N.J.S.18A:71C-47.

38
39 2. (New section) Any board of education may accept, receive, add
40 to and hold in trust real or personal property, heretofore or hereafter
41 acquired by inter vivos or testamentary gift, for the purpose of
42 awarding scholarships to students for higher education in colleges,
43 universities and graduate schools, whether located within or without
44 this State, upon such terms and conditions, not inconsistent with this
45 section, as may be imposed by the donor of the property. The board
46 shall, by resolution, provide for the acceptance, application, custody

1 and management of property donated to it for higher education
2 scholarship purposes.

3

4 3. (New section) a. Any dependent of a prisoner of war or a person
5 missing in action, upon his being accepted to pursue a course of
6 undergraduate study in any private institution of higher education in
7 this State or in any public institution of higher education of this State
8 as enumerated in N.J.S.18A:62-1, shall be allowed to obtain a
9 bachelors degree, or certificate of completion, for so long as he is
10 eligible, free of tuition. Once a person qualifies as a dependent under
11 this act there shall be no situation such as the return of the parent or
12 the reported death of the parent that will terminate the eligibility of the
13 dependent to the benefits under this act.

14 b. As used in this section:

15 "Dependent" means any child born before, during or after the period
16 of time the child's parent was a prisoner of war or a person missing in
17 action, or any child legally adopted or in the legal custody of the
18 parent prior to, during or after the time the parent was a prisoner of
19 war or a person missing in action.

20 "Prisoner of war" and "person missing in action" means any person
21 who was a resident of this State at the time he or she entered service
22 of the United States Armed Forces, or whose official residence is
23 within this State, and who, while serving in said United States Armed
24 Forces, has been declared to be a prisoner of war, or to be a person
25 missing in action as established by the Secretary of Defense after
26 January 1, 1960.

27

28 4. (New section) As used in sections 4 through 11 of this act:

29 a. "Approved course of study" means any curriculum or any
30 combination of unit courses or subjects pursued at an educational
31 institution which is accepted for Veteran's Educational Assistance
32 pursuant to federal law.

33 b. "Approved educational institution" means (1) any academic,
34 professional or vocational school operating within this State or (2) any
35 graduate level school operating within the United States or (3) any
36 academic, professional or vocational school operating outside of this
37 State; provided that the institution shall have made a prior written
38 agreement to accept the tuition credit and reimbursement provided for
39 in sections 8 and 9 of this act; provided further, that no more than
40 20% of the eligible veterans under paragraphs (1) and (3) of this
41 subsection shall attend an approved educational institution operating
42 outside of this State. To qualify as an "approved educational
43 institution" under this act, an institution must have been approved for
44 Veteran's Educational Assistance pursuant to federal law.

45 c. "Department" means the Department of Military and Veterans'
46 Affairs and includes any deputies or employees of the department

1 designated to administer and enforce this act.

2 d. "Eligible veteran" means any veteran of the Armed Forces of the
3 United States residing in New Jersey who is or was eligible for
4 Veteran's Educational Assistance pursuant to federal law and who (1)
5 was domiciled in New Jersey at the time of his induction into the
6 armed forces, or (2) has been domiciled in New Jersey for a period of
7 not less than 12 consecutive months prior to the date of application,
8 exclusive of any time spent on active duty.

9

10 5. (New section) For the purposes of sections 4 through 11 of this
11 act:

12 a. (1) an institutional trade or technical course offered at a
13 nonaccredited school on a clock-hour basis involving shop practice as
14 an integral part thereof shall be considered a full-time course when a
15 minimum of 30 hours per week of attendance is required with no more
16 than two and one-half hours of rest periods per week and no more
17 than three hours of supervised study per week allowed;

18 (2) an institutional course offered at a nonaccredited school on a
19 clock-hour basis in which theoretical or classroom instruction
20 predominates shall be considered a full-time course when a minimum
21 of 25 hours per week net of instruction, which may include customary
22 intervals not to exceed 10 minutes between hours of instruction, is
23 required and no more than three hours of supervised study per week
24 is allowed;

25 b. (1) an institutional trade or technical course offered at an
26 accredited school on a clock-hour basis which leads to a standard
27 trade or technical degree and involves shop practice as an integral part
28 thereof shall be considered a full-time course when a minimum of 22
29 hours per week of attendance is required with no more than two and
30 one-half hours of rest periods per week and no more than three hours
31 of supervised study per week allowed;

32 (2) an institutional course offered at an accredited school on a
33 clock-hour basis which leads to a standard trade or technical degree
34 in which theoretical or classroom instruction predominates shall be
35 considered a full-time course when a minimum of 18 hours per week
36 of instruction, which may include customary intervals not to exceed 10
37 minutes between hours of instruction, is required and no more than
38 two and one-half hours of supervised study is allowed;

39 c. an academic high school course requiring 16 units for a full
40 course shall be considered a full-time course when a minimum of four
41 units per year is required. For the purpose of this subsection, a unit
42 is defined to be not less than 120 60-minute hours or their equivalent
43 of study in any subject in one academic year; and

44 d. an institutional undergraduate course offered by a college or
45 university on a quarter- or semester-hour basis shall be considered a
46 full-time course when a minimum of 14 semester hours or the

1 equivalent thereof, for which credit is granted toward a standard
2 college degree, including those for which no credit is granted but
3 which are required to be taken to correct an educational deficiency, is
4 required, except that when the college or university certifies, upon the
5 request of the department, that (a) full-time tuition is charged to all
6 undergraduate students carrying a minimum of less than 14 semester
7 hours or the equivalent thereof or (b) all undergraduate students
8 carrying a minimum of less than 14 semester hours or the equivalent
9 thereof are considered to be pursuing a full-time course for other
10 administrative purposes, then such an institutional undergraduate
11 course offered by the college or university with the minimum number
12 of semester hours shall be considered a full-time course, but in the
13 event the minimum number of semester hours is less than 12 semester
14 hours or the equivalent thereof, then 12 semester hours or the
15 equivalent thereof shall be considered a full-time course.

16 Each eligible veteran may select an approved course of study at any
17 approved educational institution selected by him, which will accept
18 and retain him as a student or trainee in any field or branch of
19 knowledge which the institution finds him qualified to undertake or
20 pursue.

21

22 6. (New section) Any eligible veteran who desires tuition credit
23 pursuant to this act, within eight years from the date of (a) his
24 separation from active duty or (b) March 3, 1976, whichever is later,
25 shall submit an application to the department which shall be in a form
26 and contain information as the department shall prescribe. The
27 department shall approve the application unless it finds that the
28 veteran is ineligible for or not entitled to tuition credit or that his
29 course of study is not approved pursuant to this act, or that he has
30 already been approved. The department shall notify the veteran and
31 his selected educational institution of the approval of his application.

32

33 7. (New section) a. Each eligible veteran shall be entitled to tuition
34 credit pursuant to this act in accordance with the following schedule:

- 35 (1) For a period of one semester, or the equivalent thereof in
36 part-time tuition credit, in the case of educational institutions regularly
37 operated on the semester system, for each three months or fraction
38 thereof of the veteran's service on active duty after December 31, 1960
39 and before May 7, 1975. If an eligible veteran has served a period of
40 18 months or more on active duty during such period of time, he shall
41 be entitled to tuition credit pursuant to this act for a period of eight
42 semesters, or the equivalent thereof in part-time tuition credit. The
43 maximum credit hereunder shall be for a period of eight semesters; or
44 (2) For a period of one-quarter, or the equivalent thereof in
45 part-time tuition credit, in the case of educational institutions regularly
46 operated on the quarter system, for each two months or fraction

1 thereof of the veteran's service on active duty after December 31, 1960
2 and before May 7, 1975. If an eligible veteran has served a period of
3 18 months or more on active duty during that period of time, he shall
4 be entitled to tuition credit pursuant to this act for a period of 12
5 quarters. The maximum credit hereunder shall be for a period of 12
6 quarters; or

7 (3) For a period of one and one-half months of any tuition period,
8 or the equivalent thereof in part-time tuition credit, in the case of
9 educational institutions not operated on the quarter or semester
10 system, for each month or fraction thereof of the veteran's service on
11 active duty after December 31, 1960 and before May 7, 1975. If an
12 eligible veteran has served a period of 18 months or more on active
13 duty during that period of time, he shall be entitled to tuition credit
14 pursuant to this act for 36 months of tuition credit, or the equivalent
15 thereof in part-time tuition credit. The maximum credit hereunder
16 shall be for a period of 36 months.

17 b. If an eligible veteran shall change his program of study from an
18 educational institution regularly operated on the quarter or semester
19 system or otherwise to an educational institution regularly operated on
20 a different system, the remainder of his credit shall accordingly be
21 redistributed by the department in such manner as to carry out the
22 intent of this act.

23

24 8. (New section) Benefits hereunder shall be in the form of tuition
25 credits limited by the lesser of full tuition or:

26 a. for educational institutions regularly operated on the semester
27 system, \$200 per semester.

28 b. for educational institutions regularly operated on the quarter
29 system, \$100 per quarter.

30 c. for educational institutions not regularly operated on the
31 semester or quarter system, \$400 per full school year prorated on an
32 equal basis as the department shall determine.

33 d. for veterans pursuing a program of part-time education, the
34 tuition credit shall be in such amounts as the department shall
35 determine. These veterans shall be eligible to receive awards during
36 summer terms, provided that the total award during the period from
37 September 1 to August 31 of any academic year does not exceed the
38 amount of assistance a full-time student at the same institution would
39 receive.

40

41 9. (New section) Reimbursement for tuition credit shall be made by
42 the State Treasurer to the approved educational institution upon
43 certification by the institution that the veteran is enrolled for the
44 current period and upon certification by the department that the
45 veteran is both eligible and entitled to tuition credit hereunder subject
46 to the provisions of section 11 of this act. Reimbursement for tuition

1 credit shall be made out of funds accumulated from the State Lottery.

2

3 10. (New section) Any benefits granted to eligible veterans
4 pursuant to this act shall not be considered income or an asset in
5 determining financial need for any financial assistance for higher
6 education provided pursuant to Title 18A of the New Jersey Statutes.

7

8 11. (New section) In the event that the amount appropriated in any
9 fiscal year is insufficient to carry out in full the provisions of sections
10 4 through 11 of this act, the department shall apportion the amount
11 among the eligible veterans applying for tuition credit in proportion to
12 the amount each veteran would be allocated if the full amount were
13 appropriated.

14

15 12. (New section) As used in sections 12 through 16 of this act:
16 "Vietnam veteran" means a resident of this State who:

17 a. served in the Armed Forces of the United States in Southeast
18 Asia in the Vietnam conflict and received a Vietnam Service Ribbon
19 or an Armed Forces Expeditionary Medal;

20 b. was honorably discharged or generally discharged under
21 honorable conditions; and

22 c. has been domiciled in New Jersey on April 9, 1985, for a period
23 of not less than two consecutive years, exclusive of any time spent on
24 active duty.

25

26 13. (New section) A Vietnam veteran, upon being accepted to
27 pursue a course of study for an initial undergraduate degree in a public
28 institution of higher education of this State as enumerated in
29 N.J.S.18A:62-1, shall be entitled to tuition assistance, while enrolled
30 as a student in good standing at that college, in an amount up to the
31 full tuition cost as determined by the Department of Military and
32 Veterans' Affairs pursuant to section 17 of this act.

33

34 14. (New section) A Vietnam veteran upon being accepted to
35 pursue a course of study for an initial undergraduate degree at an
36 independent college or university located in the State shall be entitled
37 to tuition assistance, while enrolled as a student in good standing at
38 that college or university, in an amount as determined by the
39 Department of Military and Veterans' Affairs pursuant to section 17 of
40 this act, but in an amount not more than the tuition charged at
41 Rutgers, The State University.

42

43 15. (New section) A tuition award shall not be granted pursuant
44 to sections 13 and 14 of this act, unless the Vietnam veteran has
45 applied for all other available State or federal student financial aid.

1 16. (New section) Eligibility for this program shall be limited to
2 a period of five years from April 9, 1985. A Vietnam veteran shall be
3 eligible for a tuition award for four academic years, unless he is
4 enrolled in an undergraduate program regularly requiring five
5 academic years for completion, in which case he shall be entitled to a
6 tuition award for a fifth year.

7
8 17. (New section) The Department of Military and Veterans'
9 Affairs shall, pursuant to the "Administrative Procedure Act,"
10 P.L.1968, c.410 (C.52:14B-1 et seq.), adopt the rules and regulations
11 necessary to effectuate the purposes of sections 3 through 16 of this
12 act.

13
14 18. (New section) In any fiscal year, the Commission on Higher
15 Education shall include in its proposed budget for that year the amount
16 identified by the authority needed to fund its responsibilities under the
17 "Minority Faculty Advancement Program Act," as well as any amounts
18 needed to fund commission responsibilities under the "Minority
19 Faculty Advancement Program Act." Funding shall be subject to the
20 amount of appropriations available therefor.

21
22 19. (New section) If the Congress of the United States enacts
23 legislation that exempts educational savings accounts from federal
24 income taxation, N.J.S.18A:71B-42 and N.J.S.18A:71B-43 shall apply
25 with respect to such educational savings accounts as if they were
26 accounts established under this article and the beneficiaries of the
27 accounts were designated beneficiaries subject to the approval of the
28 New Jersey Higher Education Student Assistance Authority.

29
30 20. (New section) As used in sections 20-25 of this act, "Initial
31 Active Duty Training" means Basic Military Training, for members of
32 the New Jersey Air National Guard, and Basic Combat Training and
33 Advanced Individual Training, for members of the New Jersey Army
34 National Guard.

35
36 21. (New section) Any member of the New Jersey National Guard
37 shall be permitted to attend regularly-scheduled courses at any public
38 institution of higher education in this State enumerated in
39 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
40 provided that:

41 a. the member has completed Initial Active Duty Training and is
42 in good standing as an active member of the New Jersey National
43 Guard;

44 b. the member has been accepted to pursue a course of
45 undergraduate study and is enrolled as an undergraduate student in
46 good standing at that institution;

1 c. the member has applied for all available State student grants and
2 scholarships and all available federal student grants and scholarships
3 for which the member is eligible; and

4 d. available classroom space permits and tuition-paying students
5 constitute the minimum number required for the course.
6

7 22. (New section) Any child or surviving spouse of a member of
8 the New Jersey National Guard who heretofore completed Initial
9 Active Duty Training and was killed in the performance of his duties
10 while on active duty with the New Jersey National Guard, or who
11 hereafter completes Initial Active Duty Training and is killed in the
12 performance of his duties while a member of the New Jersey National
13 Guard, shall be permitted to attend regularly-scheduled courses at any
14 public institution of higher education in this State enumerated in
15 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
16 provided that:

17 a. the child or spouse has been accepted to pursue a course of
18 undergraduate study and is enrolled as an undergraduate student in
19 good standing at that institution;

20 b. the child or spouse has applied for all available State student
21 grants and scholarships and all available federal student grants and
22 scholarships for which the child or spouse is eligible; and

23 c. available classroom space permits and tuition-paying students
24 constitute the minimum number required for the course.
25

26 23. (New section) The financial aid office of the public institution
27 shall advise the member, or surviving spouse or child of a member, of
28 any available State and federal student grants and scholarships for
29 which the member, or surviving spouse or child of a member, may be
30 eligible.
31

32 24. (New section) Nothing in sections 20 through 25 of this act shall
33 preclude a public institution of higher education from requiring the
34 payment of other fees, subject to approval by the State Treasurer, for
35 individuals attending courses pursuant to the provisions of sections 20
36 through 25 of this act.
37

38 25. (New section) The State Treasurer shall adopt, pursuant to the
39 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
40 seq.), rules and regulations necessary to implement the provisions of
41 sections 20 through 25 of this act.
42

43 26. Section 4 of P.L.1986, c.87 (C.18A:3-15.4) is amended to read
44 as follows:

45 4. An in-State university, college, business, trade or vocational
46 school may not offer, advertise, or by agreement with an out-of-State

1 institution, offer or advertise any academic degree from any
2 out-of-State university, college, business, trade or vocational school
3 when three-quarters or more of the degree requirements are obtained
4 by course work completed at the institution in New Jersey unless the
5 degree program [is consistent with the programmatic mission of the
6 institution or has been approved by the Commission on Higher
7 Education] was approved by the Board of Higher Education prior to
8 July, 1994, or has been reviewed by the New Jersey Presidents'
9 Council pursuant to section 8 of P.L.1994, c.48 (C.18A:3B-8) or is
10 a degree program at an institution specifically exempted from the
11 provisions of N.J.S.18A:68-6. No in-State university, college,
12 business, trade or vocational school may deliver such a degree
13 program unless licensed by the Commission on Higher Education,
14 following review by the council.
15 (cf: P.L.1994, c.48, s.37)

16

17 27. Section 3 of P.L.1994, c.48 (C.18A:3B-3) is amended to read
18 as follows:

19 3. For the purposes of this act, unless the context clearly requires
20 a different meaning:

21 "Authority" means the Higher Education Student Assistance
22 Authority established pursuant to N.J.S.18A:71A-3;

23 "Commission" means the New Jersey Commission on Higher
24 Education established by this act;

25 "Council" means the New Jersey Presidents' Council established by
26 this act;

27 "Programmatic Mission" means all program offerings consistent
28 within those levels of academic degrees or certificates that the
29 institution has been authorized to grant by the State Board of Higher
30 Education prior to the effective date of this act or approved thereafter
31 by the commission;

32 "Public Research University" means Rutgers, The State University
33 of New Jersey, the University of Medicine and Dentistry of New
34 Jersey and the New Jersey Institute of Technology;

35 "State college" means any of the State colleges or universities
36 established pursuant to chapter 64 of Title 18A of the New Jersey
37 Statutes including any State college designated as a teaching
38 university.

39 (cf: P.L.1994, c.48, s.3)

40

41 28. Section 6 of P.L.1994, c.48 (C.18A:3B-6) is amended to read
42 as follows:

43 6. The governing board of each public institution of higher education
44 shall have the following general powers and duties to fulfill its mission
45 and the Statewide goals in cooperation with other institutions and the
46 State coordinating structures:

- 1 a. To develop an institutional plan and to determine the programs
2 and degree levels to be offered by the institution consistent with this
3 plan and the institution's programmatic mission;
- 4 b. To have authority over all matters concerning the supervision
5 and operations of the institution including fiscal affairs, the
6 employment and compensation of staff not classified under Title 11A
7 of the New Jersey Statutes, and capital improvements in accordance
8 with law;
- 9 c. To set tuition and fees; however, prior to the date of the adoption
10 of a tuition or fee schedule or an overall institutional budget, and with
11 reasonable notice thereof, the governing board shall conduct a public
12 hearing at such times and places as will provide those members of the
13 college community who wish to testify with an opportunity to be
14 heard;
- 15 d. To establish admission standards and requirements and standards
16 for granting diplomas, certificates and degrees;
- 17 e. To recommend for appointment by the Governor, members to the
18 institution's governing board. The recommendation shall be made with
19 regard to the mission of the institution and the diversity of the
20 community to be served;
- 21 f. To have final authority to determine controversies and disputes
22 concerning tenure, personnel matters of employees not classified under
23 Title 11A of the New Jersey Statutes, and other issues arising under
24 Title 18A of the New Jersey Statutes involving higher education
25 except as otherwise provided herein. Any matter arising under this
26 subsection may be assigned to an administrative law judge, an
27 independent hearing officer or to a subcommittee of the governing
28 board for hearing and initial decision by the board, except for tenure
29 hearings under N.J.S.18A:6-18. Any hearings conducted pursuant to
30 this section shall conform to the requirements of the "Administrative
31 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The final
32 administrative decision of a governing board of a public institution of
33 higher education is appealable to the Superior Court, Appellate
34 Division;
- 35 g. To invest and reinvest the funds of the institution; however,
36 institutions which invest the funds of the institution through the
37 Director of the Division of Investment in the Department of the
38 Treasury on or before the effective date of this act shall continue to do
39 so, unless this requirement is waived by the State Treasurer on an
40 annual basis, which waiver shall not be unreasonably withheld;
- 41 h. To retain legal counsel of the institution's choosing. State entities
42 may choose representation by the Attorney General; however, as to
43 claims of a tortious nature, the institution shall elect within 75 days of
44 the effective date of this act whether it, and its employees, shall be
45 represented in all such matters by the Attorney General. If the
46 institution elects not to be represented by the Attorney General, it shall

1 be considered and its employees considered employees of a sue and be
2 sued entity for the purposes of the "New Jersey Tort Claims Act" only.
3 The institution shall be required in that circumstance to provide its
4 employees with defense and indemnification consistent with the terms
5 and conditions of the Tort Claims Act in lieu of the defense and
6 indemnification that such employees would otherwise seek and be
7 entitled to from the Attorney General pursuant to N.J.S.59:10-1 et
8 seq. and P.L.1972, c.48 (C.59:10A-1 et seq.);

9 i. To be accountable to the public for fulfillment of the institution's
10 mission and Statewide goals and for effective management of the
11 institution;

12 j. To submit a request for State support to the Division of Budget
13 and Accounting in the Department of the Treasury and to the
14 commission in accordance with the provisions of this act;

15 k. To have prepared and made available to the public an annual
16 financial statement, and a statement setting forth generally the moneys
17 expended for government relations, public relations and legal costs;

18 l. To have prepared an annual independent financial audit, which
19 audit and any management letters regarding that audit shall be deemed
20 public documents.

21 These powers and duties are in addition to and not a limitation of the
22 specific powers and duties provided for the governing board of each
23 public institution under chapters 64, 64A, 64G or 64E of Title 18A of
24 the New Jersey Statutes. If the provisions of this section are
25 inconsistent with these specific powers and duties, the specific powers
26 and duties shall govern.

27 (cf: P.L.1994, c.48, s.6)

28

29 29. Section 8 of P.L.1994, c.48 (C.18A:3B-8) is amended to read
30 as follows:

31 8. The council shall have the responsibility, consistent with State
32 and federal law, to:

33 a. provide public information and research on higher education
34 issues;

35 b. review and make recommendations to the commission concerning
36 proposals for new programs that exceed the programmatic mission of
37 an institution or that change the programmatic mission of an
38 institution;

39 c. review and comment on proposals for new programs that demand
40 significant added resources or raise significant issues of duplication but
41 do not exceed the programmatic mission of the institution or require
42 a change in the programmatic mission. If the council determines that
43 a proposed new program is unduly expensive or unduly duplicative,
44 the council shall refer that proposal to the commission for review;
45 however, unless the commission disapproves of that program within
46 60 days of its referral, the program shall be deemed approved;

- 1 d. encourage the formation of regional or other alliances among
2 institutions including interinstitutional transfers, program articulation,
3 cooperative programs and shared resources and develop criteria for
4 "full faith and credit" transfer agreements between county colleges and
5 other institutions of higher education. The council shall also keep
6 institutions apprised of the discontinuance of programs at other
7 institutions and each president shall notify the council of any such
8 action;
- 9 e. advise and assist the commission in developing and updating a
10 plan for higher education in the State including, but not limited to, the
11 establishment of new institutions, closure of existing institutions and
12 consolidation of institutions;
- 13 f. provide policy recommendations on Statewide higher education
14 issues;
- 15 g. recommend to the Governor, Legislature and commission on
16 policy and overall levels of funding for student aid programs necessary
17 to ensure accessibility to higher education;
- 18 h. transmit to the Governor, Legislature and commission a general
19 budget policy statement regarding overall State funding levels;
- 20 i. upon referral from the commission pursuant to this act provide
21 recommendations concerning institutional licensure and university
22 status; **[and]**
- 23 j. appoint subcommittees consisting of the presidents of the
24 institutions of the various higher education sectors to decide matters,
25 within the authority of the council. The presidents of the independent
26 institutions shall develop a unified request for State support under
27 chapter 72B of Title 18A of the New Jersey Statutes. The presidents
28 of the county college sector shall develop a unified request for State
29 support under chapter 64A of Title 18A of the New Jersey Statutes;
30 and
- 31 k. consult with the Higher Education Student Assistance Authority
32 concerning student assistance matters.
33 (cf: P.L.1995, c.268, s.2)
- 34
- 35 30. Section 12 of P.L.1994, c.48 (C.18A:3B-12) is amended to read
36 as follows:
- 37 12. a. There shall be established an executive board which performs
38 such duties as determined by the council. The executive board shall
39 be composed of 14 members as follows:
- 40 The president of Rutgers, The State University;
- 41 The president of the University of Medicine and Dentistry of New
42 Jersey;
- 43 The president of New Jersey Institute of Technology;
- 44 Three presidents of State Colleges who shall be selected by the
45 presidents of this sector;
- 46 Five presidents of county colleges who shall be selected by the

1 presidents of this sector;

2 Three presidents of independent institutions who shall be selected by
3 the presidents of this sector.

4 b. The chair of the executive board shall be rotated among the
5 following: one of the presidents of Rutgers, The State University of
6 New Jersey, the president of the University of Medicine and Dentistry
7 of New Jersey, and the president of New Jersey Institute of
8 Technology; a president selected by the presidents of the State
9 Colleges; a president selected by the presidents of the county colleges;
10 and a president selected by the presidents of the independent
11 institutions. The chair of the executive board shall serve for a
12 two-year period. Biennially, the executive board shall select the chair
13 in the manner provided above, but not necessarily in the order
14 provided above.

15 c. The chair of the executive board shall also serve as the chair of
16 the council.

17 (cf: P.L.1994, c.48, s.12)

18

19 31. Section 13 of P.L.1994, c.48 (C.18A:3B-13) is amended to read
20 as follows:

21 13. a. There is established the New Jersey Commission on Higher
22 Education which shall consist of ~~【nine】~~ 11 members: six public
23 members, to be appointed by the Governor with the advice and
24 consent of the Senate without regard for political affiliation ~~【,】~~; two
25 public members to be appointed by the Governor, one upon the
26 recommendation of the President of the Senate and one upon the
27 recommendation of the Speaker of the General Assembly~~【, and】~~; the
28 chairperson of the New Jersey Presidents' Council, ex officio ; one
29 faculty member from a institution of higher education to be appointed
30 by the Governor with the advice and consent of the Senate; and the
31 chairperson of the Board of the Higher Education Student Assistance
32 Authority, ex officio, or a designee from the public members of the
33 authority. The public members shall reflect the diversity of the State.
34 Notwithstanding the above, for a period of four years from July 1,
35 1994 the commission shall consist of ~~【15】~~ 16 members, as follows: 10
36 public members, appointed by the Governor with the advice and
37 consent of the Senate without regard for political affiliation, six of
38 whom shall have experience as a current member of the governing
39 board of an institution of higher education~~【,】~~ ; four public members
40 to be appointed by the Governor, two upon the recommendation of the
41 President of the Senate and two upon the recommendation of the
42 Speaker of the General Assembly ~~【, and】~~ ; the chairperson of the New
43 Jersey Presidents' Council, ex officio; and the chairperson of the
44 Board of the Higher Education Student Assistance Authority, ex
45 officio, or a designee from the public members of the authority. The
46 executive director of the commission shall be an ex officio, non-voting

1 member of the commission. In addition, the Governor shall appoint
2 two students in attendance at public or independent institutions of
3 higher education in the State from recommendations submitted by
4 student government associations of New Jersey colleges and
5 universities, who shall serve for a one year term on the commission as
6 non-voting members.

7 b. Public members who are not experienced as governing board
8 members shall serve for a term of six years from the date of their
9 appointment and until their successors are appointed and qualified;
10 except that of the initial appointees who are not serving on the
11 governing board of an institution: one shall serve a term of one year;
12 one shall serve a term of two years; one shall serve a term of three
13 years; one shall serve a term of four years; two shall serve a term of
14 five years; and two shall serve a term of six years. A public member
15 who does not have experience as a current member of a governing
16 board shall serve until the member's successor is appointed and
17 qualified.

18 The faculty member of the commission shall serve for a term of one
19 year from the date of appointment and the selection of that member
20 shall be rotated among the following higher education sectors although
21 not necessarily in the order listed: the senior public research
22 universities, the State colleges/universities, the county colleges, and
23 the independent institutions. The faculty member shall serve until his
24 successor is appointed and qualified.

25 Any vacancy shall be filled in the same manner as the original
26 appointment but only for the balance of the unexpired term. The
27 commission members shall serve without compensation but shall be
28 reimbursed for necessary expenses incurred in the performance of their
29 duties. No commission member shall be appointed for more than two
30 consecutive six-year terms.

31 c. The Governor shall make the necessary appointments within 15
32 days of the effective date of this act. The commission shall hold its
33 first meeting within 30 days of the appointment and qualification in
34 office of its members, at which time the Governor shall appoint, for a
35 two-year term, the chairman of the commission from among those
36 public members not serving on the board of trustees of an institution.
37 Upon the completion of the chairman's term, and every two years
38 thereafter, the commission shall elect, from among those public
39 members who are not serving on the board of trustees of an institution,
40 a chairman who shall serve a two-year term. The chairman may be
41 removed by the Governor for cause after an opportunity to be heard.

42 d. The commission shall be established in the Executive Branch of
43 the State Government and for the purposes of complying with the
44 provisions of Article V, Section IV, paragraph 1 of the New Jersey
45 Constitution, the commission is allocated in but not of the Department
46 of State, but notwithstanding this allocation, the commission shall be

1 independent of any supervision or control by the department or by any
2 board or officer thereof. The commission shall submit its budget
3 request directly to the Division of Budget and Accounting in the
4 Department of the Treasury.

5 e. The commission shall appoint an executive director and such
6 other personnel as may be deemed necessary. The executive director
7 and professional staff shall serve at the commission's pleasure and shall
8 receive such compensation as provided by law.

9 f. The Attorney General shall provide legal representation to the
10 commission.

11 (cf: P.L.1994, c.48, s.13)

12

13 32. Section 14 of P.L.1994, c.48 (C.18A:3B-14) is amended to read
14 as follows:

15 14. The commission shall be responsible for:

16 a. Statewide planning for higher education including research on
17 higher education issues and the development of a comprehensive
18 master plan, including, but not limited to, the establishment of new
19 institutions, closure of existing institutions, and consolidation of
20 institutions, which plan shall be long-range in nature and regularly
21 revised and updated. The council may request the commission to
22 conduct a study of a particular issue. The commission may require
23 from institutions of higher education such reports or other information
24 as may be necessary to enable the commission to perform its duties;

25 b. advocacy on behalf of higher education including informing the
26 public of the needs and accomplishments of higher education in New
27 Jersey;

28 c. making recommendations to the Governor and Legislature on
29 higher education initiatives and incentive programs of Statewide
30 significance;

31 d. final administrative decisions over institutional licensure and
32 university status giving due consideration to the accreditation status
33 of the institution. The commission shall furnish the Presidents' Council
34 with any pertinent information compiled on behalf of the subject
35 institution and the council shall then make recommendations to the
36 commission concerning the licensure of the institution or university
37 status within sixty days of receipt of the information;

38 e. adopting a code of ethics applicable to institutions of higher
39 education;

40 f. final administrative decisions over new academic programs that
41 go beyond the programmatic mission of the institution and final
42 administrative decisions over a change in the programmatic mission of
43 an institution. In addition, within 60 days of referral of a proposed
44 new program determined to be unduly expensive or duplicative by the
45 council, the commission may deny approval of programs which do not
46 exceed the programmatic mission of the institution, but which are

1 determined by the New Jersey Presidents' Council to be unduly
2 duplicative or expensive;

3 g. reviewing requests for State support from the institutions in
4 relation to the mission of the institution and Statewide goals and
5 proposing a coordinated budget policy statement to the Governor and
6 Legislature;

7 h. communicating with the State Board of Education and
8 Commissioner of Education to advance public education at all levels
9 including articulation between the public schools and higher education
10 community;

11 i. applying for and accepting grants from the federal government, or
12 any agency thereof, or grants, gifts or other contributions from any
13 foundation, corporation, association or individual, and complying with
14 the terms, conditions and limitations thereof, for the purpose of
15 advancing higher education. Any money so received may be expended
16 by the commission upon warrant of the director of the Office of
17 Management and Budget in the Department of the Treasury on
18 vouchers certified by the executive director of the commission;

19 j. acting as the lead agency of communication with the federal
20 government concerning higher education issues, except that the Higher
21 Education Student Assistance Authority shall act, in cooperation with
22 the commission, as the lead agency on issues of student assistance;

23 k. exercising all of the powers and duties previously exercised by
24 the Board of Higher Education, the Department of Higher Education,
25 and the Chancellor of Higher Education, under the "New Jersey
26 Higher Education Building Construction Bond Act of 1971,"
27 P.L.1971, c.164, the "New Jersey Medical Education Facilities Bond
28 Act of 1977," P.L.1977, c.235, the "Jobs, Science and Technology
29 Bond Act of 1984," P.L.1984, c.99 and the "Jobs, Education and
30 Competitiveness Bond Act of 1988," P.L.1988, c.78, the "Higher
31 Education Equipment Leasing Fund Act," P.L.1993, c.136, and the
32 "Higher Education Facilities Trust Fund Act," P.L.1993, c.375 [and
33 the "N.J. CLASS Loan Program," P.L.1991, c.268]; [and]

34 l. exercising any other power or responsibility necessary in order to
35 carry out the provisions of this act; and

36 m. consulting with the Higher Education Student Assistance
37 Authority on student assistance matters.

38 (cf: P.L.1994, c.48, s.14)

39

40 33. N.J.S.18A:60-1 is amended to read as follows:

41 18A:60-1. The services of all professors, associate professors,
42 assistant professors, instructors, supervisors, registrars, teachers, and
43 other persons employed in a teaching capacity, who are or shall
44 hereafter be employed by the commissioner in the Marie H.
45 Katzenbach School for the Deaf or in any other educational
46 institution[, or employed in any State college or in any county

1 college,] and teachers and other certified persons employed in State
2 institutions within the Department of Corrections or the Department
3 of Human Services, with the exception of the Director of Educational
4 Services, shall be under tenure during good behavior and efficiency:
5 a. after the expiration of a period of employment of three
6 consecutive calendar years in any such institution or institutions; or
7 b. after employment for three consecutive academic years together
8 with employment at the beginning of the next succeeding academic
9 year in any such institution or institutions; or
10 c. after employment in any such institution or institutions, within
11 a period of any four consecutive academic years, for the equivalent of
12 more than three academic years.

13 An academic year, for the purpose of this section, means the period
14 between the time school opens in the institution after the general
15 summer vacation until the next succeeding summer vacation.
16 (cf: P.L.1986, c.158, s.2)

17
18 34. Section 6 of P.L.1992, c.49 (C.18A:62-21) is amended to read
19 as follows:

20 6. The [Presidents' Council] Commission on Higher Education shall
21 review the guidelines and procedures developed by the institutions, in
22 conjunction with the agencies or organizations sponsoring literacy
23 tutoring programs, to provide assistance in making the guidelines and
24 procedures the same for all participating institutions.
25 (cf: P.L.1994, c.48, s.88)

26
27 35. Section 1 of P.L.1985, c.161 (C.18A:64-45) is amended to read
28 as follows:

29 1. There is established a body corporate and politic, with corporate
30 succession, to be known as the New Jersey [State College Governing
31 Boards] Association of State Colleges and Universities. [The State
32 colleges] New Jersey City University, Kean University, Montclair
33 State University, Ramapo College of New Jersey, Richard Stockton
34 College of New Jersey, Rowan University, Thomas Edison State
35 College, The College of New Jersey and The William Paterson
36 University of New Jersey shall [be members] constitute the
37 membership of the association.
38 (cf: P.L.1985, c.161, s.1)

39
40 36. Section 2 of P.L.1985, c.161 (C.18A:64-46) is amended to read
41 as follows:

42 2. The association shall consist of nine voting members to be
43 appointed as follows: one member from each [of the State college]
44 member institution's boards of trustees, appointed by the members
45 thereof. In addition the presidents of the [State colleges] member
46 institutions shall serve as ex officio, nonvoting members.

1 Members shall serve without compensation but shall be entitled to
2 be reimbursed for all reasonable and necessary expenses.

3 (cf: P.L.1994, c.48, s.108)

4

5 37. Section 4 of P.L.1985, c.161 (C.18A:64-48) is amended to
6 read as follows:

7 4. The association shall have perpetual succession and shall have
8 the following powers and responsibilities:

9 a. To make, amend and repeal rules, regulations and bylaws for its
10 own **government** governance and guidance, not inconsistent with the
11 purposes of the association;

12 b. To adopt an official seal and alter the same at pleasure;

13 c. To maintain an office at such place or places in the State as it may
14 designate;

15 d. To sue and be sued in its own name;

16 e. To borrow money, to issue bonds or notes therefor, and to secure
17 the same by pledge or mortgage of its real and personal property, but
18 it shall not in any manner, directly or indirectly, pledge the credit of
19 the State; and

20 f. To acquire, hold and dispose of real and personal property in the
21 exercise of its powers and the performance of its duties under this
22 article. All this property shall be exempt from taxation under chapter
23 4 of Title 54 of the Revised Statutes.

24 (cf: P.L.1985, c.161, s.4)

25

26 38. Section 5 of P.L.1985, c.161 (C.18A:64-49) is amended to read
27 as follows:

28 5. The association shall employ an executive director, who shall be
29 responsible for the administration of all the activities of the association
30 including staff services. The executive director shall serve at the
31 pleasure of the association. **Within the limits of funds appropriated**
32 **or otherwise made available for this purpose, the** The salary of the
33 executive director and all other personnel shall be determined by the
34 association.

35 (cf: P.L.1985, c.161, s.5)

36

37 39. Section 6 of P.L.1985, c.161 (C.18A:64-50) is amended to read
38 as follows:

39 6. The association shall encourage and aid all movements for the
40 improvement of **State college** education at the member institutions
41 and shall**[, from time to time,]** make recommendations to the
42 Governor, Legislature, Commission on Higher Education and
43 Presidents' Council regarding the coordination of the **State colleges**
44 member institutions on matters of mutual interest and concern.

45 (cf: P.L.1994, c.48, s.109)

1 40. Section 7 of P.L.1985, c.161 (C.18A:64-51) is amended to read
2 as follows:

3 7. For purposes of defraying the expenses of the association, the
4 **【State colleges】** member institutions shall pay the necessary expenses
5 incurred by the members and shall appropriate annually such sums for
6 dues as may be assessed by the association. The assessment shall be
7 made only upon a two-thirds vote of the membership present at the
8 meeting, after notice of the taking of that vote shall have been given
9 to each **【State college】** member institution in writing at least 60 days
10 before the meeting of the association. Dues shall be assessed upon a
11 graduated scale according to the size of **【the State college】** each
12 member institution.
13 (cf: P.L.1985, c.161, s.7)

14

15 41. N.J.S.18A:64A-12 is amended to read as follows:

16 18A:64A-12. For the effectuation of the purposes of this chapter,
17 the board of trustees of a county college in addition to such other
18 powers expressly granted to it by law, is hereby granted the following
19 powers:

- 20 a. To adopt or change the name of the county college;
- 21 b. To adopt and use a corporate seal;
- 22 c. To sue and be sued;
- 23 d. To determine the educational curriculum and program of the
24 college consistent with the programmatic mission of the institution or
25 approved by the Commission on Higher Education;
- 26 e. To appoint and fix the compensation and term of office of a
27 president of the college who shall be the executive officer of the
28 college and an ex officio member of the board of trustees;
- 29 f. To appoint, upon nomination of the president, members of the
30 administrative and teaching staffs and fix their compensation and terms
31 of employment subject to the provisions of N.J.S.18A:64A-13;
- 32 g. To appoint or employ, upon nomination of the president, such
33 other officers, agents and employees as may be required to carry out
34 the provisions of this chapter and to fix and determine their
35 qualifications, duties, compensation, terms of office and all other
36 conditions and terms of employment and retention;
- 37 h. To fix and determine tuition rates and other fees to be paid by
38 students;
- 39 i. To grant diplomas, certificates or degrees;
- 40 j. To enter into contracts and agreements with the State or any of
41 its political subdivisions or with the United States, or with any public
42 body, department or other agency of the State or the United States or
43 with any individual, firm or corporation which are deemed necessary
44 or advisable by the board for carrying out the provisions of this
45 chapter;
- 46 k. To accept from any government or governmental department,

1 agency or other public or private body or from any other source grants
2 or contributions of money or property which the board may use for or
3 in aid of any of its purposes;

4 l. To acquire (by gift, purchase, condemnation or otherwise), own,
5 lease, use and operate property, whether real, personal or mixed, or
6 any interest therein, which is necessary or desirable for college
7 purposes;

8 m. To determine that any property owned by the county college is
9 no longer necessary for college purposes and to sell the same at such
10 price and in such manner and upon such terms and conditions as shall
11 be established by the board;

12 n. To exercise the right of eminent domain, pursuant to the
13 provisions of Title 20, Eminent Domain, of the Revised Statutes, to
14 acquire any property or interest therein;

15 o. To make and promulgate such rules and regulations, not
16 inconsistent with the provisions of this chapter or with the rules and
17 regulations promulgated hereunder that are necessary and proper for
18 the administration and operation of a county college and to implement
19 the provisions of this chapter;

20 p. To exercise all other powers, not inconsistent with the provisions
21 of this chapter or with the rules and regulations promulgated
22 hereunder which may be reasonably necessary or incidental to the
23 establishment, maintenance and operation of a county college; and

24 q. To establish and maintain a dedicated reserve fund for minor
25 capital needs which in any given year shall not exceed 3% of the
26 replacement value of the college's physical plant.

27 (cf: P.L.1994, c.48, s.128)

28

29 42. N.J.S.18A:64A-29 is amended to read as follows:

30 18A:64A-29. The council will seek to ensure acceptable and
31 effective lines of development in admissions policy, academic
32 standards, programs, financing, including recommending to the State
33 Treasurer a formula for the allocation of annual appropriations among
34 the county colleges and making recommendations for capital funding,
35 and community relations in the several county colleges.

36 The council will serve as a means of communication between the
37 county colleges, and act as a resource center to aid them in planning,
38 act as a clearing house of information, and provide continuing field
39 services.

40 The council will act as an advisory body to the Governor,
41 Legislature, Commission on Higher Education and Presidents' Council
42 in the carrying out of their respective duties and responsibilities
43 deriving from this chapter.

44 (cf: P.L.1994, c.48, s.149)

45

46 43. Section 6 of P.L.1970, c.102 (C.18A:64G-6) is amended to read

1 as follows:

2 6. The board of trustees of the university shall have the general
3 supervision over and be vested with the conduct of the university,
4 including its health care facilities regardless of the source of funding.

5 It shall have the power and duty to:

6 (a) Adopt and use a corporate seal;

7 (b) Determine the educational curriculum and program of the
8 university;

9 (c) Determine policies for the organization, administration, and
10 development of the university;

11 (d) Study the educational and financial needs of the university,
12 annually acquaint the Governor and Legislature with the condition of
13 the university, and prepare and submit an annual request for
14 appropriation to the Division of Budget and Accounting in the
15 Department of the Treasury in accordance with law;

16 (e) Disburse all moneys appropriated to the university by the
17 Legislature and all moneys received from tuition, fees, auxiliary
18 services and other sources;

19 (f) Direct and control expenditures and transfers of funds
20 appropriated to the university in accordance with the provisions of the
21 State budget and appropriation acts of the Legislature, and, as to funds
22 received from other sources, direct and control expenditures and
23 transfers in accordance with the terms of any applicable trusts, gifts,
24 bequests, or other special provisions, reporting changes and additions
25 thereto and transfers thereof to the Director of the Division of Budget
26 and Accounting in the Department of the Treasury. All accounts of the
27 university shall be subject to audit by the State at any time;

28 (g) In accordance with the provisions of the State budget and
29 appropriation acts of the Legislature, appoint and fix the compensation
30 and term of office of a president of the university who shall be the
31 executive officer of the university;

32 (h) In accordance with the provisions of the State budget and
33 appropriation acts of the Legislature, appoint, upon nomination of the
34 president, such deans and other members of the academic,
35 administrative and teaching staffs as shall be required and fix their
36 compensation and terms of employment;

37 (i) In accordance with the provisions of the State budget and
38 appropriation acts of the Legislature, appoint, remove, promote and
39 transfer such other officers, agents, or employees as may be required
40 to carry out the provisions of this act and assign their duties,
41 determine their salaries, and prescribe qualifications for all positions
42 and in accordance with the salary schedules of the Civil Service
43 Commission wherever possible;

44 (j) Fix and determine tuition rates, and other fees to be paid by
45 students;

46 (k) Grant diplomas, certificates or degrees;

1 (l) Enter into contracts and agreements with the State or any of its
2 political subdivisions or with the United States, or with any public
3 body, department or other agency of the State or the United States or
4 with any individual, firm or corporation which are deemed necessary
5 or advisable by the board for carrying out the provisions of this act.
6 A contract or agreement pursuant to this subsection may require a
7 municipality to undertake obligations and duties to be performed
8 subsequent to the expiration of the term of office of the elected
9 governing body of such municipality which initially entered into or
10 approved said contract or agreement, and the obligations and duties so
11 incurred by such municipality shall be binding and of full force and
12 effect, notwithstanding that the term of office of the elected governing
13 body of such municipality which initially entered into or approved said
14 contract or agreement, shall have expired;

15 (m) Accept from any government or governmental department,
16 agency or other public or private body or from any other source grants
17 or contributions of money or property which the board may use for or
18 in aid of any of its purposes;

19 (n) (1) Acquire (by gift, purchase, condemnation or otherwise),
20 own, lease, dispose of, use and operate property, whether real,
21 personal or mixed, or any interest therein, which is necessary or
22 desirable for university purposes;

23 (2) Adopt standing operating rules and procedures for the purchase
24 of all equipment, materials, supplies and services; however, no
25 contract on behalf of the university shall be entered into for the
26 purchase of services, materials, equipment and supplies, for doing of
27 any work, or for the hiring of equipment or vehicles, where the sum to
28 be expended exceeds \$12,500.00 or the amount determined by the
29 Governor as provided herein, unless the university shall first publicly
30 advertise for bids and shall award the contract to that responsible
31 bidder whose bid, conforming to the invitation for bids, will be most
32 advantageous to the university, price and other factors considered.
33 Such advertising shall not be required in those exceptions created by
34 the board of trustees of the university, which shall be in substance
35 those exceptions contained in sections 4 and 5 of P.L.1954, c.48
36 (C.52:34-9 and 10) or for the supplying of any product or the
37 rendering of any service by a public utility subject to the jurisdiction
38 of the Board of Public Utilities of this State and tariffs and schedules
39 of the charges, made, charged, or exacted by the public utility for any
40 such products to be supplied or services to be rendered are filed with
41 the said board. Commencing January 1, 1985 and every two years
42 thereafter, the Governor, in consultation with the Department of the
43 Treasury, shall adjust the threshold amount set forth in this paragraph
44 in direct proportion to the rise or fall of the consumer price index for
45 all urban consumers in the New York City and the Philadelphia areas
46 as reported by the United States Department of Labor. The Governor

1 shall notify the university of the adjustment. The adjustment shall
2 become effective on July 1 of the year in which it is reported.

3 This subsection shall not prevent the university from having any
4 work done by its own employees, nor shall it apply to repairs, or to the
5 furnishing of materials, supplies or labor, or the hiring of equipment or
6 vehicles, when the safety or protection of its or other public property
7 or the public convenience requires or the exigency of the university's
8 service will not admit of such advertisement. In such case, the
9 university shall, by resolution passed by the affirmative vote of its
10 board of trustees, declare the exigency or emergency to exist, and set
11 forth in the resolution the nature and approximate amount to be
12 expended; shall maintain appropriate records as to the reason for such
13 awards; and shall report regularly to its board of trustees on all such
14 purchases, the amounts and the reasons therefor;

15 (3) Employ architects to plan buildings; secure bids for the
16 construction of buildings and for the equipment thereof; make
17 contracts for the construction of buildings and for equipment; and
18 supervise the construction of buildings;

19 (4) Manage and maintain, and provide for the payment of all charges
20 on and expenses in respect of, all properties utilized by the university;
21 and

22 (5) Invest certain moneys in such obligations, securities and other
23 investments as the board shall deem prudent, consistent with the
24 purposes and provisions of this act and in accordance with State and
25 federal law, as follows:

26 **【**In not for profit corporations utilizing income realized from the sale
27 or licensing of intellectual property, as well as the reinvestment of
28 earnings on intellectual property; income realized from the operation
29 of faculty practice plans of the university; and income from overhead
30 grant fund recovery as permitted by federal law;

31 In for profit corporations utilizing income realized from the sale or
32 licensing of intellectual property, as well as the reinvestment of
33 earnings on intellectual property**】**

34 Investment in not for profit corporations or for profit corporations
35 organized and operated pursuant to the provisions of subsection v. of
36 this section may utilize income realized from the sale or licensing of
37 intellectual property as well as the reinvestment of earnings on
38 intellectual property. Investment in not for profit corporations may
39 also utilize income from overhead grant fund recovery as permitted by
40 federal law as well as other university funds except those specified in
41 paragraph 5 of subsection v. of this section.

42 (o) Borrow money and to secure the same by a mortgage on its
43 property or any part thereof, and to enter into any credit agreement for
44 the needs of the university, as deemed requisite by the board, in such
45 amounts and for such time and upon such terms as may be determined
46 by the board, provided that no such borrowing shall be deemed or

1 construed to create or constitute a debt, liability, or a loan or pledge
2 of the credit or be payable out of property or funds, other than moneys
3 appropriated for that purpose, of the State;

4 (p) Exercise the right of eminent domain, pursuant to the provisions
5 of the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et
6 seq.), to acquire any property or interest therein;

7 (q) Adopt bylaws and make and promulgate such rules, regulations
8 and orders, not inconsistent with the provisions of this act as are
9 necessary and proper for the administration and operation of the
10 university and to implement the provisions of this act;

11 (r) Authorize any new program, educational department or school
12 not inconsistent with the programmatic mission of the institution or
13 approved by the Commission on Higher Education which will require,
14 at the time of establishment or thereafter, an additional expenditure of
15 money, if provision is made therefor by law;

16 (s) Function as a public employer under the "New Jersey
17 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et
18 seq.) and conduct all labor negotiations, and with the participation of
19 the Governor's Office of Employee Relations act as the chief
20 spokesperson with respect to all matters under negotiation;

21 (t) Sue and be sued in its own name;

22 (u) Retain independent counsel including representation by the
23 Attorney General in accordance with subsection h. of section 6 of
24 P.L.1994, c.48 (C.18A:3B-6);

25 (v) (1) Participate as the general partner or as a limited partner,
26 either directly or through a subsidiary corporation created by the
27 university, in limited partnerships, general partnerships, or joint
28 ventures engaged in the development, manufacture, or marketing of
29 products, technology, scientific information or health care services and
30 create or form for profit or not for profit corporations to engage in
31 such activities; provided that any such participation shall be consistent
32 with the mission of the university and the board shall have determined
33 that such participation is prudent. Nothing herein shall be construed
34 to authorize any change in the legal status of University Hospital;

35 (2) The decision to participate in any activity described in paragraph
36 (1) of subsection (v) of section 6 of P.L.1970, c.102 (C.18A:64G-6),
37 including the creation or formation of for profit or not for profit
38 corporations, shall be articulated in the minutes of the Board of
39 Trustees meeting in which the action was approved. A true copy of
40 the minutes shall be delivered to the Governor. No such action shall
41 have affect until 30 days, Saturdays, Sundays and public holidays
42 excepted, after the copy of the minutes shall have been delivered to the
43 Governor. If, within the 30-day period, the Governor returns the
44 minutes of the meeting with a veto of the action taken by the board,
45 the action taken by the board shall be null and void and of no effect;

46 (3) The provisions of P.L.1971, c.182 (C.52:13D-12 et seq.) shall

1 continue to apply to the university, its employees and officers;

2 (4) Nothing herein shall be deemed or construed to create or
3 constitute a debt, liability, or a loan or pledge of the credit or be
4 payable out of property or funds of the State;

5 (5) Funds directly appropriated to the university from the State or
6 derived from the university's academic programs or derived from
7 payment for coverage provided by the self insurance fund for claims
8 accruing prior to the effective date of this act by the profit or not for
9 profit corporations organized and operated pursuant to this subsection
10 shall not be utilized in the development, manufacture or marketing of
11 products, technology or scientific information;

12 (6) Employees of any joint venture, subsidiary corporation,
13 partnership or other jural entity entered into or owned wholly or in
14 part by the university shall not be deemed public employees;

15 (7) A joint venture, subsidiary corporation, partnership or other jural
16 entity entered into or owned wholly or in part by the university shall
17 not be deemed an instrumentality of the State of New Jersey;

18 (8) Income realized by the university as a result of participation in
19 the development, manufacture or marketing of products, technology,
20 or scientific information may be invested or reinvested pursuant to
21 paragraph (5) of subsection (n) of section 6 of P.L.1970, c.102
22 (C.18A:64G-6) or any other provision of this act or State or federal
23 law or retained by the board for use in furtherance of any of the
24 purposes of this act or of other applicable statutes;

25 (9) The board shall annually report to the State Treasurer on the
26 operation of all joint ventures, subsidiary corporations, partnerships or
27 such other jural entities entered into or owned wholly or in part by the
28 university;

29 (w) (1) Procure and enter into contracts for any type of insurance
30 and indemnify against loss or damage to property from any cause,
31 including loss of use and occupancy, against death or injury of any
32 person, against employees' liability, against any act of any member,
33 officer, employee or servant of the university, whether part-time,
34 full-time, compensated or non-compensated in the performance of the
35 duties of his office or employment or any other insurable risk. In
36 addition, the university shall carry its own liability insurance or
37 maintain an actuarially sound program of self insurance. Any joint
38 venture, subsidiary corporation, or partnership or such other jural
39 entity entered into or owned wholly or in part by the university shall
40 carry insurance or maintain reserves in such amounts as are determined
41 by an actuary to be sufficient to meet its actual or accrued claims;

42 (2) Moneys in the fund known as the Self-Insurance Trust Fund
43 administered by the State Treasurer shall continue to be available to
44 the university solely to indemnify and defend claims against the
45 university and its employees, officers and servants but only to the
46 extent that the University has elected on behalf of itself and its

1 employees to obtain representation from the Attorney General
2 pursuant to subsection h. of section 6 of P.L.1994, c.48 (C.18A:3B-6)
3 and such entity or individuals would have been entitled to defense and
4 indemnification pursuant to the "New Jersey Tort Claims Act,"
5 N.J.S.59:1-1 et seq., as a State entity or State employee but for the
6 provision of subsection (t) of section 6 of P.L.1970, c.102
7 (C.18A:64G-6). Any expenditure of such funds shall be made only in
8 accordance with the provisions of the "New Jersey Tort Claims Act,"
9 N.J.S.59:1-1 et seq., including but not limited to the provisions of
10 chapters 10, 10A and 11 of Title 59 of the New Jersey Statutes.
11 Nothing herein shall be construed to authorize the use of the
12 Self-Insurance Trust Fund to indemnify or insure in any way, directly
13 or indirectly the activities of any joint venture, partnership or
14 corporation entered into or created by the university pursuant to
15 paragraphs (1) and (2) of subsection (v) of section 6 of P.L.1970,
16 c.102 (C.18A:64G-6); and

17 (x) Create auxiliary organizations subject to the provisions of
18 P.L.1982, c.16 (C.18A:64-26 et seq.).
19 (cf: P.L.1994, c.48, s.169)

20

21 44. N.J.S.18A:68-3 is amended to read as follows:

22 18A:68-3. a. No corporation shall furnish instruction or learning
23 in the arts, sciences, or professions for the purposes of admitting any
24 person to the grade of a degree, or shall confer or participate in
25 conferring a degree, giving to any person a diploma of graduation or
26 of proficiency in a course of study, in learning, or in scientific arts or
27 methods, within this State, until it shall have filed a certified copy of
28 its certificate of incorporation with the Commission on Higher
29 Education and obtained from the commission a license to carry on the
30 business under such rules as the commission may prescribe.

31 b. The cost for consultants utilized by the Commission on Higher
32 Education and other out-of-pocket expenses incurred by the
33 commission for licensure and related reviews shall be paid by the
34 institution seeking a license or license renewal.

35 (cf: P.L.1994, c.48, s.195)

36

37 45. Section 4 of P.L.1968, c.142 (C.18A:71-31) is amended to read
38 as follows:

39 4. (a) There is hereby created and established under the Commission
40 on Higher Education, which is in but not of the Department of State,
41 an educational opportunity fund which shall be known as the "New
42 Jersey Educational Opportunity Fund." Notwithstanding this
43 allocation, the fund shall be independent of any supervision or control
44 by the department or by any officer thereof. The fund shall identify,
45 recruit and provide financial assistance to needy students who are
46 residents of this State in order that they may be able to attend

1 institutions of higher education.

2 (b) The business and operations of the fund shall be administered
3 by the board of directors created pursuant to section 5 of P.L.1968,
4 c.142 (C.18A:71-32) subject to the general supervision of the
5 Commission on Higher Education.

6 (c) The commission in consultation with the board shall designate
7 an individual to serve as the chief executive officer of the fund **[and]**
8 who shall organize the work of the fund in such manner as **[the chief**
9 **executive officer]** he deems necessary to carry out the provisions of
10 this act. The commission may employ such persons, contract for such
11 services, make such expenditures and adopt such rules and regulations
12 as may be necessary or appropriate to carry out the provisions of this
13 act.

14 (cf: P.L.1994, c.48, s.213)

15

16 46. Section 5 of P.L.1968, c.142 (C.18A:71-32) is amended to read
17 as follows:

18 5. (a) The board of directors of the fund shall consist of the
19 chairman of the Commission on Higher Education **[or the chairman's**
20 **designee]** and the chairperson of the Board of the Higher Education
21 Student Assistance Authority or their designees from among the public
22 members and eight citizens of this State appointed by the Governor.
23 Citizen members of the board shall be selected without regard to
24 political affiliation and, as far as may be practicable, on the basis of
25 their knowledge of, or interest in, the problems of needy students and
26 higher education. The board shall organize annually as established by
27 rule of the board to elect a chairman, vice chairman and other officers
28 as the board shall determine from among its members. The officers
29 shall serve for a one-year term and until their successors are elected
30 and qualified. Vacancies in the offices shall be filled in the same
31 manner for the unexpired term only.

32 (b) Each citizen member of the board shall serve for a term of four
33 years and until his successor shall have been appointed and qualified;
34 provided, that in the case of the first appointments to the board, two
35 members shall be appointed for terms expiring June 30, 1969; two
36 members shall be appointed for terms expiring June 30, 1970; two
37 members shall be appointed for terms expiring June 30, 1971; and two
38 members shall be appointed for terms expiring June 30, 1972. Any
39 vacancy in the membership of the board shall be filled in the same
40 manner as the original appointment for the remainder of the unexpired
41 term.

42 (c) The board shall develop and maintain a Statewide system for
43 the identification of potential college students from needy families;
44 devise methods for recruiting such students; advise the commission on
45 the organization, coordination and support, in cooperation with public
46 and private institutions of higher education of the State, of programs

1 of remedial education for such students; and provide financial
2 assistance as required by such students.

3 (d) Members of the board shall serve without compensation but
4 shall be entitled to be reimbursed for all reasonable and necessary
5 expenses incurred in the discharge of their duties.

6 (cf: P.L.1994, c.48, s.214)

7

8 47. Section 7 of P.L.1968, c.142 (C.18A:71-34) is amended to read
9 as follows:

10 7. (a) The board is hereby authorized to award "opportunity grants"
11 from the fund to needy students for undergraduate study leading to a
12 baccalaureate degree, associate degree, or other approved certificate
13 and for graduate and professional study leading to approved master's
14 and doctor's degrees at institutions of higher education, public and
15 private, located in New Jersey; provided, that the board shall allow not
16 more than 10% of the needy students to be awarded opportunity
17 grants in any year to use their opportunity grants at institutions of
18 higher education located outside this State; and, provided further, that
19 no more than 10% of the funds appropriated and available for the
20 purposes of this act shall be awarded to students for use in graduate
21 study.

22 (b) Opportunity grants may be awarded annually, upon proper
23 application to the fund, to any needy student who qualifies under the
24 standards to be developed and promulgated by the board and who is
25 or will be attending an institution of collegiate grade located in New
26 Jersey and approved for this purpose by the Commission on Higher
27 Education, except that in cases where the student will be or is
28 attending an institution in another State, the accreditation procedures
29 of that State shall be accepted, subject to the approval of the board.

30 (c) The board may utilize the services of the **【Office of Student**
31 **Assistance】** Higher Education Student Assistance Authority to
32 administer the provisions of this section. The cost of these services
33 shall be paid by the Equal Opportunity Fund.

34 (cf: P.L.1994, c.48, s.216)

35

36 48. N.J.S.18A:72A-4 is amended to read as follows:

37 18A:72A-4. (a) There is hereby established in but not of the
38 Department of the Treasury a public body corporate and politic, with
39 corporate succession to be known as the "New Jersey educational
40 facilities authority." Notwithstanding this allocation, the authority shall
41 be independent of any supervision or control by the department or any
42 officer thereof. The authority shall constitute a political subdivision of
43 the State established as an instrumentality exercising public and
44 essential governmental functions, and the exercise by the authority of
45 the powers conferred by this chapter shall be deemed and held to be
46 an essential governmental function of the State.

1 (b) The authority shall consist of seven members, two of whom shall
2 be the chairman of the Commission on Higher Education, ex officio,
3 and the State Treasurer, ex officio, or when so designated by them,
4 their deputies and five citizens of the State to be appointed by the
5 Governor with the advice and consent of the Senate for terms of five
6 years; provided that the terms of the members first appointed shall be
7 arranged by the Governor so that one of such terms shall expire on
8 April 30 in each successive year ensuing after such appointments. Each
9 member shall hold office for the term of his appointment and shall
10 continue to serve during the term of his successor unless and until his
11 successor shall have been appointed and qualified. Any vacancy
12 among the members appointed by the Governor shall be filled by
13 appointment for the unexpired term only. A member of the authority
14 shall be eligible for reappointment.

15 (c) Any member of the authority appointed by the Governor may be
16 removed from office by the Governor for cause after a public hearing.

17 (d) The members of the authority shall serve without compensation,
18 but the authority may reimburse its members for necessary expenses
19 incurred in the discharge of their duties.

20 (e) The authority, upon the first appointment of its members and
21 thereafter on or after April 30 in each year, shall annually elect from
22 among its members a chairman and a vice chairman who shall hold
23 office until April 30 next ensuing and shall continue to serve during the
24 terms of their respective successors unless and until their respective
25 successors shall have been appointed and qualified. The authority may
26 also appoint, retain and employ, without regard to the provisions of
27 Title 11, Civil Service, of the Revised Statutes, such officers, agents,
28 employees and experts as it may require, and it shall determine their
29 qualifications, terms of office, duties, services and compensation.

30 (f) The powers of the authority shall be vested in the members
31 thereof in office from time to time and a majority of the total
32 authorized membership of the authority shall constitute a quorum at
33 any meeting thereof. Action may be taken and motions and resolutions
34 adopted by the authority at any meeting thereof by the affirmative vote
35 of a majority of the members present, unless in any case the bylaws of
36 the authority shall require a larger number. No vacancy in the
37 membership of the authority shall impair the right of a quorum to
38 exercise all the rights and perform all the duties of the authority.

39 (g) Before the issuance of any bonds under the provisions of this
40 chapter, the members and the officer of the authority charged with the
41 handling of the authority's moneys shall be covered by a surety bond
42 or bonds in a penal sum of not less than \$25,000.00 per person
43 conditioned upon the faithful performance of the duties of their
44 respective offices, and executed by a surety company authorized to
45 transact business in the State of New Jersey as surety. Each such bond
46 shall be submitted to the attorney general for his approval and upon his

1 approval shall be filed in the Office of the Secretary of State prior to
2 the issuance of any bonds by the authority. At all times after the
3 issuance of any bonds by the authority the officer of the authority and
4 each member charged with the handling of the authority's moneys shall
5 maintain such surety bonds in full force and effect. All costs of such
6 surety bonds shall be borne by the authority.

7 (h) Notwithstanding any other law to the contrary, it shall not be or
8 constitute a conflict of interest for a trustee, director, officer or
9 employee of a participating college to serve as a member of the
10 authority; provided such trustee, director, officer or employee shall
11 abstain from discussion, deliberation, action and vote by the authority
12 under this chapter in specific respect to such participating college of
13 which such member is a trustee, director, officer or employee.

14 (i) A true copy of the minutes of every meeting of the authority
15 shall be forthwith delivered by and under the certification of the
16 secretary thereof, to the Governor. No action taken at such meeting
17 by the authority shall have force or effect until 10 days after such copy
18 of the minutes shall have been so delivered. If, in said 10-day period,
19 the Governor returns such copy of the minutes with veto of any action
20 taken by the authority or any member thereof at such meeting, such
21 action shall be null and of no effect. If the Governor shall not return
22 the minutes within said 10-day period, any action therein recited shall
23 have force and effect according to the wording thereof. At any time
24 prior to the expiration of the said 10-day period, the Governor may
25 sign a statement of approval of any such action of the authority, in
26 which case the action so approved shall not thereafter be disapproved.

27 Notwithstanding the foregoing provisions of this subsection (i), with
28 regard to the authorization or sale **[and award]** of bonds of the
29 authority, the authority shall furnish to the Governor a certified copy
30 of the minutes of the meeting at which **[said]** the bonds are authorized
31 or sold **[and awarded forthwith upon the taking of such action]** and
32 the Governor shall indicate **[his]** approval or disapproval of **[such]**
33 the action **[prior to the end of the business day upon which such**
34 **action of the authority was taken]** upon receipt of the certified copy
35 of the minutes.

36 The powers conferred in this subsection (i) upon the Governor shall
37 be exercised with due regard for the rights of the holders of bonds of
38 the authority at any time outstanding, and nothing in, or done pursuant
39 to, this subsection (i) shall in any way limit, restrict or alter the
40 obligation or powers of the authority or any representative or officer
41 of the authority to carry out and perform in every detail each and
42 every covenant, agreement or contract at any time made or entered
43 into by or on behalf of the authority with respect to its bonds or for
44 the benefit, protection or security of the holders thereof.

45 (cf: P.L.1994, c.48, s.236)

1 49. Section 2 of P.L.1988, c.159 (C.18A:72A-27.3) is amended to
2 read as follows:

3 2. [a. Following final approval by the board of trustees of a
4 proposed project for the acquisition, construction or financing of any
5 non-revenue producing educational facility, the board of trustees shall,
6 on a day when both houses of the Legislature are meeting, submit the
7 proposal to the President of the Senate and the Speaker of the General
8 Assembly, and submit informational copies of the proposal to the
9 members of the Senate Budget and Appropriations Committee and the
10 Assembly Appropriations Committee, or their successors and to the
11 Commission on Higher Education. The submission shall include all
12 appropriate supporting information, including, at a minimum, a
13 description of the project, its impact, cost and construction schedule,
14 and a detailed explanation of the sources of revenue which will be
15 dedicated to the financing of the project.

16 b. The proposal as submitted to the Legislature shall be deemed
17 approved after 60 days, as provided herein, of the date on which the
18 proposal and the supporting information were submitted to the
19 Legislature, unless between the date of submission and the end of the
20 60-day period, the Legislature passes a concurrent resolution
21 approving the proposal with modifications or rejecting the proposal.
22 The 60 days shall commence on the day of submission and expire on
23 the 60th day after submission or for a house not meeting on the 60th
24 day, on the next meeting day of that house] The board of trustees of
25 the public institution of higher education shall submit a copy of a
26 resolution approving any non-revenue producing facility project to the
27 President of the Senate and the Speaker of the General Assembly and
28 shall submit informational copies of the proposal to the members of
29 the Senate Budget and Appropriations and the Assembly
30 Appropriations Committee and to the Commission on Higher
31 Education. The submission shall include all appropriate supporting
32 information including, but not limited to, a description of the project,
33 its impact, cost and construction schedule, and a detailed explanation
34 of the sources of revenue which will be dedicated to the financing of
35 the project. If the Legislature does not disapprove the proposal by the
36 adoption of a concurrent resolution within 60 days, the proposal shall
37 be deemed to be approved.

38 (cf: P.L.1994, c.48, s.240)

39

40 50. N.J.S.18A:72A-29 is amended to read as follows:

41 18A:72A-29. All lands and other assets real or personal presently
42 titled in the name of the State Board of Higher Education or the State
43 Department of Higher Education, which are occupied by a public
44 institution of higher education shall be titled in the name of the State
45 of New Jersey only. All conveyances, leases and subleases, pursuant
46 to this chapter shall be made, executed and delivered in the name of

1 the State and shall be signed by the State Treasurer and sealed with
2 the seal of the State [subject to the approval of the State House
3 Commission].

4 To the extent not otherwise expressly provided under existing law,
5 all powers and duties conferred upon the university pursuant to this
6 chapter shall be exercised and performed by resolution of its board of
7 governors and all powers and duties conferred upon any of said
8 colleges pursuant to this chapter shall be exercised and performed by
9 resolution of its board of trustees.

10 All conveyances, leases and subleases made pursuant to this chapter,
11 when duly authorized by the university, shall be made, executed and
12 delivered in the name of the university and shall be signed by its
13 president or a vice president and sealed with the seal of the university
14 and all conveyances, leases and subleases made pursuant to this
15 chapter, when duly authorized by any of said colleges, shall be made,
16 executed and delivered in the name of the college and shall be signed
17 by the president or a vice president and sealed with the seal of the
18 college.

19 (cf: P.L.1994, c.48, s.241)

20
21 51. Section 5 of P.L.1979, c.132 (C.18A:72B-19) is amended to
22 read as follows:

23 5. Funds received by an institution pursuant to this act shall be
24 maintained in a separate ledger account. Each institution shall cause
25 an audit of such account and of enrollment figures to be made annually
26 by a certified public accountant and forwarded to the treasurer. The
27 treasurer shall have the right to audit institutional records pertaining
28 to this act. Each institution also shall furnish to the [board] treasurer
29 a copy of its audited annual financial statement.

30 (cf: P.L.1994 ,c.48, s.244)

31
32 52. Section 1 of P.L.1984, c.189 (C.18A:72F-1) is amended to read
33 as follows:

34 1. This act shall be known and may be cited as the "Minority Faculty
35 Advancement [Loan and Loan Redemption] Program Act."

36 (cf: P.L.1984, c.189, s.1)

37
38 53. Section 2 of P.L.1984, c.189 (C.18A:72F-2) is amended to read
39 as follows:

40 2. The Legislature finds and declares that:

41 a. Within [the State] New Jersey colleges and universities minority
42 faculty members with doctoral degrees in certain academic disciplines,
43 notably the physical and life sciences, engineering, mathematics,
44 management, computer science, environmental sciences, and statistics,
45 are underrepresented in comparison to nonminority faculty members
46 with doctorates.

1 b. There is in the United States a serious shortage of minority
2 doctoral degree graduates in the academic disciplines cited above from
3 which **【the State】** New Jersey colleges and universities can recruit
4 faculty members.

5 c. The **【State】** colleges and universities in New Jersey currently face
6 difficult problems in recruiting and retaining minority faculty members
7 with doctoral degrees in the academic disciplines cited above.

8 d. Rutgers, The State University and the State colleges have
9 cooperated in implementing a pilot program, the Minority
10 Advancement Program in Teaching and Research, whereby eligible
11 State college minority faculty members or other minorities admitted to
12 the State university in a doctoral degree program in certain academic
13 disciplines are provided grant, loan and other support opportunities to
14 assist them in completing the academic degree requirements and to
15 increase the pool of potential minority faculty members holding
16 doctoral degrees.

17 (cf: P.L.1994, c.48, s.271)

18

19 54. Section 3 of P.L.1984, c.189 (C.18A:72F-3) is amended to read
20 as follows:

21 3. As used in this act:

22 a. "Eligible discipline" means an academic discipline in which
23 minority individuals are underrepresented as determined by the
24 **【Executive Director of Student Assistance Programs in consultation**
25 **with the】** Commission on Higher Education **【and】** in consultation with
26 the Board of Directors of the Educational Opportunity Fund and the
27 New Jersey Presidents' Council.

28 b. "Faculty member" means any person employed full-time by a New
29 Jersey **【State】** college or university **【,】** to perform primarily teaching,
30 research, or administrative duties for 10 or more months per academic
31 year.

32 c. "Minority" means any person who is a member of a racial-ethnic
33 group that has been historically disadvantaged in obtaining access to
34 equal educational opportunities.

35 d. "Program" means the Minority Faculty Advancement **【Loan and**
36 **Loan Redemption】** Program created pursuant to this act.

37 e. **【"State college" means any institution created pursuant to chapter**
38 **64 of Title 18A of the New Jersey Statutes.】** Deleted by amendment,
39 P.L. , c. (C.)(now pending before the Legislature as this bill.)

40 f. "Eligible student participant" means a minority student enrolled
41 in a doctoral degree program in an eligible discipline, as defined in this
42 section, at any New Jersey college or university that qualifies for and
43 agrees to participate in the program.

44 g. "New Jersey college or university" means any public or
45 independent institution of higher education in the State licensed by the

1 New Jersey Commission on Higher Education.

2 (cf: P.L.1994, c.48, s.272)

3

4 55. Section 4 of P.L.1984, c.189 (C.18A:72F-4) is amended to read
5 as follows:

6 4. a. There is established within the **【Office of Student Assistance】**
7 New Jersey Commission on Higher Education a Minority Faculty
8 Advancement **【Loan and Loan Redemption】** Program **【for students at**
9 Rutgers, The State University, or the New Jersey Institute of
10 Technology, or at a private college or university which agrees to
11 participate in the program who are enrolled in an eligible discipline in
12 the Minority Advancement Program in Teaching and Research.

13 Eligible participants shall include:

14 a. State college faculty members who have been nominated by their
15 institution and granted up to a four-year leave of absence in order to
16 participate in the program. A nomination by a State college shall
17 include a commitment to reemploy the nominee in the same or in an
18 equivalent position at the college upon completion of the program; and

19 b. Individuals who otherwise qualify pursuant to procedures set
20 forth by the Executive Director of Student Assistance Programs in
21 consultation with the Commission on Higher Education and the Board
22 of Directors of the Educational Opportunity Fund, but who are not
23 State college faculty members, or who have not been nominated by a
24 college].

25 To increase the representation of doctorally trained minority faculty
26 and administrators at New Jersey colleges and universities, the loan
27 and loan redemption features of the Minority Faculty Advancement
28 Loan and Loan Redemption Program, established pursuant to
29 P.L.1984, c.189, shall be phased out and replaced by incentive hiring
30 grants. Support, other than loans, for students participating in the
31 program shall continue through campus assistance grants. The
32 commission may enter into an agreement with another agency or entity
33 to administer or provide services for this program.

34 b. To be eligible for a campus assistance grant, a New Jersey college
35 or university shall enter into an agreement with the commission to
36 provide support opportunities to eligible student participants. Support
37 opportunities may include, but are not limited to: advising; mentoring;
38 workshops and colloquia.

39 c. To be eligible for an incentive hiring grant, a New Jersey college
40 or university shall enter into an agreement with the commission to
41 provide loan redemption up to \$40,000 per individual as a benefit to
42 newly hired minority faculty or administrators with doctoral degrees,
43 regardless of whether the doctorate was earned at an institution of
44 higher education within or outside of the State. No more than
45 \$10,000 shall be redeemed for an individual for each year of service as
46 a faculty member or administrator.

1 d. No student loans shall be originated or guaranteed under this
2 program after the effective date of P.L. , c. (C.)(now pending
3 before the Legislature as this bill), to any person not already the
4 recipient of a student loan made or guaranteed under the Minority
5 Faculty Advancement Loan and Loan Redemption Program,
6 established pursuant to P.L. 1984, c.189. The Higher Education
7 Student Assistance Authority shall administer the loan and loan
8 redemption components for persons participating prior to the effective
9 date of P.L. , c. (C.)(now pending before the Legislature as this
10 bill) until they have exhausted eligibility for such assistance.
11 (cf: P.L.1994, c.48, s.273)

12
13 56. Section 5 of P.L.1984, c.189 (C.18A:72F-5) is amended to read
14 as follows:

15 5. Eligible program participants who entered the program prior to
16 the effective date of P.L. , c. (C.)(now pending before the
17 Legislature as this bill), and who **【seeking】** seek loans to finance their
18 education shall **【first】** apply for loans under the **【Guaranteed Student】**
19 **【Federal Family Education Loan Program.** In the event that these
20 participants have borrowed the maximum permitted under the terms
21 of this program **【or are otherwise ineligible】** but would otherwise be
22 eligible borrowers under this program, they may apply for nonfederal
23 direct loans in amounts not exceeding \$10,000.00 per student annually
24 which loans may be renewed for up to a maximum of four academic
25 years for a total loan indebtedness not exceeding \$40,000.00 per
26 student. **【Direct】** However, the amount of a nonfederal direct loan
27 shall not exceed, in combination with other financial aid, the total
28 educational costs of a participant attending a college or university
29 participating in this program. Nonfederal direct loans will be
30 evidenced by promissory notes and may be secured pursuant to
31 **【regulations and】** forms established by the **【Executive Director of**
32 **Student Assistance Programs】** Higher Education Student Assistance
33 Authority.

34 **【Direct】**Nonfederal direct loans shall not bear interest or finance
35 charges during the time a student is enrolled as a full-time student in
36 the program or is engaged in approved redemption service pursuant to
37 this act. **【Direct】**Nonfederal direct loans shall become due and payable
38 pursuant to section 8 of this act six months after graduation if no
39 redemption contract is in effect, or six months after change to
40 part-time student status, withdrawal from the program, or termination
41 from full-time employment either as a faculty member at a **【State】**
42 New Jersey college or university or other qualified employment.
43 (cf: P.L.1994, c.48, s.274)

44
45 57. Section 6 of P.L.1984, c.189 (C.18A:72F-6) is amended to read

1 as follows:

2 6. **[Direct]** Nonfederal direct loans obtained pursuant to section 5
3 of this act and **[federally guaranteed student loans]** Federal Family
4 Education Loans together with interest thereon secured after
5 admission to the Minority Advancement Program may be redeemed by
6 program participants who entered the program prior to the effective
7 date of P.L. , c. (C.)(now pending before the Legislature as this
8 bill), upon execution of a contract between the participant and the
9 **[executive director]** Higher Education Student Assistance Authority.
10 The maximum loan redemption for program participants shall amount
11 to cancellation of repayment for one-quarter of the eligible loan
12 indebtedness in return for each full academic year of service as a
13 faculty member in a **[State]** New Jersey college or university for total
14 cancellation of loan indebtedness for up to, but not to exceed, a
15 maximum of \$40,000.00 per student. In no event shall faculty service
16 for less than the full academic year of each period of service entitle the
17 participant to any benefits under the loan redemption conditions of the
18 program. Prior to the annual redemption of loan indebtedness,
19 participants in the program shall submit proof of faculty service to the
20 **[executive director]**Higher Education Student Assistance Authority.
21 (cf: P.L.1994, c.48, s.275)

22

23 58. Section 7 of P.L.1984, c.189 (C.18A:72F-7) is amended to read
24 as follows:

25 7. Faculty service requirements for loan redemption purposes
26 pursuant to section 6 of P.L.1984, c.189 (C.18A:72F-6) shall be
27 satisfied at **[the State]** any New Jersey college or university **[which**
28 **nominated the faculty member to participate in the program unless**
29 **otherwise agreed by the State college president. Program participants**
30 **not nominated by a State college may satisfy their faculty service**
31 **requirement at any New Jersey State college; except that any faculty**
32 **member participating in the program upon nomination by an institution**
33 **of higher education within New Jersey other than a State college shall**
34 **satisfy his faculty service requirements for loan redemption purposes**
35 **at his nominating institution unless otherwise agreed by the nominating**
36 **institution's president. However, if the executive director determines**
37 **that no appropriate faculty positions are available in the State colleges,**
38 **faculty service requirements may be satisfied at other public or private**
39 **colleges or universities in New Jersey which are licensed by the**
40 **Commission on Higher Education, or at any other agency of State**
41 **government]**.

42 (cf: P.L.1994, c.48, s.276)

43

44 59. Section 8 of P.L.1984, c.189 (C.18A:72F-8) is amended to read
45 as follows:

46 8. Program participants who entered the program prior to the

1 effective date of P.L. , c. (C.)(now pending before the Legislature
2 as this bill), and who have entered into redemption contracts with the
3 **[executive director] Higher Education Student Assistance Authority**
4 may nullify their contracts by submitting written notification to the
5 executive director of the authority and assuming full responsibility for
6 repayment of principal and interest on the full amount of their
7 nonfederal direct loans or that portion of the loans which has not been
8 redeemed by the State in return for partial fulfillment of the contracts.
9 The interest on the loans shall be at the prevailing rate established for
10 the **[federal Guaranteed Student] Federal Family Education** Loan
11 Program at the time the loans were made. The participant seeking to
12 nullify the contract shall be required to repay the loan or the
13 unredeemed portion thereof in not more than 10 years following the
14 termination of the contract minus the years of service already
15 performed under the contract. Repayments of nonfederal direct loans
16 by participants who do not perform faculty service for redemption
17 purposes may be used to provide future loans under the program, as
18 determined by the executive director of the authority.
19 (cf: P.L.1994, c.48, s.277)

20

21 60. Section 9 of P.L.1984, c.189 (C.18A:72F-9) is amended to read
22 as follows:

23 9. In case of a program participant's death or total or permanent
24 disability, the executive director of the Higher Education Student
25 Assistance Authority shall nullify the service obligation of the student,
26 thereby terminating the student's obligation to repay the unpaid
27 balance of the redeemable portion of the loan and the accrued interest
28 thereon, or where continued enforcement of the contract may result in
29 extreme hardship, the executive director of the authority may nullify
30 or suspend the service obligation of the student.

31 (cf: P.L.1994, c.48, s.278)

32

33 61. Section 10 of P.L.1984, c.189 (C.18A:72F-10) is amended to
34 read as follows:

35 10. The impact of the program on the representation of **[State]**
36 New Jersey college and university minority faculty members with
37 doctoral degrees in the designated disciplines shall be evaluated
38 periodically by the Commission on Higher Education in consultation
39 with the Board of Directors of the New Jersey Educational
40 Opportunity Fund and the New Jersey Presidents' Council.

41 (cf: P.L.1994, c.48, s.279)

42

43 62. Section 11 of P.L.1984, c.189 (C.18A:72F-11) is amended to
44 read as follows:

45 11. The **[executive director and the]** Commission on Higher
46 Education shall promulgate such rules and regulations in accordance

1 with the "Administrative Procedure Act," P.L.1968, c.410
2 (C.52:14B-1 et seq.) as are necessary to carry out the purposes of this
3 act. Rules pertaining to loans and loan redemption pursuant to
4 sections 5 through 9 of P.L.1984, c.189 (C.18A:72F-5 through
5 18A:72F-9) shall be promulgated by the Higher Education Student
6 Assistance Authority.

7 (cf: P.L.1994, c.48, s.280)

8

9 63. Section 1 of P.L.1991, c.485 (C.18A:72M-1) is amended to
10 read as follows:

11 1. As used in this act:

12 "Eligible discipline" means an academic discipline in which minority
13 individuals are underrepresented as determined by the **【Executive**
14 **Director of Student Assistance Programs】** Commission on Higher
15 Education in consultation with the Board of Directors of the
16 Educational Opportunity Fund and the New Jersey Presidents' Council.

17 "Minority" means any person who is a member of a racial-ethnic
18 group that has been historically disadvantaged in obtaining access to
19 equal educational opportunities.

20 "Program" means the Minority Undergraduate Fellowship Program
21 established pursuant to this act.

22 (cf: P.L.1994, c.48, s.289)

23

24 64. Section 2 of P.L.1991, c.485 (C.18A:72M-2) is amended to
25 read as follows:

26 2. **【The Executive Director of Student Assistance Programs shall**
27 **establish】** There is established a Minority Undergraduate Fellowship
28 Program within the **【Office of Student Assistance】** Commission on
29 Higher Education. The purpose of the program is to identify
30 academically talented minority undergraduate students who may be
31 interested in pursuing an academic career in an eligible discipline at a
32 public or independent institution of higher education within the State,
33 and to provide such students with the institutional and faculty support
34 necessary to assist them in reaching that goal. The commission may
35 enter into an agreement with another agency or entity to administer or
36 provide services for this program.

37 (cf: P.L.1994, c.48, s.290)

38

39 65. Section 3 of P.L.1991, c.485 (C.18A:72M-3) is amended to
40 read as follows:

41 3. The **【executive director, in consultation with the】** Commission
42 on Higher Education**【,】** shall establish policies and procedures for the
43 nomination and selection as program fellows of academically talented
44 minority undergraduate students who are in their junior year of study
45 at a public or independent college or university within the State. Upon
46 the selection of program fellows, the institution in which each student

1 who is selected is enrolled shall assign to the student a faculty advisor
2 who shall do the following:

- 3 a. Supervise a research project conducted by the fellow during the
4 junior year or actively involve the student in a project which the
5 advisor is conducting;
- 6 b. Supervise the fellow as an undergraduate teaching assistant in
7 the fellow's senior year of study;
- 8 c. Accompany the fellow to the annual meeting of the professional
9 association of the fellow's academic discipline; and
- 10 d. Assist the fellow in the selection of a graduate or professional
11 school.

12 (cf: P.L.1994, c.48, s.291)

13

14 66. Section 4 of P.L.1991, c.485 (C.18A:72M-4) is amended to
15 read as follows:

16 4. Each fellow shall receive a stipend in the amount of \$1,000 per
17 semester during the senior year of study and an amount not to exceed
18 \$500.00 for travel expenses. Each faculty advisor shall receive a
19 stipend in the amount of \$500.00 per semester for two semesters.

20 (cf: P.L.1991, c.485, s.4)

21

22 67. Section 5 of P.L.1991, c.485 (C.18A:72M-5) is amended to
23 read as follows:

24 5. The **【executive director, in consultation with the commission,】**
25 Commission on Higher Education in consultation with the Board of
26 Directors of the New Jersey Educational Opportunity Fund and the
27 New Jersey Presidents' Council shall periodically evaluate the impact
28 of the program **【on the representation of college and university**
29 **minority faculty members with graduate degrees in eligible**
30 **disciplines】**.

31 (cf: P.L.1994, c.48, s.292)

32

33 68. Section 6 of P.L.1991, c.485 (C.18A:72M-6) is amended to
34 read as follows:

35 6. The **【executive director and the】** Commission on Higher
36 Education**【, in consultation with the Board of Directors of the**
37 **Educational Opportunity Fund,】** shall adopt rules and regulations
38 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
39 (C.52:14B-1 et seq.), necessary to effectuate the purposes of this act.

40 (cf: P.L.1994, c.48, s.293)

41

42 69. Section 7 of P.L.1991, c.485 (C.18A:72M-7) is amended to
43 read as follows:

44 7. The **【executive director】** commission may utilize funding received
45 under the "Minority Faculty Advancement **【Loan and Loan**

1 Redemption] Program Act," P.L.1984, c.189 (C.18A:72F-1 et seq.)
2 in making payments under this act.
3 (cf: P.L.1994, c.48, s.294)

4
5 70. Section 13 of P.L.1997, c.237 (C.54A:6-25) is amended to read
6 as follows:

7 13. a. Gross income shall not include the earnings on or distribution
8 from an individual trust account or savings account established
9 pursuant to the "New Jersey Better Educational Savings Trust
10 Program" established pursuant to [P.L.1997, c.237 (C.18A:72-43 et
11 seq.)] N.J.S.18A:71B-38.

12 b. "Distribution" means a withdrawal which pays the designated
13 beneficiary's qualified higher education expenses described in section
14 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529 or
15 which represents contributions net of earnings thereon.
16 (cf: P.L.1997, c.237, s.13)

17
18 71. The following acts and parts of acts are hereby repealed:

19 Sections 17, 18, and 20 of P.L.1994, c.48 (C.18A:3B-17, 18A:3B-
20 18 and 18A:3B-20);

21 P.L.1971, c.191 (C.18A:63A-1 et seq.);

22 Chapter 64F of Title 18A of the New Jersey Statutes;

23 Chapter 71 of Title 18A of the New Jersey Statutes;

24 Sections 1 and 2 of P.L.1969, c.117 (C.18A:71-7.2 and 18A:71-7.3);

25 Sections 1 through 4 of P.L.1977, c.330 (C.18A:71-15.1 through
26 18A:71-15.4);

27 Section 1 of P.L.1991, c.38 (C.18A:71-15.5);

28 Sections 1 through 11 of P.L.1977, c.345 (C.18A:71-26.1 through
29 18A:71-26.11);

30 Section 2 and 3 of P.L.1984, c.94 (C.18A:71-26.12 and 18A:71-
31 26.13);

32 P.L.1989, c.288 (C.18A:71-26.14 et seq.);

33 P.L.1968, c.429 (C.18A:71-41 et seq.);

34 Section 8 of P.L.1977, c.344 (C.18A:71-47.1);

35 P.L.1979, c.229 (C.18A:71-77 et seq.);

36 P.L.1991, c.272 (C.18A:71-87 et seq.);

37 P.L.1997, c.118 (C.18A:71-102 et seq.);

38 P.L.1997, c.220 (C.18A:71-106 et seq.);

39 Chapter 72 of Title 18A of the New Jersey Statutes;

40 P.L.1974, c.157 (C.18A:72-9.1 et seq.);

41 Sections 6 through 17 and 22 of P.L.1969, c.135 (C.18A:72-10.1
42 through 18A:72-10.13);

43 Section 23 of P.L.1969, c.135 (C.18A:72-17.1);

44 Section 24 of P.L.1969, c.135 (C.18A:72-22);

45 P.L.1982, c.117 (C.18A:72-23 et seq.);

46 P.L.1986, c.12 (C.18A:72-25.1 et seq.);

1 P.L.1988, c.33 (C.18A:72-25.4 et seq.);
2 Sections 1 through 8 of P.L.1982, c.135 (C.18A:72-26 through
3 18A:72-33);
4 Sections 1 through 9 of P.L.1991, c.268 (C.18A:72-34 through
5 18A:72-42);
6 Sections 1 through 12 and section 14 of P.L.1997, c.237 (C.18A:72-
7 43 through C.18A:72-54);
8 Sections 60 through 76 of P.L.1991, c.187 (C.18A:72D-12 through
9 18A:72D-28); and
10 Section 12 of P.L.1984, c.189 (C.18A:72F-12).

11

12 72. The following acts and parts of acts are hereby repealed:

13 Section 12 of P.L.1986, c.42 (C.18A:64-21.1);

14 P.L.1975, c.331 (C.18A:71-61 et seq.);

15 P.L.1975, c.356 (C.18A:71-64 et seq.);

16 P.L.1985, c.114 (C.18A:71-76.1 et seq.); and

17 P.L.1991, c.296 (C.18A:71-96 et seq.).

18

19 73. This act shall take effect immediately, except that sections 1, 18,
20 19, 27, 29, 31, 32, 46, 47, 52 through 62, and 71 shall take effect on
21 the 45th day after enactment.

22

23

24

STATEMENT

25

26 This bill consolidates the various student assistance functions of the
27 Office of Student Assistance, the Student Assistance Board and the
28 Higher Education Assistance Authority into a new authority, the
29 Higher Education Student Assistance Authority. The chief executive
30 and administrative officer of the authority will be the executive
31 director who will be appointed by the Governor.

32 The authority will have a board that will consist of 18 members: the
33 State Treasurer; the chair of the Commission on Higher Education; the
34 chairman of the Board of Directors of the Educational Opportunity
35 Fund; five representatives from eligible institutions of higher education
36 in this State, including one from Rutgers, the State University, one
37 from either the New Jersey Institute of Technology or the University
38 of Medicine and Dentistry of New Jersey, one from the county
39 colleges, one from the State colleges, and one from the independent
40 institutions of higher education in the State; two students from
41 different collegiate institutional sectors; seven public members who
42 shall be residents of this State, including one who shall represent a
43 lender party to a participation agreement with the authority; and the
44 executive director of the authority.

45 Additionally, the bill:

46 - reallocates certain tuition assistance programs for veterans and

- 1 dependents of prisoners of war or persons missing in action, which
2 programs are administered by the Department of Military and
3 Veterans' Affairs, to Title 38A of the New Jersey Statutes;
- 4 - reallocates a program for tuition-free enrollment in public
5 institutions of higher education for certain members of the New Jersey
6 National Guard and the surviving spouses and children of New Jersey
7 National Guard members to chapter 62 of Title 18A of the New Jersey
8 Statutes;
- 9 - Changes the name of the "Minority Faculty Advancement Loan
10 and Loan Redemption Program Act" to the "Minority Faculty
11 Advancement Program Act, " provides for the phasing out of the loan
12 and loan redemption features of the prior program and places the
13 program in the Commission on Higher Education;
- 14 - places the Minority Undergraduate Fellowship Program in the
15 Commission on Higher Education;
- 16 - provides that a State professional or occupational licensing board
17 will define delinquent or default status on a student loan as misconduct
18 punishable by the denial, suspension or revocation of the license;
- 19 - closes a loophole in the current licensure process concerning out-
20 of-State institutions offering course work in New Jersey;
- 21 - provides that the chair of the New Jersey Presidents' Council will
22 also be the chair of the executive board of the council;
- 23 - adds the chairperson of the Board of the Higher Education Student
24 Assistance Authority and a faculty member to the Commission on
25 Higher Education as voting members;
- 26 - clarifies that the Commission on Higher Education may within 60
27 days deny approval of new academic programs that do not exceed the
28 programmatic mission of the institution but are found to be unduly
29 duplicative or expensive by the Presidents' Council;
- 30 - clarifies that tenure rights for faculty members are governed under
31 section 3 of P.L.1973, c.163 (C.18A:60-8);
- 32 - changes the name of the New Jersey State College Governing
33 Boards Association to the New Jersey Association of State Colleges
34 and Universities;
- 35 - provides that the board of trustees of a county college may not
36 employ an individual unless the individual is nominated by the
37 president of the institution;
- 38 - clarifies which funds the University of Medicine and Dentistry of
39 New Jersey may use in new ventures;
- 40 - provides that funding proposals of the New Jersey Educational
41 Facilities Authority for non-revenue producing educational facilities
42 will be deemed approved, if the Legislature does not disapprove the
43 proposal within 60 days of the submittal of the proposal to that body.
44 Currently, the Legislature also has the option to approve the proposal
45 with modifications;
- 46 - eliminates the requirement that college property transfers to the

- 1 New Jersey Educational Facilities Authority be approved by the State
- 2 House Commission; and,
- 3 - allows the Commission on Higher Education to charge the
- 4 institutions fees for the costs of consultants and other expenses
- 5 incurred by the commission for licensure reviews.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2217

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 1998

The Assembly Education Committee favorably reports Assembly Bill No. 2217 with committee amendments.

As amended by committee, this bill consolidates the various student assistance functions of the Office of Student Assistance, the Student Assistance Board and the Higher Education Assistance Authority into a new authority, the Higher Education Student Assistance Authority. The chief executive and administrative officer of the authority will be the executive director who will be appointed by the Governor.

The authority will have a board that will consist of 18 members: the State Treasurer; the chair of the Commission on Higher Education; the chairman of the Board of Directors of the Educational Opportunity Fund; five representatives from eligible institutions of higher education in this State, including one from Rutgers, the State University, one from either the New Jersey Institute of Technology or the University of Medicine and Dentistry of New Jersey, one from the county colleges, one from the State colleges, and one from the independent institutions of higher education in the State; two students from different collegiate institutional sectors; seven public members who shall be residents of this State, including one who shall represent a lender party to a participation agreement with the authority; and the executive director of the authority.

Additionally, the bill:

- reallocates certain tuition assistance programs for veterans and dependents of prisoners of war or persons missing in action, which programs are administered by the Department of Military and Veterans' Affairs, to Title 38A of the New Jersey Statutes;

- reallocates a program for tuition-free enrollment in public institutions of higher education for certain members of the New Jersey National Guard and the surviving spouses and children of New Jersey National Guard members to chapter 62 of Title 18A of the New Jersey Statutes;

- Changes the name of the "Minority Faculty Advancement Loan and Loan Redemption Program Act" to the "Minority Faculty Advancement Program Act, " provides for the phasing out of the loan

and loan redemption features of the prior program and places the program in the Commission on Higher Education;

- places the Minority Undergraduate Fellowship Program in the Commission on Higher Education;

- provides that a State professional or occupational licensing board will define delinquent or default status on a student loan as misconduct punishable by the denial, suspension or revocation of the license;

- closes a loophole in the current licensure process concerning out-of-State institutions offering course work in New Jersey;

- provides that the chair of the New Jersey Presidents' Council will also be the chair of the executive board of the council;

- adds the chairperson of the Board of the Higher Education Student Assistance Authority and a faculty member to the Commission on Higher Education as voting members;

- clarifies that the Commission on Higher Education may within 60 days deny approval of new academic programs that do not exceed the programmatic mission of the institution but are found to be unduly duplicative or expensive by the Presidents' Council;

- clarifies that tenure rights for faculty members are governed under section 3 of P.L.1973, c.163 (C.18A:60-8);

- changes the name of the New Jersey State College Governing Boards Association to the New Jersey Association of State Colleges and Universities;

- provides that the board of trustees of a county college may not employ an individual unless the individual is nominated by the president of the institution;

- clarifies which funds the University of Medicine and Dentistry of New Jersey may use in new ventures;

- provides that funding proposals of the New Jersey Educational Facilities Authority for non-revenue producing educational facilities will be deemed approved, if the Legislature does not disapprove the proposal within 60 days of the submittal of the proposal to that body. Currently, the Legislature also has the option to approve the proposal with modifications;

- eliminates the requirement that college property transfers to the New Jersey Educational Facilities Authority be approved by the State House Commission; and,

- allows the Commission on Higher Education to charge the institutions fees for the costs of consultants and other expenses incurred by the commission for licensure reviews.

The committee amended the bill to provide that any revisions to the procedures and guidelines for the award of tuition aid grants which may occur following the bill's effective date shall be submitted to the Joint Budget Oversight Committee of the Legislature which may approve or disapprove of the revisions. In the case of the Garden State Scholarship Program, the revisions are to be transmitted to the

Legislature and they shall be deemed approved at the end of 60 calendar days after they have been transmitted unless the Legislature passes a concurrent resolution of disapproval during that period. These amendments simply maintain the legislative oversight of changes to these programs which is currently in effect and has been since the enactment of these programs.

The amendments also restore language to the statute governing the University of Medicine and Dentistry of New Jersey in regard to the investment in not for profit corporations of income realized by the university from the operation of faculty practice plans.

SENATE EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2217

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 1998

The Senate Education Committee reports favorably Assembly Bill No. 2217 (1R) with Senate committee amendments.

As amended, this bill consolidates the various student assistance functions of the Office of Student Assistance, the Student Assistance Board and the Higher Education Assistance Authority into a new authority, the Higher Education Student Assistance Authority. The chief executive and administrative officer of the authority will be the executive director who will be appointed by the Governor.

The authority will have a board that will consist of 18 members: the State Treasurer; the chair of the Commission on Higher Education; the chairman of the Board of Directors of the Educational Opportunity Fund; five representatives from eligible institutions of higher education in this State, including one from Rutgers, the State University, one from either the New Jersey Institute of Technology or the University of Medicine and Dentistry of New Jersey, one from the county colleges, one from the State colleges, and one from the independent institutions of higher education in the State; two students from different collegiate institutional sectors; seven public members who shall be residents of this State, including one who shall represent a lender party to a participation agreement with the authority; and the executive director of the authority.

Additionally, the bill:

- reallocates certain tuition assistance programs for veterans and dependents of prisoners of war or persons missing in action, which programs are administered by the Department of Military and Veterans' Affairs, to Title 38A of the New Jersey Statutes;

- reallocates a program for tuition-free enrollment in public institutions of higher education for certain members of the New Jersey National Guard and the surviving spouses and children of New Jersey National Guard members to chapter 62 of Title 18A of the New Jersey Statutes;

- Changes the name of the "Minority Faculty Advancement Loan and Loan Redemption Program Act" to the "Minority Faculty

Advancement Program Act, " provides for the phasing out of the loan and loan redemption features of the prior program and places the program in the Commission on Higher Education;

- places the Minority Undergraduate Fellowship Program in the Commission on Higher Education;

- provides that a State professional or occupational licensing board will define delinquent or default status on a student loan as misconduct punishable by the denial, suspension or revocation of the license;

- closes a loophole in the current licensure process concerning out-of-State institutions offering course work in New Jersey;

- provides that the chair of the New Jersey Presidents' Council will also be the chair of the executive board of the council;

- adds the chairperson of the Board of the Higher Education Student Assistance Authority and a faculty member to the Commission on Higher Education as voting members;

- clarifies that the Commission on Higher Education may within 60 days deny approval of new academic programs that do not exceed the programmatic mission of the institution but are found to be unduly duplicative or expensive by the Presidents' Council;

- clarifies that tenure rights for current State and county college faculty members are governed under section 3 of P.L.1973, c.163 (C.18A:60-8);

- changes the name of the New Jersey State College Governing Boards Association to the New Jersey Association of State Colleges and Universities;

- provides that the board of trustees of a county college may not employ an individual unless the individual is nominated by the president of the institution;

- clarifies which funds the University of Medicine and Dentistry of New Jersey may use in new ventures;

- provides that funding proposals of the New Jersey Educational Facilities Authority for non-revenue producing educational facilities will be deemed approved if the Legislature does not disapprove the proposal within 60 days of the submittal of the proposal to that body;

- eliminates the requirement that college property transfers to the New Jersey Educational Facilities Authority be approved by the State House Commission; and

- allows the Commission on Higher Education to charge the institutions fees for the costs of consultants and other expenses incurred by the commission for licensure reviews.

The committee adopted amendments to reenact a statute that provided potential federal income tax exemption for New Jersey Better Educational Savings Trust (NJBEST) accounts and to clarify the tenure statutes applicable to State and county college faculty members who acquired tenure before the 1974-75 school year.

As reported, this bill is identical to Senate, No. 1184 with Senate committee amendments.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2217

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JULY 24, 1998

Assembly Bill No. 2217 (1R) of 1998 consolidates the various existing student assistance functions of the Office of Student Assistance, the Student Assistance Board and the Higher Education Assistance Authority into a new authority--the Higher Education Student Assistance Authority. The new authority is allocated in, but not of, the Department of State. The authority will be responsible for the continuing administration of State and federal student assistance programs. Initially, the Executive Director of the Office of Student Assistance will serve as the chief executive and administrative officer of the authority. The authority will have a board that will consist of 18 members.

Under the bill, the existing programs, functions and duties of the Office of Student Assistance, the Student Assistance Board and the Higher Education Assistance authority are continued and transferred to the new authority with the following exceptions:

- the bill reallocates certain tuition assistance programs for veterans and dependents of prisoners of war or persons missing in action which are administered by the Department of Military and Veterans' Affairs, to Title 38A of the New Jersey Statutes;
- changes the name of the "Minority Faculty Advancement Loan and Loan Redemption Program Act" to the "Minority Faculty Advancement Program Act, " provides for the phasing out of the loan and loan redemption features of the prior program, and places the program in the Commission on Higher Education;
- places the Minority Undergraduate Fellowship Program in the Commission on Higher Education.

The bill makes a variety of other revisions and clarifications to the statutes governing higher education, one of which is the requirement that institutions seeking licensure or licensure renewal pay for the expenses of the Commission on Higher Education staff when the commission conducts licensure review.

The Office of Legislative Services (OLS) estimates that the enactment of this bill will not result in additional costs to the State for the following reasons:

- the bill does not impose any new responsibilities or funding requirements on the authority and the programs consolidated under the authority are currently supported by State appropriations, federal funds and dedicated revenues;

- the two programs transferred to the Commission on Higher Education, the Minority Faculty Advancement Program and the Minority Undergraduate Fellowship Program, are supported by State funds and the commission indicates that there would be little, if any, additional costs for administering the programs;

- although the bill imposes additional costs at the institutional level for licensure review, institutions currently pay these costs for review team members other than the commission staff who are members of the review teams. The Commission on Higher Education estimates it could cost institutions an additional \$300 to \$500 per visit to pay the expenses of the commission staff. However, the costs could be absorbed into their regular operating budgets which are supported by State appropriations;

- the bill increases the amount of student loans that can be redeemed through service to medically underserved areas by physicians and dentists participating in the Primary Care Physician-Dentist Loan Redemption Program from \$70,000 to \$120,000. However, the \$1 million annual appropriation provided through the Health Care Subsidy Trust Fund is sufficient to fund the increase.

The bill also makes numerous other changes with regard to higher educational governance and organization; however OLS estimates that these changes will not result in additional State costs.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 1184

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 11, 1998

Sponsored by:

Senator PETER A. INVERSO
District 14 (Mercer and Middlesex)
Senator JOHN O. BENNETT
District 12 (Monmouth)

SYNOPSIS

Consolidates higher education student assistance entities including existing authority under one new authority.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning higher education and revising parts of the
2 statutory law.

3

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

6

7 1. An additional Subtitle, 12A, is added to Title 18A of the New
8 Jersey Statutes as follows:

9

SUBTITLE 12A

10 NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE
11 AUTHORITY

12

13 **Part 1.—Authority Structure and General Provisions**

14

15 18A:71A-1. Short Title.

16 Section 1 shall be known and may be cited as the “Higher
17 Education Student Assistance Authority Law.”

18

19 18A:71A-2. Terms Defined.

20 As used in this act, unless the context indicates another or
21 different meaning, the following words shall have the following
22 meanings:

23 “Authority” means the Higher Education Student Assistance
24 Authority established pursuant to this act, or any body, entity,
25 commission, or department succeeding to the principal functions
26 thereof or to whom the powers conferred upon the authority by this
27 act shall be given by law.

28 “Board” means the governing body of the authority appointed or
29 elected pursuant to N.J.S.18A:71A-4 of this article.

30 “Bond” means bonds, notes or other obligations of the authority
31 issued pursuant to this act.

32 “Commission” means the New Jersey Commission on Higher
33 Education.

34 “Eligible institution” means, unless otherwise defined by this act or
35 by the authority by regulation, an institution having a participation
36 agreement with the authority which is further defined in 20 U.S.C.
37 s.1071 et seq., and which includes an institution of higher education,
38 a proprietary institution of higher education, a postsecondary
39 vocational institution and a vocational school, provided that the
40 institution or school is licensed or approved by the appropriate agency
41 or department and accredited or preaccredited by a nationally
42 recognized accrediting association.

43 “Executive director” means the chief executive and administrative

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.

1 officer of the authority.

2 “Fund” means the Higher Education Student Assistance Fund.

3 “Lender” or “eligible lender” includes the authority and any
4 institution authorized to make loans under 20 U.S.C. s.1071 et seq.
5 which has entered into a participation agreement with the authority.

6 “Member” means an individual appointed or elected to the board of
7 the authority or serving ex-officio on the board.

8 “State college” means any college or university created pursuant to
9 chapter 64 of Title 18A of the New Jersey Statutes.

10

11 18A:71A-3. Higher Education Student Assistance Authority
12 Created.

13 The Higher Education Student Assistance Authority, a body
14 corporate and politic, shall be established in the Executive Branch of
15 the State Government and for the purposes of complying with the
16 provisions of Article V, Section IV, paragraph 1 of the New Jersey
17 Constitution, the authority is allocated in but not of the Department of
18 State. The authority shall constitute an instrumentality of the State
19 exercising public and essential governmental functions, and the
20 exercise by the authority of the powers conferred by this act in the
21 furthering of access to postsecondary education, whether by loans,
22 grants, scholarships or other means, shall be deemed and held to be an
23 essential governmental function of the State. The authority shall
24 submit its budget request directly to the Division of Budget and
25 Accounting in the Department of the Treasury.

26

27 18A:71A-4. Board of the Authority.

28 a. The Board of the Higher Education Student Assistance Authority
29 shall consist of 18 members as follows: the State Treasurer, ex-
30 officio, or a designee; the chairperson of the Commission on Higher
31 Education, ex-officio or a designee from among the public members
32 of the commission; the chairperson of the Board of Directors of the
33 Educational Opportunity Fund, ex-officio, or a designee from among
34 the public members of the board; five representatives from eligible
35 institutions in this State, including one from Rutgers, the State
36 University, one from either the New Jersey Institute of Technology or
37 the University of Medicine and Dentistry of New Jersey, one from the
38 county colleges, one from the State colleges, and one from the
39 independent institutions of higher education in the State; two students
40 from different collegiate institutional sectors; seven public members
41 who shall be residents of this State, including one who shall represent
42 a lender party to a participation agreement with the authority; and the
43 executive director of the authority, or designee, who shall be an ex-
44 officio, non-voting member of the board.

45 b. The seven public members, including the lender member, shall be
46 appointed by the Governor with the advice and consent of the Senate.

1 No more than four of the public members shall be members of the
2 same political party. The institutional representatives shall be
3 nominated by the respective institution in the case of Rutgers, the
4 State University, New Jersey Institute of Technology, and University
5 of Medicine and Dentistry of New Jersey. The remaining institutional
6 representatives shall be nominated by the respective sector association.
7 Institutional representatives shall be appointed by the Governor with
8 the advice and consent of the Senate. The student members shall be
9 the individuals that the Student Advisory Committee elects as its
10 chairperson and vice-chairperson. The Student Advisory Committee
11 shall be created by the board to include students from all collegiate
12 institutional sectors. The necessary appointments shall be made within
13 45 days of the enactment of P.L. , c. (C.) (now pending before the
14 Legislature as this bill).

15 c. Public and institutional members of the board shall serve a term
16 of four years and until a successor is appointed and qualified, except
17 in the case of the first members so appointed, four of whom shall be
18 appointed for a term of four years, four of whom shall be appointed
19 for a term of three years, two of whom shall be appointed for a term
20 of two years, and two of whom shall be appointed for a term of one
21 year. Student members shall serve a term of office not to exceed two
22 years. Any vacancy in the membership of the board, occurring
23 otherwise than by expiration of term, shall be filled in the same manner
24 as the original appointment or election was made, but for the
25 unexpired term only.

26

27 18A:71A-5. Executive Director.

28 a. The executive director of the authority shall be appointed by the
29 Governor and shall serve at the pleasure of the Governor during the
30 Governor's term of office and until a successor is appointed and
31 qualified, except that the person holding the office of Executive
32 Director of Student Assistance Programs in the Office of Student
33 Assistance in, but not of, the Department of the Treasury, on the
34 effective date of this act shall be the initial executive director of the
35 authority. The executive director shall receive annual compensation,
36 which shall be payable as other State compensation is paid.

37 b. The executive director shall be:

38 (1) the chief executive and administrative officer of the authority
39 having general charge and supervision of the work of the authority;

40 (2) the appointing authority and official agent of the authority for
41 all purposes. The authority shall delegate to the executive director the
42 power to employ financial and computer experts, attorneys,
43 accountants, managers, and such other employees and agents as may
44 be necessary; to fix their compensation; and to promote and discharge
45 the employees and agents;

46 (3) the budget request officer and the approval officer of the

1 authority;

2 (4) an officer and an ex-officio, non-voting member of the board;
3 and

4 (5) authorized, subject to law, to select a designee to act in his
5 place or stead and to have authority over all matters concerning the
6 employment and compensation of staff not classified under Title 11A
7 of the New Jersey Statutes.

8

9 18A:71A-6. Organization of the Board.

10 a. Meetings of the board shall be held at such time and place as the
11 members shall determine. A majority of the members in office at a
12 meeting at which public members of the board are present shall be
13 necessary to constitute a quorum for the transaction of business, and
14 the acts of a majority of the members present at a meeting at which a
15 quorum is present shall be the acts of the authority. The board shall
16 hold all meetings attended by, or open to, all members of the board in
17 accordance with the "Open Public Meetings Act," P.L. 1975, c.231
18 (C.10:4-6 et seq.).

19 b. A true copy of the minutes of every meeting of the board shall be
20 forthwith delivered by and under the certification of the secretary
21 thereof, to the Governor. No action taken at the meeting by the board
22 shall have force or effect until 10 days after the copy of the minutes
23 has been delivered. If, in the 10-day period, the Governor returns the
24 copy of the minutes with a veto of any action taken by the authority or
25 any member thereof at the meeting, the action shall be null and of no
26 effect. If the Governor does not return the minutes within the 10-day
27 period, any action therein recited shall have force and effect according
28 to the wording thereof. At any time prior to the expiration of the 10-
29 day period, the Governor may sign a statement of approval of any such
30 action of the board, in which case the approved action shall not
31 thereafter be disapproved.

32 Notwithstanding the provisions of this section, with regard to the
33 sale and award of bonds of the authority, the authority shall furnish to
34 the Governor a certified copy of the minutes of the meeting at which
35 the bonds are sold and awarded forthwith upon the taking of the
36 action, and the Governor shall indicate approval or disapproval of the
37 action prior to the end of the business day upon which the action of
38 the authority was taken.

39 The powers conferred in this section upon the Governor shall be
40 exercised with due regard for the rights of the holders of bonds of the
41 authority at any time outstanding, and nothing in, or done pursuant to,
42 this section shall in any way limit, restrict or alter the obligation or
43 powers of the authority or any representative or officer of the
44 authority to carry out and perform in every detail each and every
45 covenant, agreement or contract at any time made or entered into by
46 or on behalf of the authority with respect to its bonds or for the

1 benefit, protection or security of the holders thereof.

2 c. The officers of the board shall be a chairperson, a vice-
3 chairperson, and one person to act as secretary and treasurer. The
4 chairperson and vice-chairperson shall be elected from among the
5 public members of the board by the board annually and shall hold
6 office until their successors are elected or until their earlier death,
7 disability, resignation, or removal. The secretary and treasurer shall
8 be the executive director or designee. Any vacancy of the chairperson
9 or vice-chairperson caused by the death, disability, resignation, or
10 removal of any officer shall be filled by the members of the board.

11

12 18A:71A-7. Limitation of Liability, Indemnification, Conflict of
13 Interest, Compensation.

14 a. The personal liability of members of the board, which shall be a
15 public entity under the "New Jersey Tort Claims Act," N.J.S.59:1-1
16 et seq., shall be limited to the extent permitted by N.J.S.59:1-1 et seq.,
17 this act, and other applicable New Jersey law.

18 b. The members of the board shall be indemnified by the State to the
19 extent permitted by the " New Jersey Tort Claims Act," N.J.S.59:1-1
20 et seq., this section, and other applicable New Jersey law.

21 c. Each member of the board shall comply with the "New Jersey
22 Conflicts of Interest Law," P.L. 1971, c.182 (C.52:13D-12 et seq.).

23 d. The members of the board shall receive no compensation for their
24 services, but shall be reimbursed for their actual expenses necessarily
25 incurred in the performance of their duties.

26

27 18A:71A-8. General Powers of the Authority.

28 The authority shall have the power to:

29 a. adopt by-laws for the regulation of its affairs and the conduct of
30 its business;

31 b. maintain an office at such place or places within the State as it
32 may designate;

33 c. adopt an official seal and alter the same at pleasure;

34 d. sue and be sued in its own name;

35 e. make and enter into all contracts and agreements necessary or
36 incidental to the performance of its duties and the execution of its
37 powers under this act;

38 f. borrow money and to issue bonds, notes and other obligations of
39 the authority to carry out any purposes of the authority under this act,
40 including, without limitation: (1) making or purchasing loans under
41 any provision of this act; (2) purchasing from lenders approved notes
42 or participations in approved notes as provided by law; and (3)
43 refunding of outstanding bonds; but it shall not in any manner, directly
44 or indirectly, pledge the credit of the State;

45 g. receive and accept, from any federal or other public agency or
46 governmental entity, grants, including block grants, or loans for or in

- 1 aid of its programs and powers under this act, and to receive aid and
2 contributions from any other source, of money, property, labor, and
3 other things of value, to be held, used and applied only for the
4 purposes for which the grants, loans and contributions may be made;
5 h. acquire, lease as lessee, hold and dispose of real and personal
6 property or any interest therein, in the exercise of its powers and the
7 performance of its duties under this act;
8 i. complete, administer, operate, obtain and authorize payment for
9 insurance on and maintain, renovate, repair, modernize, lease or
10 otherwise deal with any property acquired or held by it pursuant to
11 this act;
12 j. authorize payment for disbursements, costs, commissions,
13 attorney's fees and other reasonable expenses related to and necessary
14 for the making and protection of guaranteed and other authority loans
15 and the recovery of moneys, loans or management of property
16 acquired in connection with the loans;
17 k. adopt rules and regulations to implement this act; and
18 l. do all acts and things necessary or appropriate to carry out the
19 objects and purposes of this act.

20

21 18A:71A-9. Further Powers of the Authority.

22 The authority shall have the following powers to:

- 23 a. further access to postsecondary education, whether by loans,
24 grants, scholarships, savings programs, or other means as approved by
25 the Legislature to meet the expenses of postsecondary education;
26 b. make, assist in the placing of federally guaranteed student loans,
27 service or otherwise provide such loans:
28 (1) to persons who are residents of this State or who reside outside
29 this State who are attending and are in good standing in, or who plan
30 to attend, any eligible institution located in this State or elsewhere; or
31 (2) to parents of persons meeting the requirements set forth in
32 paragraph (1) of this subsection, in order to assist them in meeting the
33 expenses of postsecondary education;
34 c. guarantee the loans in subsection b. of this section upon such
35 terms and conditions as the authority may prescribe; provided that the
36 amounts may not exceed the annual and aggregate amounts authorized
37 under 20 U.S.C. s.1071 et seq.;
- 38 d. buy and sell approved notes evidencing loans made under this act,
39 and to buy and sell participations in approved notes made pursuant to
40 this act, either by buying and selling directly or by establishing a
41 separate entity which will serve as a secondary market for student
42 loans, which entity shall adopt rules subject to the approval of the
43 authority;
- 44 e. be the State guaranty agency for the State of New Jersey and
45 engage in programs which state guaranty agencies are authorized to
46 participate in pursuant to 20 U.S.C. s.1071 et seq.;

- 1 f. be the lead State agency in coordination with the commission in
2 determining policy on student assistance issues;
- 3 g. assist students who are parties to loans made, funded, or
4 guaranteed under this act to qualify for federal interest subsidy, special
5 allowance, loan forgiveness or other applicable benefits;
- 6 h. establish a separate entity or utilize established agencies to
7 administer loan programs, which entity or agencies shall adopt rules
8 subject to the approval of the authority. Loans made by the entity or
9 agencies shall be subject to the same criteria as to amount, interest and
10 payment as are other loans authorized under this act, and shall be
11 given to students who are eligible for loans under the terms and
12 conditions of the law but have been unable to secure them;
- 13 i. be an agency of communication with departments and agencies of
14 the United States on the availability of grants or loans to this State for
15 purposes related to or similar to those set forth in this act;
- 16 j. request and receive from any department, division, board, bureau,
17 commission or agency of the State or any subdivision thereof the
18 assistance and data necessary to properly carry out its powers, duties
19 and functions;
- 20 k. make and service loans to eligible borrowers through State loan
21 programs established by law;
- 22 l. administer loan redemption and related fellowship programs
23 established by law;
- 24 m. administer and coordinate grant, scholarship and tuition aid
25 programs as established by law;
- 26 n. be the primary State agency for the administration of non-
27 campus based federal grant and scholarship programs for students
28 seeking to meet the expenses of postsecondary education;
- 29 o. inform the public of financial aid programs to meet the expenses
30 of postsecondary education;
- 31 p. perform audit and review functions, including federally mandated
32 lender and school reviews, campus level State student financial aid
33 program reviews and State-mandated annual internal control reviews;
34 and
- 35 q. assist the Attorney General in the investigation of alleged
36 violations of all criminal statutes related to fraud or a breach of
37 fiduciary obligations committed by any person who has obtained or
38 aided and abetted in obtaining loans, loan guarantees, scholarships,
39 and grants or other moneys from this authority; and to work in
40 conjunction with the appropriate prosecuting authorities in the
41 prosecution of cases where it is determined that evidence of criminal
42 activity exists.
- 43
- 44 18A:71A-10. Contracts, Purchases, Records, Travel.
- 45 a. The authority, in the exercise of its power to make and enter into
46 contracts and agreements necessary or incidental to the performance

1 of its duties and the execution of its powers, shall adopt standing
2 operating rules and procedures providing that, except as hereinafter
3 provided, no contract on behalf of the authority shall be entered into
4 for the doing of any work, or for the hiring of equipment or vehicles,
5 when the sum to be expended exceeds the sum of \$12,300 or, after
6 June 30, 1998, the amount determined pursuant to subsection b. of
7 this section, unless the authority shall first publicly advertise for bids
8 therefor, and shall award the contract to the lowest responsible bidder.
9 Waiver of bid advertising and of actual bidding shall be made by
10 resolution of the authority for those goods, services, and contracts
11 described in sections 4 and 5 of P.L.1954, c.48 (C.52:34-9 and 52:34-
12 10). Special rules shall apply to the procurement of professional
13 services when the authority shall consider a variety of factors
14 associated with rendering the professional services, including price, in
15 awarding of a contract.

16 This subsection shall not prevent the authority from having any work
17 done by its own employees, nor shall it apply when the safety or
18 protection of its or other public property requires. In the case of
19 exigency or emergency, the authority shall, by resolution passed by the
20 affirmative vote of a majority of its members, declare the exigency or
21 emergency to exist, and set forth in the resolution the nature thereof
22 and the approximate amount to be so expended.

23 b. The Governor, in consultation with the Department of the
24 Treasury, shall, not later than March 1 of each odd-numbered year,
25 adjust the threshold amount set forth in subsection a. of this section,
26 or the threshold amount resulting from any adjustment under this
27 subsection, in direct proportion to the rise or fall of the consumer
28 price index for all urban consumers in the New York City and the
29 Philadelphia areas as reported by the United States Department of
30 Labor. The Governor shall, no later than June 1 of each odd-
31 numbered year, notify the authority of the adjustment. The adjustment
32 shall become effective July 1 of each odd-numbered year.

33 c. The authority, in the exercise of its power to make purchases and
34 enter into contracts, leases and agreements necessary or incidental to
35 the performance of its duties and the execution of its powers, shall
36 adopt standing operating rules and procedures providing that, subject
37 to subsections a. and b. of this section, for purchases, contracts, leases
38 and agreements payable exclusively with or out of funds transferred
39 from the Higher Education Student Assistance Fund, the purchases,
40 contracts, leases and agreements shall be subject to the authority's sole
41 approval. Approval of the purchases, contracts, leases, and
42 agreements shall not be required by any other department, division,
43 board, bureau, agency, office or officer of the State.

44 d. The authority, without advertising for bids, or after having
45 rejected all bids obtained pursuant to advertising therefor, may
46 purchase any materials, supplies or equipment pursuant to a contract

1 or contracts for the materials, supplies or equipment entered into on
2 behalf of the State. Any department, division, commission, board,
3 bureau, agency, office or officer of the State may, by joint action with
4 the authority, purchase any articles used or needed by the State and
5 the authority.

6 e. Records subject to the record retention requirements set forth
7 under 20 U.S.C. s.1071 et seq., 20 U.S.C. s.1070c et seq., and 20
8 U.S.C. s.1104 et seq. and implementing regulations and rules shall not
9 be "public records" for purposes of the "Destruction of Public Records
10 Law (1953)", P.L.1953, c.410 (C.47: 3-15 et seq.), notwithstanding
11 the provisions of any law to the contrary.

12 f. The executive director shall have the power to approve of travel
13 consistent with Office of Management and Budget travel regulations,
14 except that for travel that is payable exclusively with or out of funds
15 transferred from the Higher Education Student Assistance Fund, no
16 approval shall be required by the Director of the Office of
17 Management and Budget.

18

19 18A:71A-11. Certain Pension, Benefits, and Employment
20 Classification Provisions Applicable to Employees of the Authority.

21 a. Notwithstanding the provisions of any law to the contrary, any
22 former employee of the Office of Student Assistance who was a
23 participant in the alternate benefit program, P.L.1969, c.242
24 (C.18A:66-168 et seq.), and who has continued in uninterrupted
25 service with the State may continue to participate in the alternate
26 benefit program on the same terms as other eligible employees.

27 b. Notwithstanding the provisions of any law to the contrary,
28 professional administrative staff of the authority are eligible to
29 participate in the alternate benefit program under the provisions of
30 P.L.1969, c.242 (C.18A:66-168 et seq.).

31 c. Notwithstanding the provisions of any law to the contrary,
32 eligible employees of the authority shall be eligible to obtain
33 supplemental tax-deferred annuities with outside investment carriers
34 on the same basis and with the same carriers as available to members
35 of the alternate benefit program under the provisions of P.L.1969,
36 c.242 (C.18A:66-168 et seq.).

37 d. The total number of employees in unclassified service including
38 the number of vacant unclassified service positions on the date this act
39 becomes effective shall not decrease without prior authorization by the
40 board.

41

42 18A:71A-12. Limitations on Issue of Bond Anticipation Notes and
43 Other Obligations.

44 The authority may issue bond anticipation notes and other short-
45 term obligations which may be renewed from time to time, but the
46 maximum maturity of the notes or obligations, including renewals

1 thereof, shall not exceed five years from the date of issue of the
2 original. The notes or obligations shall be paid from any revenues or
3 other moneys of the authority available therefor and not otherwise
4 pledged, or from the proceeds of sale of the bonds of the authority in
5 anticipation of which they were issued. The notes or obligations shall
6 be issued in the same manner as bonds, and the resolution or
7 resolutions authorizing them may contain any provisions, conditions
8 or limitations which a bond resolution of the authority may contain.
9

10 18A:71A-13. Bonds, Bond Anticipation Notes, Other Obligations:
11 General Provisions.

12 Except as may otherwise be expressly provided by the authority,
13 every issue of its bonds, notes or obligations shall be general
14 obligations of the authority payable from any revenues or moneys of
15 the authority, subject only to any agreements with the holders of
16 particular bonds, notes or obligations pledging any particular revenues
17 or moneys. Notwithstanding that bonds, notes, and other obligations
18 may be payable from a special fund, they shall be fully negotiable
19 within the meaning of Title 12A of the New Jersey Statutes, the
20 Uniform Commercial Code, subject only to the provision of the bonds,
21 notes, and other obligations for registration. The bonds may be issued
22 as serial bonds or as term bonds, or the authority, in its discretion, may
23 issue bonds of both types. The bonds shall be authorized by resolution
24 of the members of the authority and shall bear such date or dates,
25 mature at such time or times, not exceeding 35 years from their
26 respective dates, bear interest at such rate or rates including, but not
27 limited to, fixed, variable, floating or adjustable interest rates, be
28 payable at such time or times, be in such denominations, be in such
29 form, either coupon or registered, carry such registration privileges,
30 be executed in such manner, be payable in lawful money of the United
31 States of America at such place or places, and be subject to such terms
32 of redemption, as the resolution or resolutions may provide. The
33 bonds, notes or obligations may be sold at public or private sale for
34 such price or prices as the authority shall determine. Pending
35 preparation of the definitive bonds, the authority may issue interim
36 receipts or certificates which shall be exchanged for the definitive
37 bonds.

38 At any time prior to the issuance and sale of bonds or other
39 obligations by the authority under this act, the State Treasurer is
40 authorized to transfer from any available moneys in any fund of the
41 Treasury of the State to the credit of any fund of the authority those
42 sums which the State Treasurer may deem necessary. The sums so
43 transferred shall be returned to the same fund of the Treasury of the
44 State by the State Treasurer from the proceeds of the sale of the first
45 issue of authority bonds, notes or other obligations issued for the same
46 programmatic purpose as the funds transferred by the State Treasurer.

1 18A:71A-14. Bond Resolutions.

2 Any resolution or resolutions of the authority authorizing any bonds
3 or any issues of bonds may contain provisions, which shall be a part of
4 the contract with the holders of the bonds to be authorized as to:

- 5 a. the pledging of all or any part of the revenues of the authority;
- 6 b. the use and disposition of the revenues;
- 7 c. the setting aside of reserves or sinking funds, and the regulations
8 and disposition thereof;
- 9 d. limitations on the issuance of additional bonds, the terms upon
10 which additional bonds may be issued and secured and the refunding
11 of outstanding bonds;
- 12 e. the procedure, if any, by which the terms of any contract with
13 bondholders may be amended or abrogated, the amount of bonds the
14 holders of which must consent thereto, and the manner in which the
15 consent may be given;
- 16 f. limitations on the purpose to which the proceeds of sale of any
17 issue of bonds then or thereafter to be issued may be applied and
18 pledging the proceeds to secure the payment of the bonds or any issue
19 of the bonds;
- 20 g. defining the acts or omissions to act which shall constitute a
21 default in the duties of the authority to holders of its obligations and
22 providing the rights and remedies of the holders in the event of a
23 default; and
- 24 h. the making of covenants other than and in addition to the
25 covenants herein expressly authorized, of like or different character;
26 and the making of the covenants to do or refrain from doing such acts
27 and things as may be necessary or convenient or desirable in order to
28 better secure the bonds, notes or other obligations which, in the
29 absolute discretion of the authority, will tend to make the bonds,
30 notes, or other obligations more marketable, notwithstanding that the
31 covenants, acts or things may not be enumerated herein.

32

33 18A:71A-15. Personal Liability on Bonds, Notes and Other
34 Obligations.

35 Neither the members of the authority, nor any person executing
36 bonds, notes or other obligations issued by it, nor any officer or
37 employee of the authority shall be liable personally on the bonds, notes
38 or other obligations or be subject to any personal liability or
39 accountability by reason of the issuance thereof.

40

41 18A:71A-16. Purchase by Authority of Bonds, Notes and Other
42 Obligations.

43 The authority shall have the power out of any funds available
44 therefor to purchase its bonds, notes or other obligations. The
45 authority may hold, pledge, cancel or resell the bonds, subject to and
46 in accordance with agreements with bondholders.

1 18A:71A-17. Security for Bonds.

2 In the discretion of the authority, any bonds issued by it may be
3 secured by a trust agreement between the authority and a qualified
4 bank as defined in section 1 of "The Banking Act of 1948," P.L.1948,
5 c.67 (C.17:9A-1 et seq.). The trust agreement or resolution providing
6 for the issuance of the bonds may contain such provisions for
7 protecting and enforcing the rights and remedies of the bondholders as
8 may be reasonable and proper and not in violation of law, including
9 particularly those provisions authorized to be included in any
10 resolution or resolutions of the authority authorizing bonds. Any
11 banking institution, as defined in section 1 of "The Banking Act of
12 1948," P.L.1948, c.67 (C.17:9A-1 et seq.), may act as depository of
13 the proceeds of bonds or of revenues or other moneys and may furnish
14 such indemnifying bonds or pledge such securities as may be required
15 by the authority. The trust agreement may set forth the rights and
16 remedies of the bondholders and of the trustee or trustees, and may
17 restrict the individual right of action by bondholders. In addition to
18 the foregoing, the trust agreement or resolution may contain such
19 other provisions as the authority may deem reasonable and proper for
20 the security of the bondholders.

21

22 18A:71A-18. Liability for Payment of Bonds.

23 Bonds issued pursuant to N.J.S.18A:71A-8 shall not be deemed to
24 constitute a debt or liability of the State or of any political subdivision
25 thereof or a pledge of the faith and credit of the State or of any
26 political subdivision, but shall be payable solely from the funds herein
27 provided. The bonds shall contain on the face a statement to the
28 effect that neither the State of New Jersey nor the authority shall be
29 obligated to pay the same or the interest thereon except from revenues
30 or other moneys of the authority and that neither the faith and credit
31 nor the taxing power of the State or of any political subdivision
32 thereof is pledged to the payment of the principal of or the interest on
33 the bonds. The issuance of bonds under the provisions of this act shall
34 not directly or indirectly or contingently obligate the State or any
35 political subdivision thereof to levy or to pledge any form of taxation
36 whatever therefor.

37

38 18A: 71A-19. Rights of Bondholders.

39 A holder of bonds issued by the authority pursuant to
40 N.J.S.18A:71A-8, or any of the coupons appertaining thereto, and the
41 trustee or trustees under any trust agreement, except to the extent the
42 rights herein given may be restricted by any resolution authorizing the
43 issuance of, or any trust agreement securing, the bonds, may, either
44 at law or in equity, by suit, action or other proceedings, protect and
45 enforce any and all rights under the laws of the State or granted
46 hereunder or under the resolution of trust agreement, and may enforce

1 and compel the performance of all duties required by this act or by the
2 resolution or trust agreement to be performed by the authority or by
3 any officer, employee or agent thereof.

4
5 18A:71A-20. Refunding Bonds.

6 a. The authority shall have power to issue bonds for the purposes of
7 refunding any of its bonds then outstanding, including the payment of
8 any redemption premium thereon and any interest accrued or to accrue
9 to the earliest or subsequent date of redemption, purchase or maturity
10 of the bonds.

11 b. The proceeds of bonds issued for the purpose of refunding
12 outstanding bonds may, in the discretion of the authority, be applied
13 to the purchase or retirement at maturity or redemption of outstanding
14 bonds either on their earliest or any subsequent redemption date or
15 upon the purchase or at the maturity thereof and may, pending such
16 application, be placed in escrow to be applied to the purchase or
17 retirement at maturity or redemption on such date as may be
18 determined by the authority. Any escrowed proceeds, pending such
19 use, may be invested and reinvested in obligations of or guaranteed by
20 the United States of America, or in certificates of deposit or time
21 deposits secured by obligations of or guaranteed by the United States
22 of America, maturing at such time or times as shall be appropriate to
23 assure the prompt payment, as to principal, interest and redemption
24 premium, if any, of the outstanding bonds to be so refunded. The
25 interest, income and profits, if any, earned or realized on any such
26 investment may also be applied to the payment of the outstanding
27 bonds to be so refunded. After the terms of the escrow have been
28 fully satisfied and carried out, any balance of the proceeds and interest,
29 income and profits, if any, earned or realized on the investments
30 thereof may be returned to the authority for use by it in any lawful
31 manner. All such bonds shall be subject to the provisions of this act
32 in the same manner and to the same extent as other bonds issued
33 pursuant to this act and N.J.S.18A:71A-8.

34
35 18A:71A-21. Bonds as Legal Investments.

36 Bonds, notes and other obligations issued by the authority under the
37 provisions of this act and N.J.S. 18A:71A-8, are hereby made
38 securities in which the State and all political subdivisions of the State,
39 their officers, boards, commissions, departments or other agencies,
40 banks, savings banks, savings and loan associations, investment
41 companies, all insurance companies, insurance associations and all
42 administrators, executors, guardians, trustees and other fiduciaries,
43 and all other persons who now are or may hereafter be authorized to
44 invest in bonds, notes or other obligations of the State, may properly
45 and legally invest any funds, including capital belonging to them or
46 within their control; and the bonds, notes or other obligations are

1 hereby made securities which may properly and legally be deposited
2 with and received by any State or municipal officers or agency of the
3 State for any purpose for which the deposit of bonds or other
4 obligations of the State is now or may hereafter be authorized by law.

5
6 18A:71A-22. Pledge of State; Exemption From Taxation; Taxable
7 Bond Option.

8 a. The State of New Jersey does pledge to and agree with the
9 holders of the bonds, notes and other obligations issued pursuant to
10 authority contained in this act and N.J.S. 18A:71A-8, that the State
11 will not limit the power and obligation of the authority to fulfill the
12 terms of any agreements made with the holders of bonds, notes and
13 other obligations so issued, or in any way impair the rights or
14 remedies of the holders of the bonds, and will not modify in any way
15 the exemptions for taxation provided for in this act, until the bonds,
16 notes and other obligations together with interest thereon, are fully
17 paid and discharged. The authority as a public body corporate and
18 politic shall have the right to include the pledge herein made in its
19 bonds and contracts.

20 b. Unless otherwise determined by the authority, all bonds, notes
21 or other obligations issued pursuant to this act are hereby declared to
22 be issued by a body corporate and politic of this State and for an
23 essential public and governmental purpose. The bonds, notes and
24 other obligations, and the interest thereon and the income therefrom,
25 and all fees, charges, funds, revenues, income and other moneys
26 pledged or available to pay or secure the payment of the bonds, notes
27 or other obligations, or interest thereon, shall at all times be exempt
28 from taxation except for transfer, inheritance and estate taxes.

29 c. With respect to all or any portion of any issue of any bonds, notes
30 or other obligations that the authority may issue in accordance with
31 this act, the authority may covenant, elect and consent that the interest
32 on the bonds be includable under the federal Internal Revenue Code of
33 1986, as amended, in the gross income of the holders of the bonds to
34 the same extent and in the same manner that the interest on bills,
35 bonds, notes or other obligations of the United States is includable in
36 the gross income of the holders under the federal Internal Revenue
37 Code of 1986, as amended, or in such other manner as the authority
38 may covenant, elect and consent. Bonds issued pursuant to this act
39 are not subject to any limitations or restrictions of any law that may
40 limit the authority's power to issue those bonds.

41
42 18A:71A-23. Higher Education Student Assistance Fund.

43 The authority shall establish and maintain a special fund called the
44 "Higher Education Student Assistance Fund" solely for its activities as
45 a guaranty agency and lender under 20 U.S.C. s.1071 et seq. The fund
46 shall consist of: a. all moneys appropriated by the Legislature for

1 inclusion in the fund; b. federal advances and other revenues realized
2 as a result of guaranty and lender activities under 20 U.S.C. s.1071 et
3 seq.; c. investment earnings of the fund; d. moneys contributed to
4 the authority by private sources, to be used for the purposes of this
5 act; e. the proceeds received by the sale of its bonds, bond
6 anticipation notes and other obligations as provided by law; and f. the
7 proceeds received by the authority from the resale of notes evidencing
8 approved loans made pursuant to this act.

9 The authority may in any resolution authorize the establishment
10 within the Higher Education Student Assistance Fund of separate
11 special funds as necessary for moneys to be held in pledge or
12 otherwise for payment or redemption of bonds, notes or other
13 obligations, reserves or other purposes and to covenant as to use and
14 disposition of the moneys held in these special funds.

15

16 18A:71A-24. Loan Reserve Fund.

17 a. Within the Higher Education Student Assistance Fund, the
18 authority shall establish and maintain a special fund called the "Loan
19 Reserve Fund" in which shall be deposited: (1) all reserve funds held
20 by the authority; (2) all moneys appropriated by the State for the
21 purpose of the fund, and (3) any other moneys or funds of the
22 authority which it determines to deposit therein. Moneys in the Loan
23 Reserve Fund shall be held and approved solely for the purchase by the
24 fund of defaulted loans either by payment to a lender or by transfer to
25 the Higher Education Student Assistance Fund, of the total amount of
26 principal and interest then due and owing on any defaulted note,
27 except to the extent that the moneys represent advances made to the
28 authority by the United States of America, or agencies thereof, which
29 the authority may be required to repay, and in the event repayment is
30 required, it shall be made from the Loan Reserve Fund.

31 b. The sum total of all funds on deposit in the Loan Reserve Fund,
32 hereafter referred to as the "loan reserve requirement," shall in no
33 event be less than the amount required under 20 U.S.C. s.1071 et seq.

34 c. In order to assure the maintenance of the loan reserve
35 requirement in the Loan Reserve Fund, there shall be appropriated
36 annually and paid to the authority for deposit in the fund, such sum, if
37 any, as shall be certified by the chairperson of the Board of the Higher
38 Education Student Assistance Authority to the Governor as necessary
39 to maintain the fund in an amount equal to the loan reserve
40 requirement during the then current fiscal year. The chairperson shall
41 annually, on or before December 1, make and deliver to the Governor
42 a certificate stating the sums, if any, required to maintain the fund in
43 the amount equal to the loan reserve requirement, and the sum or sums
44 so certified shall be appropriated and paid to the authority during the
45 then current State fiscal year.

46 d. Moneys in the fund at any time in excess of the loan reserve

1 requirement, whether by reason of investment or otherwise, may be
2 withdrawn at any time by the authority and transferred to any other
3 fund or account of the authority, to the extent permitted under 20
4 U.S.C. s.1071 et seq.

5 e. Moneys at any time in the Loan Reserve Fund may be invested in
6 any direct obligations of, or obligations as to which the principal and
7 interest thereof is guaranteed by, the United States of America or
8 such other obligations as the authority may approve, to the extent
9 permitted under 20 U.S.C. s.1071 et seq.

10 f. For purposes of valuation, investments in the Loan Reserve Fund
11 shall be valued at the lowest of the par value, cost to the authority, or
12 market value of the investments. Valuation on any particular date
13 shall include the amount of interest then earned or accrued to the date
14 on any moneys or investments in the Loan Reserve Fund.

15

16 18A:71A-25. Capital Reserve Fund; Use; Investment.

17 a. The authority shall establish and maintain a special fund called the
18 "New Jersey Higher Education Student Assistance Capital Reserve
19 Fund" in which there shall be deposited: (1) all moneys appropriated
20 by the State for the purpose of the fund; (2) all proceeds of bonds
21 required to be deposited therein by terms of any contract between the
22 authority and its bondholders or any resolution of the authority with
23 respect to the proceeds or bonds; and (3) any other moneys or funds
24 of the authority which it determines to deposit therein. Moneys in the
25 capital reserve fund shall be held and applied solely to the payment of
26 the interest on and principal of bonds of the authority as the same shall
27 become due and payable and for the retirement of bonds, and shall not
28 be withdrawn therefrom if the withdrawal would reduce the amount in
29 the capital reserve fund to an amount equal to less than the maximum
30 debt service reserve, except for payment of interest then due and
31 payable on bonds and the principal of bonds then maturing and payable
32 and for the retirement of bonds in accordance with the terms of any
33 contract between the authority and its bondholders and for the
34 payments on account of which interest or principal or retirement of
35 bonds other moneys of the authority are not then available in
36 accordance with the terms of the contract. As used in this section,
37 "maximum debt service reserve" means, as of any date of computation,
38 the lesser of: the largest amount of money required by the terms of all
39 contracts between the authority and its bondholders to be raised in any
40 succeeding calendar year for the payment of interest on and maturing
41 principal of outstanding bonds and payments required by the terms of
42 the contracts to sinking funds established for the payment or
43 redemption of the bonds, all calculated on the assumption that bonds
44 will cease to be outstanding after the date of the computation by
45 reason of the payment of bonds at their respective maturities and the
46 payments of the required moneys to sinking funds and the application

1 thereof in accordance with the terms of the contracts to the retirement
2 of bonds; or the amount of money required by the terms of all
3 contracts between the authority and its bondholders to be maintained
4 in the fund.

5 b. Moneys in the fund at any time in excess of the maximum debt
6 service reserve, whether by reason of investment or otherwise, may be
7 withdrawn at any time by the authority and transferred to any other
8 fund or account of the authority.

9 c. Moneys at any time in the fund may be invested in any direct
10 obligations of, or obligations as to which the principal and interest
11 thereof is guaranteed by, the United States of America or such other
12 obligations as the authority may approve.

13 d. For purposes of valuation, investments in the capital reserve fund
14 shall be valued at the lowest of the par value, cost to the authority or
15 market value of the investments. Valuation on any particular date
16 shall include the amount of interest then earned or accrued to the date
17 on any moneys or investments in the reserve fund.

18 e. Notwithstanding any other provisions contained in this act, no
19 bonds shall be issued by the authority unless there is in the capital
20 reserve fund the maximum debt service reserve for all bonds then
21 issued and outstanding and the bonds about to be issued; provided
22 that nothing herein shall prevent or preclude the authority from
23 satisfying the foregoing requirement by depositing so much of the
24 proceeds of the bonds about to be issued, upon their issuance, as is
25 needed to achieve the maximum debt service reserve. The authority
26 may at any time issue its bonds, notes or other obligations for the
27 purpose of providing any amount necessary to increase the amount in
28 the capital reserve fund to the maximum debt service reserve, or to
29 meet such higher or additional reserve as may be fixed by the authority
30 with respect to the fund.

31 f. In order to assure the maintenance of the maximum debt service
32 reserve in the capital reserve fund, there shall be appropriated annually
33 and paid to the authority for deposit in the fund, such sum, if any, as
34 shall be certified by the chairperson of the Board of Higher Education
35 Student Assistance Authority to the Governor as necessary to restore
36 the fund to an amount equal to the maximum debt service reserve.
37 The chairperson shall annually, on or before December 1, make and
38 deliver to the Governor a certificate stating the sums, if any, required
39 to restore the fund to the amount equal to the maximum debt service
40 reserve, and the sum or sums so certified shall be appropriated and
41 paid to the authority during the then current State fiscal year.

42 g. The capital reserve fund shall be kept separate from any other
43 reserve fund established by the authority and shall not be subject to the
44 provisions of N.J.S.18A:71A-24.

1 18A:71A-26. Dissolution.

2 Should the Legislature act to dissolve the authority, the dissolution
3 shall not be complete until all loans guaranteed have been paid by the
4 borrower, or if in default, by the authority. Thereafter, upon
5 dissolution of the authority, or the cessation of its activities, all assets
6 of the authority, after payment and discharge of its debts and other
7 liabilities, shall be distributed to the State, for exclusively public
8 purposes, or distributed for one or more exempt purposes within the
9 meaning of paragraph (3) of subsection (c) of section 501 of the federal
10 Internal Revenue Code of 1986, 26 U.S.C. s.501.

11

12 18A:71A-27. Effect of Partial Invalidity; Severability.

13 If any clause, sentence, article, paragraph, section or part of this act
14 be adjudged to be unconstitutional or invalid, that judgment shall not
15 affect, impair or invalidate the remainder thereof, but shall be confined
16 in its operation to the clause, sentence, article, paragraph, section or
17 part thereof directly involved in the controversy in which the judgment
18 has been rendered.

19

20 18A:71A-28. Transfer of Functions, Powers and Duties of Office of
21 Student Assistance.

22 a. The Office of Student Assistance in, but not of, the Department
23 of the Treasury is abolished and all its functions, powers, duties and
24 employees are transferred to the Higher Education Student Assistance
25 Authority in, but not of, the Department of State.

26 b. Whenever, in any law, rule, regulation, order, contract, document,
27 judicial or administrative proceeding or otherwise, reference is made
28 to the Office of Student Assistance or officers thereof in, but not of,
29 the Department of the Treasury, the same shall mean and refer to the
30 Higher Education Student Assistance Authority or the officers thereof
31 in, but not of, the Department of State.

32 c. Nothing in this act shall be construed to alter the terms and
33 conditions, rights or remedies of any loan, grant or scholarship made
34 by the Office of Student Assistance.

35 d. This transfer shall be subject to the provisions of the "State
36 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.)

37

38 18A:71A-29. Transfer of Functions, Powers and Duties of Student
39 Assistance Board.

40 a. The Student Assistance Board in, but not of, the Department of
41 the Treasury established pursuant to section 1 of P.L.1977, c. 330
42 (C.18A:71-15.1), is abolished and all its functions, powers and duties
43 are transferred to the Higher Education Student Assistance Authority
44 in, but not of, the Department of State.

45 b. Whenever, in any law, rule, regulation, order, contract,
46 document, judicial or administrative proceeding or otherwise,

1 reference is made to the Student Assistance Board in, but not of, the
2 Department of the Treasury, the same shall mean and refer to the
3 Higher Education Student Assistance Authority in, but not of, the
4 Department of State.

5 c. Nothing in this act shall be construed to alter the terms and
6 conditions of any loan, grant or scholarship made to students through
7 the board.

8 d. This transfer shall be subject to the provisions of the "State
9 Agency Transfer Act", P.L.1971, c.375 (C.52:14D-1 et seq.).

10

11 18A:71A-30. Transfer of Functions, Powers and Duties of Higher
12 Education Assistance Authority.

13 a. The Higher Education Assistance Authority in, but not of, the
14 Department of the Treasury, established pursuant to N.J.S.18A:72-3,
15 is abolished and all its functions, powers and duties are transferred to
16 the Higher Education Student Assistance Authority in, but not of, the
17 Department of State.

18 b. Whenever, in any law, rule, regulation, order, contract,
19 document, judicial or administrative proceeding or otherwise,
20 reference is made to the Higher Education Assistance Authority or the
21 officers thereof in, but not of, the Department of the Treasury, the
22 same shall mean and refer to the Higher Education Student Assistance
23 Authority or the officers thereof in, but not of, the Department of
24 State.

25 c. Nothing in this act shall be construed to alter the terms and
26 conditions of loans made to students by the authority. Nothing in this
27 act shall be construed to alter the terms, conditions, rights, or
28 remedies of any obligation issued by the authority.

29 d. This transfer shall be subject to the provisions of the "State
30 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

31

32 18A:71A-31. Abolishment of Executive Director of Student
33 Assistance Programs.

34 The Office of the Executive Director of Student Assistance
35 Programs in the Office of Student Assistance, established pursuant to
36 subsection b. of section 17 of P.L.1994, c.48 (C.18A:3B-17), is hereby
37 abolished.

38

39 18A:71A-32. Construction of Law.

40 The enactment of this revision law shall not:

41 a. affect the tenure, compensation and pension rights, if any, of the
42 lawful holder thereof, in any position held in the Office of Student
43 Assistance on the effective date of this act and not specifically
44 abolished in this act;

45 b. alter the term of any employee of the Office of Student
46 Assistance, lawfully employed as of the effective date of this act;

1 c. alter any terms or conditions of any student loans, grants or
2 scholarships;

3 d. alter any rights or obligations arising from any law, rule,
4 regulation, order, contract, loan, grant, document, judicial or
5 administrative proceeding.

6

7 18A:71A-33. Higher Education Student Assistance Authority to Be
8 Responsible for Implementation.

9 The Higher Education Student Assistance Authority, with the aid of
10 any department or officer thereof, if requested, shall be responsible for
11 any administrative, fiscal and personnel actions necessary to implement
12 the provisions of this act.

13

14 18A:71A-34. Limitation on Powers of Authority; Bond Holders
15 Protected.

16 The powers conferred in this act upon the Higher Education Student
17 Assistance Authority shall be exercised with due regard for the rights
18 of the holders of bonds of this State or any authority thereof, at any
19 time outstanding, and nothing in, or done pursuant to this act, shall in
20 any way limit, restrict, or alter the obligation or powers of the State
21 or its authorities to carry out and perform in every detail each and
22 every covenant, agreement or contract at any time made or entered
23 into by, or on behalf of the State or any authority thereof with respect
24 to its bonds or for the benefit, protection or security of the holders
25 thereof.

26

27 **Part 2.— Student Financial Aid**

28

29 Article 1. State Scholarships and Grants - General Provisions.

30

31 18A:71B-1. Eligible Institution Defined.

32 Unless otherwise restricted by the authority by regulation, "eligible
33 institution" for purposes of this chapter only means an institution of
34 higher education in this State that is licensed by the Commission on
35 Higher Education and accredited or preaccredited by a nationally
36 recognized accrediting association. Eligible institution shall also
37 include certain proprietary institutions but only for certain degree
38 granting programs as approved by the commission.

39

40 18A:71B-2. Student Eligibility.

41 a. A student who is enrolled in an eligible institution and who is
42 eligible for and receives any form of student financial aid through a
43 program administered by the State under this chapter shall be
44 considered to remain domiciled in New Jersey and eligible for
45 continued financial assistance notwithstanding the fact that the student
46 is financially dependent upon the student's parents or guardians and

1 that the parents or guardians change their domicile to another State.

2 b. A person shall not be awarded financial aid under this chapter
3 unless the person has been a resident of this State for a period of not
4 less than 12 months immediately prior to receiving the financial aid.

5 c. A person shall not be awarded student financial aid under this
6 chapter unless the person is a United States citizen or eligible
7 noncitizen, as determined under 20 U.S.C. s.1091. The authority shall
8 determine whether persons who were eligible noncitizens prior to the
9 effective date of the "Personal Responsibility and Work Opportunity
10 Reconciliation Act of 1996," Pub.L. 104-193, but not after that date,
11 shall continue to be eligible for student financial aid under this chapter.

12 d. A person who is incarcerated shall not be eligible for student
13 financial aid under this chapter.

14

15 18A:71B-3. Discrimination Forbidden.

16 Financial aid under this chapter shall be awarded without regard to
17 race, religion, creed, age, sex, national origin or handicapped status.

18

19 18A:71B-4. Academic Year Defined.

20 a. An academic year for the purpose of this chapter means the
21 period between the time the institution which the student is attending
22 opens after the general summer vacation until the beginning of the next
23 succeeding summer vacation.

24 b. In case an institution operates on a full calendar-year program,
25 the academic year shall be determined in accordance with rules
26 adopted by the authority, but in no case shall be less than one-fifth of
27 the time required for the completion of a five-year program, or one-
28 fourth of the time required for the four-year program in an institution
29 operating on an academic year as defined in subsection a. of this
30 section.

31

32 18A:71B-5. Notification of Authority in the Case of Withdrawal or
33 Change in Status.

34 In the event a student for any reason ceases to continue to be
35 enrolled or otherwise becomes ineligible during the course of an
36 academic year, the student shall cease to be eligible for financial aid
37 under this chapter. Both the student and the institution shall have the
38 responsibility to notify the authority when a student ceases to be
39 eligible to receive student assistance because of withdrawal for any
40 reason or a change in status from a full to part-time student.

41

42 18A:71B-6. Verification of Compliance with Military Selective
43 Service Act.

44 A student who is subject to the provisions of the "Military Selective
45 Service Act," 50 U.S.C. App. 453, shall not be eligible to receive any
46 State-funded loan, grant, or scholarship for attendance at any

1 postsecondary institution without verification of compliance with the
2 requirements of that act. Verification of compliance shall be satisfied
3 as follows:

4 a. for a student who uses the Free Application for Federal Student
5 Aid or its equivalent to receive financial aid, verification of military
6 selective service compliance provided under the federal "Higher
7 Education Act of 1965," Pub.L.89-329 (20 U.S.C. s.1001 et seq.)
8 shall be satisfactory;

9 b. for a student who does not use the Free Application for Federal
10 Student Aid or its equivalent, the institution or agency awarding the
11 financial aid shall not disburse the aid until provided proof, as specified
12 by regulations, that the student has complied with the requirements of
13 the "Military Selective Service Act."
14

15 18A:71B-7. Rules and Regulations.

16 The Higher Education Student Assistance Authority shall adopt rules
17 and regulations pursuant to the "Administrative Procedure Act,"
18 P.L.1968, c.410 (C.52:14B-1 et seq.), which are necessary to carry
19 out the provisions of N.J.S.18A:71B-6.
20

21 18A:71B-8. Compliance with Terms and Conditions of Financial
22 Aid.

23 A person shall not be awarded financial aid under this chapter unless
24 the person has complied with all the regulations, rules, and
25 requirements adopted by the authority for the award, regulation and
26 administration of financial aid programs under this chapter.
27

28 18A:71B-9. False Information; Penalty.

29 A person who knowingly and willfully furnishes any false or
30 misleading information for the purpose of obtaining a scholarship or
31 tuition assistance grant, or of enabling another to obtain a scholarship
32 or tuition assistance grant under any program administered by the
33 authority shall be guilty of a crime of the fourth degree. A statement
34 to this effect shall be distributed with all State application forms
35 utilized for any State scholarship or grant programs administered by
36 the authority.
37

38 18A:71B-10. Collection of Overpayments and Ineligible Payments
39 of Financial Aid.

40 Because the institution is responsible for ensuring a student's
41 eligibility for financial aid awarded under this chapter, the institution
42 shall be responsible for collecting any State awards which are
43 overpayments or any State awards for which the student is ineligible
44 in whole or in part. In the event an institution is unable to collect an
45 overpayment or ineligible payment from the student, the institution
46 may request the authority to collect the debt from the student. If the

1 institution demonstrates to the authority that it has made a good faith
2 effort to collect the debt, the authority may, on a case by case basis,
3 approve this request. If the authority approves this request from an
4 institution, the authority may use collection procedures that include,
5 but are not limited to, the procedures set forth under N.J.S.18A:71C-1
6 through N.J.S.18A:71C-20.

7
8 Article 2. Garden State Scholarships.

9
10 18A:71B-11. Scholarships Created.

11 There are hereby created Garden State Scholarships which shall be
12 maintained by the State, awarded to secondary school students with
13 records of distinguished achievement and promise, and used for
14 undergraduate study in eligible institutions. These scholarships may
15 be awarded on the basis of indicators of academic merit defined by the
16 authority without consideration of financial need.

17
18 18A:71B-12. Administration by the Authority.

19 The authority shall administer the provisions of this article, establish
20 criteria, methodology and guidelines for awarding Garden State
21 Scholarships, adopt rules and regulations, and prescribe and provide
22 appropriate forms for application for Garden State Scholarships.

23
24 18A:71B-13. Criteria, Methodology and Guidelines; Revisions.

25 Any revisions to criteria, methodology and guidelines in effect at the
26 date this act becomes effective shall, after consultation with the
27 Commission on Higher Education, be submitted to the Legislature by
28 the authority, together with appropriate supporting information, and
29 the criteria, methodology and guidelines shall be deemed approved by
30 the Legislature at the end of 60 calendar days after the date on which
31 they are transmitted to the Legislature, or if the Legislature is not in
32 session the sixtieth day, then on the next succeeding day on which it
33 is meeting, unless between the date of transmittal and the end of the
34 60-day period the Legislature passes a concurrent resolution rejecting
35 the criteria, methodology and guidelines in which case the criteria,
36 methodology and guidelines then in effect shall continue in effect.

37
38 18A:71B-14. Award of Scholarships.

39 As determined by the authority and subject to the amount of
40 appropriations available therefor, a Garden State Scholarship shall be
41 awarded annually to each eligible New Jersey resident enrolled as a
42 full-time undergraduate in a curriculum leading to a degree or
43 certificate in an eligible institution.

44
45 18A:71B-15. Renewal of Scholarships.

46 Each Garden State scholarship awarded shall be renewable annually

1 for up to four years except that, in the case of a scholarship holder
2 who is enrolled in a course of study required by the institution to cover
3 five years, the period of the scholarship shall be the length of time
4 regularly required for the completion of the course of study, but each
5 scholarship shall remain in effect only during such period as the
6 undergraduate holder thereof achieves satisfactory academic progress
7 as defined by the institution, continues to meet the eligibility criteria
8 and guidelines established pursuant to N.J.S. 18A:71B-12, and is
9 regularly enrolled as a full-time student in an eligible institution.

10
11 18A:71B-16. Amount of Scholarship; Payments.

12 A Garden State Scholarship shall entitle the recipient to an award in
13 an amount established by the authority pursuant to N.J.S. 18A:71B-
14 12, and subject to the amount of appropriations available therefor.
15 Payments under this article shall be made by the State Treasurer on the
16 order of the executive director in accordance with the rules adopted
17 by the authority.

18
19 18A:71B-17. Limitation.

20 A Garden State Scholarship shall not, when combined with any other
21 financial assistance, exceed, except for a nominal amount as
22 determined by the authority, the student's cost of attendance at the
23 institution where the grants are used.

24
25 Article 3. State Tuition Aid Grants.

26
27 18A:71B-18. Grants Created; Use.

28 There are hereby created State tuition aid grants which shall be
29 maintained by the State, awarded and administered pursuant to this
30 act, and used by the holders thereof for undergraduate study in eligible
31 institutions.

32
33 18A:71B-19. Administration of Provisions.

34 The authority shall administer the provisions of this article, adopt
35 rules and regulations, and prescribe and provide appropriate forms for
36 application for State tuition aid grants.

37
38 18A:71B-20. Eligibility, Prerequisite.

39 a. A State tuition aid grant shall be awarded annually to each
40 eligible, qualified full-time undergraduate student enrolled in a
41 curriculum leading to a degree or certificate in an eligible institution,
42 or in an institution of higher education in another state, provided that
43 state permits its residents to utilize its state student financial assistance
44 grants in New Jersey institutions of higher education through
45 reciprocity agreements approved by the authority. In no event shall a
46 State tuition aid grant be utilized at an out-of-state institution which

1 is not licensed by that state and accredited by a regional accrediting
2 association recognized by a national accrediting organization.

3 b. To each New Jersey resident enrolled as a full-time student and
4 meeting the other requirements for eligibility under this chapter, the
5 State shall grant an amount as provided in N.J.S.18A:71B-21. A
6 student shall not be eligible for a grant unless the application is in a
7 form satisfactory to the authority. A student shall not be eligible for
8 grants for more than four and one-half academic years, unless the
9 recipient is enrolled in an undergraduate program regularly requiring
10 five academic years for completion, in which case the authority shall
11 permit five and one-half years of eligibility. Notwithstanding the
12 foregoing provisions, a student receiving aid under the provisions of
13 P.L.1968, c.142 (C. 18A:71-28 et seq.) shall be entitled to a sixth year
14 of eligibility. Notwithstanding the foregoing provisions, a county
15 college student who transfers to a four- year institution, or any student
16 who is required to pursue 18 or more credit hours in a remedial or
17 developmental curriculum, as defined by regulations adopted by the
18 authority, is entitled to an additional half year of eligibility. For the
19 purpose of this article, a remedial curriculum shall include only
20 noncredit courses in which a student is directed to enroll by the
21 institution. Eligibility for tuition aid grants may be extended to part-
22 time students through regulations developed by the authority if funds
23 are separately appropriated for this purpose. A student shall not be
24 eligible for grants unless the student maintains such minimum
25 standards of academic performance as are required by the institution
26 of enrollment. A student who is enrolled in a course leading to a
27 degree in theology or divinity shall not be eligible for a tuition aid
28 grant.

29 c. A person shall not be awarded a State tuition aid grant unless that
30 person:

31 (1) satisfies the residency and other requirements provided in article
32 1 of this part;

33 (2) has applied for State tuition aid and has been determined by the
34 authority to be eligible for the tuition aid;

35 (3) has demonstrated financial need for the tuition aid as determined
36 by and in accordance with standards to be established by the
37 authority; and

38 (4) maintains satisfactory academic progress in accordance with
39 standards established by the authority.

40

41 18A:71B-21. Amount of Grant; Reduction of Award.

42 a. The amount of a tuition aid grant awarded under this article to
43 any student attending an eligible institution shall be established by the
44 authority, but shall not exceed the maximum amount of tuition
45 normally charged at a public institution of higher education for
46 students attending that institution or 50% of the average tuition

1 normally charged at the independent institutions of higher education
2 for students attending those institutions. The amount of a State tuition
3 aid grant awarded under this act to any student attending an institution
4 of higher education in any state other than New Jersey pursuant to this
5 section shall not exceed \$500 in an academic year. The amount of
6 grant to be paid for each semester or its equivalent shall be based on
7 the financial need for the grant, as determined by standards and
8 procedures established by the authority, and subject to the amount of
9 appropriations available therefor.

10 b. Appropriations for each program category of tuition aid grants
11 shall be separately made by line item.

12 c. State tuition aid grants shall be awarded by the authority to all
13 eligible applicants without any limitation on the number to be awarded
14 in any year other than the amount of appropriations available therefor.
15 In the event that the amount appropriated is insufficient for full awards
16 to all eligible applicants, the authority, in consultation with the
17 Commission on Higher Education, shall reduce awards equitably
18 among eligible students according to such procedures and guidelines
19 as it shall establish. Any revisions of procedures and guidelines in
20 effect as of the effective date of this act shall be submitted on or
21 before March 1 of the pre-budget year by the executive director of the
22 authority to the Joint Budget Oversight Committee of the Legislature,
23 or its successor, together with supporting information. The revised
24 criteria and guidelines may be approved or disapproved by the Joint
25 Budget Oversight Committee, or its successor, at any time; provided
26 that if at the end of a 60 calendar day period after the date on which
27 the revisions are transmitted to the committee, the committee has
28 taken no action, the proposed revised criteria and guidelines shall be
29 deemed to be approved by the committee.

30

31 18A:71B-22. Construction of Article.

32 This article shall not be construed as granting any authority to
33 control or influence the policies of any educational institution because
34 it accepts students receiving tuition aid grants, nor as requiring any
35 institution to admit or once admitted to continue in the institution any
36 tuition aid recipient.

37

38 Article 4. Survivor Tuition Benefits Program.

39

40 18A:71B-23. Scholarships for Undergraduate Education; Eligibility.

41 Any child or surviving spouse of a member or officer of a New
42 Jersey volunteer fire company, volunteer first aid or rescue squad or
43 municipal fire, police, county police or park police department, State
44 fire service or of the division of State police, or of a permanent, active
45 and full-time officer employee of this State or any political subdivision
46 thereof holding the following titles: State investigator, correction

1 officer, recruit, senior correction officer, sergeant, lieutenant, captain,
2 correction officer duty keeper, court attendant and sheriff's officer,
3 court attendant and sheriff's officer lieutenant, court attendant and
4 sheriff's officer captain, court attendant and sheriff's officer deputy
5 chief, prosecutor's detective, prosecutor's investigator, narcotics
6 officer, marine patrolman, senior marine patrolman, principal marine
7 patrolman, chief, bureau of marine law enforcement, or who is an
8 inspector, assistant, technician, supervisor or superintendent with
9 respect to the enforcement and regulation of weights and measures, or
10 civil defense or disaster control worker, which member, officer or
11 worker was killed in the performance of his duties as a member of such
12 company, squad or fire or police department or division, or worker in
13 a civil defense or disaster control unit, upon such child or surviving
14 spouse being accepted to pursue a course of undergraduate study in
15 any public institution of higher education of this State, as enumerated
16 in N.J.S.18A:62-1, shall, while enrolled as an undergraduate student
17 in good standing at the institution, have the tuition paid by the State;
18 or upon that child or surviving spouse being accepted to pursue a
19 course of undergraduate study at any independent institution of higher
20 education located in the State, shall, while enrolled as an
21 undergraduate in good standing at that independent institution of
22 higher education, have that part of the tuition which is not more than
23 the highest tuition charged at the public institutions of higher
24 education in this State, enumerated in N.J.S.18A:62-1, paid by the
25 State.

26 Eligibility for this program shall be limited to a period of eight years
27 from the date of death of the member, officer or worker, in the case of
28 a surviving spouse, and eight years following graduation from high
29 school, in the case of a child, pursuant to rules and regulations
30 established by the authority.

31

32 18A:71B-24. Appropriation of Funds.

33 There shall be appropriated to the authority in any general or
34 supplemental appropriation act such sums as shall be necessary to
35 carry out the purposes of N.J.S.18A:71B-23.

36

37 Article 5. Miss New Jersey Educational Scholarship Program.

38

39 18A:71B-25. Scholarship Program Established.

40 There is established the Miss New Jersey Educational Scholarship
41 program. It shall be the duty of the Higher Education Student
42 Assistance Authority, established pursuant to N.J.S.18A:71A-3, to
43 administer this program.

44

45 18A:71B-26. Scholarship Eligibility.

46 A Miss New Jersey Educational Scholarship shall be awarded

1 annually to an individual who has been designated by the Higher
2 Education Student Assistance Authority, in consultation with the Miss
3 New Jersey Pageant Organization, as being an exceptional young
4 leader in the area of civic, cultural or charitable endeavors in the spirit
5 of the Miss New Jersey Pageant. In order to be eligible for the
6 scholarship, the individual shall be enrolled in or accepted into a
7 course of study leading to an initial bachelors degree or a post
8 graduate degree in any public institution of higher education of this
9 State, as enumerated in N.J.S.18A:62-1.

10

11 18A:71B-27. Scholarship Conditions.

12 Any Miss New Jersey scholarship recipient who enrolls in a public
13 institution of higher education in the State shall be allowed to obtain
14 an initial bachelors degree or a post graduate degree without payment
15 of tuition as long as the individual remains a full time student in good
16 standing at the institution. There shall be appropriated annually to the
17 Higher Education Student Assistance Authority a sum equal to the
18 cost of tuition at each public institution enrolling a Miss New Jersey
19 Scholarship recipient and any other sums as shall be necessary to carry
20 out the purposes of the Miss New Jersey Educational Scholarship
21 program. The scholarship recipient shall be responsible for all other
22 costs.

23

24 Article 6. Garden State Savings Bonds.

25

26 18A:71B-28. Definitions.

27 As used in this article:

28 “Garden State Savings Bonds” means bonds of the State of New
29 Jersey and its authorities issued pursuant to the provisions of this
30 article.

31 “Institution of higher education” means any public institution of
32 higher education as defined in N.J.S.18A:62-1 and any independent
33 institution of higher education which is an “eligible institution” as
34 defined in section 3 of P.L.1979, c.132 (C.18A:72B-17).

35 “Issuing officials” means the Governor, the State Treasurer, the
36 Director of the Division of Budget and Accounting in the Department
37 of the Treasury and the issuing authority or agency.

38

39 18A:71B-29. Issue of Bonds.

40 a. In furtherance of the public policy of this article, the State shall
41 set aside, from the bonds of the State of New Jersey authorized to be
42 issued or from the bonds of any authority or agency authorized to be
43 issued, an amount to be determined by the State Treasurer of the total
44 aggregate original principal amount of the bonds. These bonds shall
45 be issued as determined by the issuing officials and shall be known as
46 “Garden State Savings Bonds,” in addition to any other name they may

1 be known as.

2 b. Garden State Savings Bonds may be issued in low denominations
3 and in the form or forms, whether coupon, fully-registered or book
4 entry, and with or without provisions for interchangeability thereof, as
5 may be determined by the issuing officials, and in such amounts as will
6 allow a large number of New Jersey families to participate in the
7 program, and with the maturity dates which will make funds available
8 to purchasers at the time when the funds are needed for educational
9 purposes.

10 c. When Garden State Savings Bonds are issued from time to time,
11 the bonds of each issue shall constitute a separate series to be
12 designated by the issuing officials. Each series of bonds so designated
13 shall bear the rate or rates of interest as may be determined by the
14 issuing officials, which interest shall be payable as may be determined
15 by the issuing officials.

16

17 18A:71B-30. Participation by Institutions of Higher Education.

18 a. The State Treasurer, in consultation with the commission, shall
19 also provide for additional financial incentives to be provided to
20 holders of Garden State Savings Bonds to encourage the enrollment
21 of students at institutions of higher education located in the State of
22 New Jersey. These financial incentives shall be in such forms as
23 determined by the State Treasurer in consultation with issuing officials
24 at the time of the authorization of the Garden State Savings Bonds and
25 shall at a minimum provide that each participating institution shall
26 guarantee that the value of Garden State Savings Bonds redeemed for
27 the purposes of the payment of tuition, fees, and other educational
28 costs at the institution, shall, at the time of matriculation of the
29 student, be increased by not less than six percent of the face value of
30 the bonds at the time of redemption. Two percent of the incentive
31 amount shall be paid by the State, and four percent by participating
32 institutions.

33 b. Every public institution of higher education in New Jersey shall
34 participate in the financial incentive program. Independent institutions
35 of higher education in New Jersey may elect to participate in the
36 program. Each independent institution which elects to participate shall
37 enter into a contract with the Department of the Treasury which shall,
38 at a minimum, define the terms of participation and establish
39 conditions under which an institution may withdraw from the program.
40 Any independent institution that withdraws from the program shall
41 guarantee to provide the financial incentives in effect for all bonds
42 purchased during the period in which the institution was a participant
43 in the program.

44 c. The original purchaser and any member of the immediate family
45 of the original purchaser of a Garden State Savings Bond shall be
46 eligible for the financial incentive program established pursuant to this

1 section.

2

3 18A:71B-31. Dollar Amount Not to be Considered in Determining
4 Eligibility for Monetary Assistance.

5 Annually, the authority shall determine a dollar amount of Garden
6 State Savings Bonds or accumulated bonds, interest or supplemental
7 payment, which shall not be less than \$25,000, unless a greater amount
8 is approved by the authority, which shall not be considered in
9 evaluating the financial needs of a student enrolled at an institution of
10 higher education located in the State of New Jersey, or be deemed a
11 financial resource of or a form of financial aid or assistance to each
12 student, for purposes of determining the eligibility of a student for any
13 scholarship, grant, or monetary assistance awarded by the State; nor
14 shall the amount of any such bonds, interest or supplemental payment
15 as determined by the authority provided for a qualified student under
16 this article reduce the amount of any scholarship, grant or monetary
17 assistance which the student is entitled to be awarded by the State.

18

19 18A:71B-32. Report on Results of Sale.

20 The State Treasurer or the issuing authority or agency shall submit
21 a report after each bond issuance to the commission detailing the
22 results of each separate sale of Garden State Savings Bonds.

23

24 18A:71B-33. Duties of the State Treasurer.

25 The State Treasurer shall, in consultation with the commission,
26 approve the following:

- 27 a. additional financial incentives as provided in this article;
28 b. limits that may be imposed on the amount of Garden State
29 Savings Bonds that may be purchased by individual households;
30 c. minimum denominations to market the Garden State Savings
31 Bonds so that they are affordable by individuals; however, each issue
32 shall be offered with sufficient bonds at a purchase price of \$100 to
33 satisfy demand.

34 In addition, the State Treasurer shall evaluate the feasibility of
35 staggered or periodic forms of payments for Garden State Savings
36 Bonds and shall advise the issuing officials regarding the evaluation.

37

38 18A:71B-34. Assessment of Effectiveness of Program.

39 The commission and the State Treasurer shall assess the
40 effectiveness of the program and recommend any necessary changes
41 to the issuing officials regarding future bond sales after the initial sale
42 of Garden State Savings Bonds.

43

44 Article 7. New Jersey Better Educational Savings Trust Program.

45

46 18A:71B-35. Legislative Findings and Declarations.

1 The Legislature finds and declares that:

2 a. This State is committed to making world-class education
3 accessible and affordable for all New Jersey students;

4 b. When families save for college education, they are making an
5 important investment in the future for themselves and the young
6 people of this State;

7 c. Incentives are needed to encourage families to save for college
8 education;

9 d. The "Small Business Job Protection Act of 1996,"
10 Pub.L.104-188, amended the federal Internal Revenue Code to provide
11 for favorable tax treatment for qualified college savings programs and
12 participants in the programs; and

13 e. In addition to favorable federal tax treatment for a college savings
14 program and its participants, it is desirable to provide favorable State
15 tax treatment, as a special incentive for student beneficiaries to attend
16 college in this State.

17

18 18A:71B-36. Definitions.

19 As used in this article:

20 "Account" means an individual trust account or savings account
21 established in accordance with this article;

22 "Authority" means the Higher Education Student Assistance
23 Authority;

24 "Contributor" means the person or organization contributing to and
25 maintaining an account and having the right to withdraw funds from
26 the account before the account is disbursed to or for the benefit of the
27 designated beneficiary;

28 "Designated beneficiary" means: a. the individual designated at the
29 time the account is opened as the individual whose higher education
30 expenses are expected to be paid from the account; b. the replacement
31 beneficiary if the change in designated beneficiary would not result in
32 a distribution that is included in federal gross income under section
33 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529;
34 and c. in the case of an interest in the program purchased by a state
35 or local government or an organization described in paragraph (3) of
36 subsection (c) of section 501 of the federal Internal Revenue Code of
37 1986, 26 U.S.C.s.501 and exempt from taxation under subsection (a)
38 of section 501 of the federal Internal Revenue Code of 1986, 26
39 U.S.C.s.501, as a part of a scholarship program operated by the
40 government or organization, the individual receiving the interest as a
41 scholarship;

42 "Higher education institution" means an eligible educational
43 institution as defined in or for purposes of section 529 of the federal
44 Internal Revenue Code of 1986, 26 U.S.C.s.529. Higher education
45 institution shall include a proprietary institution if expenses for tuition
46 at the institution would be considered qualified higher education

1 expenses under section 529 of the federal Internal Revenue Code of
2 1986, 26 U.S.C.s.529, but only for degree granting programs licensed
3 or approved by the Commission on Higher Education or for other
4 proprietary institutions as determined by the authority;

5 "Investment Manager" means the Division of Investment in the
6 Department of the Treasury or the private entities authorized to do
7 business in this State that may be designated by the authority to invest
8 the funds of the trust pursuant to the terms of this article;

9 "Member of the family" means a member of the family as defined in
10 or for purposes of section 529 of the federal Internal Revenue Code
11 of 1986, 26 U.S.C.s.529;

12 "Nonqualified withdrawal" means a withdrawal from an account
13 other than: a. a qualified withdrawal; b. a withdrawal made as the
14 result of the death or disability of the designated beneficiary of an
15 account; c. a withdrawal made on account of a scholarship (or
16 allowance or payment described in subparagraph (B) or (C) of
17 paragraph (1) of subsection (d) of section 135 of the federal Internal
18 Revenue Code of 1986, 26 U.S.C.s.135) received by the designated
19 beneficiary, but only to the extent of the amount of that scholarship,
20 allowance or payment; d. a rollover or change in designated
21 beneficiary which would not result in a distribution includible in
22 federal gross income under section 529 of the federal Internal
23 Revenue Code of 1986, 26 U.S.C.s.529; or e. any other withdrawal
24 if the failure of the program to impose a more than de minimis penalty
25 on the withdrawal would cause the program not to be a qualified State
26 tuition program under section 529 of the federal Internal Revenue
27 Code of 1986, 26 U.S.C.s.529;

28 "Program" means the "New Jersey Better Educational Savings Trust
29 (NJBEST) Program" established pursuant to this article;

30 "Qualified higher education expenses" means expenses described in
31 paragraph (3) of subsection (e) of section 529 of the federal Internal
32 Revenue Code of 1986, 26 U.S.C.s.529 incurred in connection with
33 the enrollment of a designated beneficiary at a higher education
34 institution;

35 "Qualified withdrawal" means a withdrawal from an account to pay
36 the qualified higher education expenses of the designated beneficiary
37 of the account; but a withdrawal shall not be considered a qualified
38 withdrawal if the failure of the program to impose a more than de
39 minimis penalty on the withdrawal would cause the program not to
40 qualify as a qualified State tuition program under section 529 of the
41 federal Internal Revenue Code of 1986, U.S.C.s.529;

42 "Trust" means the "New Jersey Better Educational Savings Trust"
43 established pursuant to N.J.S.18A:71B-37.

44
45 18A:71B-37. New Jersey Better Educational Savings Trust Created.
46 There is created within the Higher Education Student Assistance

1 Authority the New Jersey Better Educational Savings Trust
2 (NJBEST). The trust shall provide a mechanism through which the
3 authority, as trustee, holds accounts established and maintained
4 pursuant to the provisions of this article to finance the cost of qualified
5 higher education expenses.

6
7 18A:71B-38. Administration of the Program; Powers of the
8 Authority.

9 The Higher Education Student Assistance Authority shall administer
10 the NJBEST Program. The authority shall have the power to:

- 11 a. serve as trustee of the trust;
- 12 b. adopt rules and regulations pursuant to the "Administrative
13 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to
14 carry out the provisions of this article;
- 15 c. prescribe and provide appropriate forms for participation in the
16 program;
- 17 d. select an investment manager and any other contractors needed
18 to manage and market the program;
- 19 e. monitor the investment manager and any other contractors by
20 audits and other reports;
- 21 f. collect reasonable administrative fees in connection with any
22 contract or transaction relating to the program;
- 23 g. impose penalties for nonqualified withdrawals;
- 24 h. take all actions required so that the program is treated as a
25 qualified State tuition program under section 529 of the federal
26 Internal Revenue Code of 1986, 26 U.S.C.s.529; and
- 27 i. perform any other acts which may be deemed necessary or
28 appropriate to carry out the objects and purposes of this article.

29
30 18A:71B-39. Immunity.

31 Neither the members of the authority, nor any officer or employee of
32 the authority shall be liable personally for the debts, liabilities or
33 obligations of the program established pursuant to this article.

34
35 18A:71B-40. Selection of Investment Manager.

36 a. The authority shall select an investment manager or managers to
37 invest the funds of the trust or the funds in accounts. In making this
38 selection, any investment manager shall be subject to the "prudent
39 person" standard of care applicable to the Division of Investment in
40 the Department of the Treasury pursuant to subsection b. of section 11
41 of P.L.1950, c.270 (C.52:18A-89), and the authority shall consider the
42 impact of fees and costs imposed by the manager or managers on yield
43 to contributors.

44 b. The authority may select more than one investment manager and
45 investment instrument for the program if it is in the best interest of
46 contributors and will not interfere with the administration of the

1 program.

2 c. The authority may provide a contributor with a choice of
3 investment managers or investment instruments or both for the
4 program if both of the following conditions exist:

5 (1) the federal Internal Revenue Service has provided guidance that
6 providing a contributor with a choice of investment managers or
7 instruments under a State tuition program will not cause the program
8 to fail to qualify for favorable tax treatment under section 529 of the
9 federal Internal Revenue Code of 1986, 26 U.S.C. s.529; and

10 (2) the authority concludes that a choice of investment managers or
11 of investment instruments is in the best interest of contributors and
12 will not interfere with the administration of the program.

13 d. If the authority terminates the designation of an investment
14 manager to hold accounts, and accounts must be moved from that
15 investment manager to another investment manager, the authority shall
16 select the investment manager and type of investment instrument to
17 which the balance of the account is moved, unless the federal Internal
18 Revenue Service provides guidance that allowing the contributor to
19 select among several investment managers or investment instruments
20 that have been selected by the authority would not cause a program to
21 cease to be a qualified State tuition program for the purposes of
22 section 529 of the federal Internal Revenue Code, 26 U.S.C. s.529.

23

24 18A:71B-41. Operation of Program; Fees.

25 a. The program shall be operated as a trust through the use of
26 accounts for designated beneficiaries. An account may be opened by
27 any person who desires to save to pay the qualified higher education
28 expenses of an individual by satisfying each of the following
29 requirements:

30 (1) completing an application in the form prescribed by the
31 authority;

32 (2) paying the one-time application fee established by the authority;

33 (3) making the minimum contribution required by the authority for
34 opening an account;

35 (4) designating the account or accounts to be opened; and

36 (5) in the case of an account to which subsection a. of
37 N.J.S.A.18A:71B-44 would apply, demonstrating to the satisfaction
38 of the authority that either the contributor, if an individual, or the
39 designated beneficiary is a New Jersey resident. The requirement of
40 New Jersey residency for either the contributor or the designated
41 beneficiary would not apply to an account to which subsection b. of
42 N.J.S.18A:71B-44 would apply unless otherwise determined by the
43 authority.

44 b. Except as provided under N.J.S.18A:71B-42, only the contributor
45 may make contributions to an account after the account is opened.

46 c. Contributions to accounts shall be made only in cash, as defined

- 1 by the authority pursuant to regulations, in accordance with section
2 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.
- 3 d. Contributors may withdraw all or part of the balance from an
4 account on sixty days' notice or a shorter period, as may be authorized
5 by the authority pursuant to regulations.
- 6 e. A contributor may change the designated beneficiary of an
7 account or rollover all or a portion of an account to another account
8 if the change or rollover would not result in a distribution includible
9 in gross income under section 529 of the federal Internal Revenue
10 Code of 1986, 26 U.S.C.s.529, in accordance with procedures
11 established by the authority.
- 12 f. In the case of any nonqualified withdrawal, a penalty at a level
13 established by the authority and sufficient to be considered a more than
14 de minimis penalty for purposes of section 529 of the federal Internal
15 Revenue Code of 1986, 26 U.S.C.s.529, shall be withheld and paid to
16 the authority for use in operating and marketing the program. The
17 authority may elect not to impose a penalty if that section ceases to
18 include a provision requiring more than de minimis penalties for a
19 program to qualify as a qualified State tuition program.
- 20 g. If a contributor makes a nonqualified withdrawal and a penalty
21 amount is not withheld pursuant to subsection f. of this section or the
22 amount withheld is less than the amount required to be withheld under
23 that subsection, the contributor shall pay the unpaid portion of the
24 penalty to the authority at the same time that the contributor files a
25 State income tax return for the taxable year of the withdrawal, or if the
26 contributor does not file a return, the unpaid portion of the penalty
27 shall be paid on or before the due date for the filing of that income tax
28 return.
- 29 h. Each account shall be maintained separately from each other
30 account under the program.
- 31 i. Separate records and accounting shall be maintained for each
32 account for each designated beneficiary.
- 33 j. A contributor to or designated beneficiary of any account shall not
34 direct the investment of any contributions to an account or the
35 earnings from the account, except as permitted under section 529 of
36 the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.
- 37 k. A contributor or a designated beneficiary shall not use an interest
38 in an account as security for a loan. Any pledge of an interest in an
39 account is of no force and effect.
- 40 l. The maximum contribution for any designated beneficiary shall be
41 determined by the authority pursuant to regulations, in accordance
42 with section 529 of the federal Internal Revenue Code of 1986, 26
43 U.S.C.s.529.
- 44 m. Statements, reports on distributions and information returns
45 relating to accounts shall be prepared, distributed, and filed to the
46 extent required by section 529 of the federal Internal Revenue Code

1 of 1986, 26 U.S.C.s.529, or regulations issued thereunder.

2 n. The authority may charge, impose and collect reasonable
3 administrative fees and service charges in connection with any
4 agreement, contract or transaction relating to the program. These fees
5 and charges may be imposed directly on contributors or may be taken
6 as a percentage of the investment earnings on accounts.

7 o. The State or any State agency, municipality, or other political
8 subdivision may, by contract or collective bargaining agreement, agree
9 with any employee to remit contributions to accounts through payroll
10 deductions made by the appropriate officer or officers of the State,
11 State agency, county, municipality, or political subdivision. The
12 contributions shall be held and administered in accordance with this
13 act.

14

15 18A:71B-42. NJBEST Scholarship; Conditions.

16 a. An amount of no less than \$500 shall be provided by the State for
17 the qualified higher education expenses of a designated beneficiary at
18 the time of a qualified withdrawal provided that:

19 (1) the contributor demonstrates, to the satisfaction of the authority,
20 that the contributor participated in the program for at least four years
21 by making a qualifying minimum initial deposit or qualifying minimum
22 annual contributions, or both, as shall be determined by the authority,
23 for a designated beneficiary;

24 (2) the designated beneficiary demonstrates, to the satisfaction of
25 the authority, attendance or enrollment in a higher education
26 institution in this State, at the time of initial attendance or enrollment
27 in the higher education institution; and

28 (3) either the contributor, if an individual, or the designated
29 beneficiary demonstrates, to the satisfaction of the authority, that the
30 contributor or designated beneficiary is a New Jersey resident.

31 b. The amount provided under subsection a. of this section shall
32 meet the requirements of a qualified scholarship within the meaning of
33 section 117 of the federal Internal Revenue Code of 1986, 26
34 U.S.C.s.117, for a designated beneficiary satisfying the requirements
35 of subsection a. of this section.

36 c. A designated beneficiary shall not receive more than one State
37 scholarship provided pursuant to subsection a. of this section.

38

39 18A:71B-43. Determination of Dollar Amount of Account.

40 Annually, the authority shall determine a dollar amount of an
41 account, which shall not be less than \$25,000, which shall not be
42 considered in evaluating the financial needs of a student enrolled in an
43 institution of higher education located in the State of New Jersey, or
44 be deemed a financial resource or a form of financial aid or assistance
45 to a student, for purposes of determining the eligibility of a student for
46 any scholarship, grant, or monetary assistance awarded by the State;

1 nor shall the amount of any account as determined by the authority
2 provided for a designated beneficiary under this article reduce the
3 amount of any scholarship grant or monetary assistance which the
4 student is entitled to be awarded by the State.

5
6 18A:71B-44. Assurance of Availability of Principal.

7 a. If the investment manager is the Division of Investment in the
8 Department of the Treasury, in order to assure the availability of
9 principal of any amount contributed under this article, there shall be
10 paid to the authority for deposit in the trust, at the time of distribution,
11 subject to appropriation, such sum, if any, as shall be certified by the
12 chairperson of the authority as necessary to provide that amount at the
13 time of distribution. The chairperson shall make and deliver to the
14 Governor, or his designee, the certificate stating the sums, if any,
15 required to make available in the trust the amount aforesaid, and the
16 sums so certified shall be appropriated and paid to the authority during
17 the then current State fiscal year.

18 b. If the investment manager is a private entity, the investment of
19 the principal and interest of any amount contributed under this article
20 shall be backed by the full faith and credit of the United States or be
21 fully insured by the Federal Deposit Insurance Corporation or other
22 similar insurer backed by the full faith and credit of the United States.
23 No account balance shall exceed the maximum amount of insurance
24 provided by the insurer. No investment is permitted in derivatives of
25 eligible securities, and any investment must be designed to balance
26 prospective payments according to the guidelines established.

27
28 18A:71B-45. Construction.

29 a. Nothing in this article shall be construed to:

30 (1) guarantee that a designated beneficiary will be admitted to a
31 higher education institution or be allowed to continue enrollment at or
32 graduate from a higher education institution after admission;

33 (2) establish State residency for a person merely because the person
34 is a designated beneficiary; or

35 (3) guarantee that amounts saved pursuant to the program will be
36 sufficient to cover the qualified higher education expenses of a
37 designated beneficiary.

38 b. Nothing in this article establishes any obligation of this State or
39 any agency or instrumentality of this State to guarantee for the benefit
40 of any contributor or designated beneficiary any of the following:

41 (1) the rate of interest or other return on any account; or

42 (2) the payment of interest or other return on any account.

43 c. Nothing in this article establishes any obligation or liability of this
44 State or any agency or instrumentality of this State with respect to any
45 federal or State tax liability of any contributor or designated
46 beneficiary in this program.

1 d. Under regulations promulgated by the authority, every contract
2 and application that may be used in connection with a contribution to
3 an account shall clearly indicate that the account is not insured by this
4 State nor is the investment return guaranteed by this State.

5
6 Article 8. Veterinary Medical Education.

7
8 18A:71B-46. Contracts with Accredited Schools of Veterinary
9 Medicine.

10 The authority is hereby authorized to contract with any and all
11 accredited schools of veterinary medicine in the United States for the
12 acceptance of students who are residents of New Jersey for at least 12
13 months and desire to study veterinary medicine, and to expend
14 annually within the limits of available appropriations such sums as are
15 necessary to accomplish the intent of this act.

16
17 18A:71B-47. Contracts with Consent of Advisory Committee;
18 Members.

19 All contracts provided for in N.J.S. 18A:71B-46 shall only be
20 entered into by the authority on behalf of the State with the advice and
21 consent of an advisory committee consisting of the following: the
22 Dean of the Cook College, Rutgers, the State University of New
23 Jersey, or a designee; the President of the New Jersey Veterinary
24 Medical Association; the Secretary of the New Jersey Veterinary
25 Medical Examining Board; and four New Jersey veterinarians
26 appointed by the Governor for terms of four years each.

27
28 18A:71B-48. Organization of Committee; Expenses.

29 The advisory committee shall organize annually by the appointment
30 of one of its members as chairperson and one as vice-chairperson.
31 Members shall serve without compensation, but shall be entitled to all
32 necessary expenses.

33
34 Article 9. State Aid to Schools of Professional Nursing.

35
36 18A:71B-49. Definitions.

37 As used in this article:

38 “Operational expense” means those funds devoted to or required for
39 the regular or ordinary expenses of the school of professional nursing,
40 including administration, maintenance and salary expenses;

41 “School of professional nursing” means a school in New Jersey
42 offering a program of nursing instruction not exceeding four years
43 beyond high school, which is affiliated with a hospital and holds a
44 certificate of accreditation issued by the New Jersey Board of Nursing,
45 provided that the school is not eligible to receive State aid for its
46 nursing program under any other law;

1 “Student” means any full-time student who is a resident of this State
2 and who enters a school of professional nursing to begin a program of
3 nursing instruction or any part-time student who is a resident of this
4 State who enters an upper division program of nursing instruction in
5 a school of professional nursing.

6
7 18A:71B-50. Application for State Support; Form of Application;
8 Certificate of Accreditation by New Jersey Board of Nursing.

9 A school of professional nursing may apply for and receive State aid
10 towards the operational expense of the school. The application shall
11 be upon forms prepared and provided by the authority and shall
12 contain such information as the authority shall require. Each
13 application shall be first submitted to the New Jersey Board of Nursing
14 which shall certify thereon whether the school is accredited and
15 whether or not the accreditation has been suspended or revoked.

16
17 18A:71B-51. Operational Support by State; Limitation.

18 Within the limits of funds appropriated for purposes of this article,
19 any school of professional nursing whose application has been
20 approved by the authority shall be entitled to receive State aid for the
21 operational expense of the school to the extent of one-half thereof or
22 \$600 per full-time student, whichever is the lesser amount and a pro
23 rata amount for part-time students.

24
25 **Part 3.—Student Loans**

26
27 Article 1. Federal Student Loan Program

28
29 18A:71C-1. Administration by the authority.

30 It shall be the duty of the authority to administer the Federal Family
31 Education Loan Program for this State. The authority shall adopt
32 rules and regulations, and prescribe and provide appropriate forms for
33 application as may be necessary or appropriate for administering the
34 programs of a State guaranty agency, pursuant to 20 U.S.C. s.1071 et
35 seq.

36 As used in this act:

37 “Federal Family Education Loan” (FFEL) program mean the
38 programs of the United States government making low interest loans
39 available to students or parents of students to pay for their cost of
40 attending post-secondary institutions established pursuant to 20
41 U.S.C. s.1071.

42 “Federal loan” or “FFEL Loan” means any loan made under the
43 FFEL program.

44 “Guaranty agency” means any State agency or not-for-profit
45 corporation which has entered into an agreement with the United
46 States Secretary of Education to guarantee loans made under the

1 FFEL program and which guarantees loans to eligible residents and
2 nonresidents of this State.

3

4 18A:71C-2. Application; Grounds for Approval.

5 Any application for a federal loan under this article shall be
6 submitted to the authority for its approval, and the authority shall
7 approve the application only if it finds that the applicant is an eligible
8 borrower under the "Higher Education Act of 1965," Pub.L. 89-329
9 (20 U.S.C. s.1001 et seq.), and implementing rules and regulations,
10 and has complied with all rules adopted by the authority pursuant to
11 this article in connection with the granting of the loans.

12

13 18A:71C-3. Approval and Granting of Federal Loan.

14 Upon approval by the authority of a federal loan application, any
15 eligible lender may make a loan as approved and upon the terms and
16 conditions required under this article, but no moneys shall be advanced
17 or paid under any loan until the applicant has satisfied the authority,
18 and the eligible institution certifies to the lender that the applicant, or
19 the person on behalf of whom the parent is the applicant, has been
20 admitted to, or is in regular attendance and in good standing at, an
21 eligible institution located in this State or elsewhere. Any lender
22 making a loan shall cooperate with the authority in supervising the use
23 of credit in accordance with its purposes. If disbursement of loan
24 proceeds is in the form of a check, the check representing the loan
25 proceeds shall be made payable to the applicant and the eligible
26 institution jointly, except when the applicant is attending an eligible
27 institution not located in the United States, in which instance the check
28 may be made payable to the applicant only. Disbursement may also be
29 made by master check, electronic funds transfer, or other methods
30 permitted under 20 U.S.C. s.1071 et seq.

31

32 18A:71C-4. Federal Loan Evidenced by Note; Interest Rate;
33 Method of Payment; Security.

34 Each federal loan made under this article shall:

35 a. be evidenced by a note or other obligation approved by the
36 authority;

37 b. bear interest at a rate not exceeding the maximum percentage per
38 annum permitted under 20 U.S.C. s.1071 et seq. and implementing
39 rules and regulations;

40 c. be payable in such manner or in such installments as permitted
41 under 20 U.S.C. s.1071 et seq. and implementing rules and
42 regulations; and

43 d. be secured only by the personal liability of the maker, and not by
44 any endorsers, co-maker's collateral, or other security, except as may
45 be permitted under 20 U.S.C. s.1071 et seq. and implementing rules
46 and regulations.

1 18A:71C-5. Extension and Refinancing of Federal Loans.

2 Any loan made under this article may be extended or refinanced at
3 the discretion of the lender without affecting the obligation of the
4 authority hereunder for such period and under such terms as permitted
5 under 20 U.S.C. s.1071 et seq. and implementing rules and
6 regulations, and any loan may be reduced at any time at the option of
7 the borrower.

8

9 18A:71C-6. Purchase of Notes.

10 Whenever any approved note, including notes held by the authority
11 in the Higher Education Student Assistance Fund, or any installment
12 thereon, shall be in default as defined under 20 U.S.C. s.1071 et seq.,
13 upon the death or total and permanent disability of the borrower, or
14 upon any other reason for payment of a claim permitted under 20
15 U.S.C. s.1071 et seq., the authority shall, upon the demand of a lender
16 and subject to a lender's meeting federal and authority due diligence
17 requirements, purchase the note by paying to the lender or by
18 transferring to the Higher Education Student Assistance Fund out of
19 the Loan Reserve Fund, the amount of principal, interest and other
20 permissible charges then due and owing on the note, as herein
21 provided.

22

23 18A:71C-7. Falsely Securing Federal Loan a Misdemeanor; Penalty.

24 Any person who, having obtained a federal loan under this act,
25 solicits, applies for, or accepts another such loan, except as specifically
26 authorized in this act, and any person who knowingly or willfully
27 furnishes any false or misleading information for the purpose of
28 obtaining a loan, or of enabling another to obtain a loan, under this
29 act, shall be guilty of a crime of the fourth degree.

30

31 18A:71C-8. Repayment—Compromises, Modifications and Other
32 Determinations Made by Authority.

33 The authority may, with respect to the exercise of its functions
34 related to loans guaranteed by it under this article, to the extent
35 consistent with 20 U.S.C. s.1071 et seq. and notwithstanding the
36 provisions of any other law to the contrary:

37 a. consent to the modification, with respect to rate of interest, time
38 of payment of principal or interest or any portion thereof, or other
39 provisions of any note, or any instrument securing a loan which has
40 been guaranteed by the authority;

41 b. authorize payment or compromise, subject to the approval or
42 approvals required under the authority's write off and compromise
43 procedures, of any claim upon or arising as a result of any such
44 guaranty; and

45 c. authorize payment, compromise, waiver or release, of any debt,
46 right, title, claim, lien or demand, however acquired, including any

1 equity or right of redemption, and the waiver or release of any debt,
2 right, title, claim, lien or demand including any equity or right of
3 redemption shall be sufficient if executed by the executive director or
4 designee on behalf of the authority. The register or county clerk of
5 any county and the clerk of any court is hereby authorized to cancel of
6 record any lien, including, but not limited to, judgments, chattel
7 mortgages and conditional sales agreements whenever the document
8 evidencing the cancellation or request for cancellation is signed by the
9 executive director or designee on behalf of the authority. The register
10 and the clerk of any county are authorized to record any documents of
11 the authority signed by the executive director or designee.

12

13 18A:71C-9. Contracts, Promissory Notes, made by Minor, Valid
14 and Binding.

15 Any contract, promissory note, or other written obligation made by
16 any minor to repay or secure payment of a loan made under this
17 article, payment whereof is guaranteed or insured by the authority, or
18 which forms part of the same transaction as the making of the loan
19 shall, notwithstanding any provision of law to the contrary, be as valid
20 and binding as if the person were at the time of the making and
21 execution 18 years of age, and it may be enforced in any action or
22 proceeding by or against the person in his own name, and shall be valid
23 without the consent of the parent or guardian of the person, and the
24 person shall not disaffirm the instrument because of his age, nor shall
25 the person hereafter interpose the defense that he is, or was, at the
26 time of the making and execution, a minor in any action or proceeding
27 arising out of any such loan.

28

29 18A:71C-10. Deduction of Overdue Student Loan Payments From
30 Wages of Employees of the State, Institution of Higher Education and
31 Public Authorities.

32 Whenever any officer or employee of the State of New Jersey, a
33 public institution of higher education in this State now or hereafter
34 established or authorized by law, any independent institution of higher
35 education in this State now or hereafter established that receives State
36 funds, or any public authority established pursuant to State law, has
37 failed to make scheduled payments to the Higher Education Student
38 Assistance Authority on any note held by that authority pursuant to
39 N.J.S.18A:71C-6, there shall be deducted from the wages of the
40 employee the full amount of both any arrears payment and any
41 schedule payment due to the Higher Education Student Assistance
42 Authority until such time as the note is fully satisfied.

43 In the case of State officers or employees on the centralized regular
44 bi-weekly payroll, the Department of the Treasury shall make the
45 deduction and shall transmit the payments to the Higher Education
46 Student Assistance Authority, but the Department of the Treasury

1 shall retain an amount, as established by regulation of the authority, of
2 the moneys collected to defray the cost of collection.

3 In the case of officers and employees not on the centralized regular
4 bi-weekly payroll, the chief financial officer of the institution or the
5 public authority shall make the deduction and transmit the payments
6 to the Higher Education Student Assistance Authority, but the
7 institution or public authority shall retain an amount, as established by
8 regulations of the Higher Education Student Assistance Authority, of
9 the moneys collected to defray the cost of collection.

10

11 18A:71C-11. Regulations.

12 The Department of the Treasury and the authority shall jointly
13 promulgate regulations concerning the procedures and methods to be
14 employed for the implementation of the provisions of this act
15 concerning deductions for overdue student loan payments from
16 wages. The regulations shall be consistent with all federal
17 requirements or limitations regarding any information utilized in any
18 collection, and shall in addition provide for due notice to the employee
19 of an opportunity for a hearing upon request prior to any collection.

20

21 18A:71C-12. Deduction of Overdue Student Loan Payments from
22 Wages of County and Municipal Employees.

23 Whenever any officer or employee of a county or municipality has
24 failed to make scheduled payments to the authority on any note held
25 by the authority pursuant to N.J.S.18A:71C-6, the chief financial
26 officer of the appropriate local unit shall deduct from the wages of the
27 employee the full amount of both any arrears payment and any
28 scheduled payment due to the authority, but the local unit shall retain
29 an amount not to exceed 1% of the moneys collected to defray the
30 cost of collection.

31

32 18A:71C-13. Guidelines for Payment of Arrearages.

33 The Division of Local Government Services in the Department of
34 Community Affairs, in conjunction with the Department of the
35 Treasury and the Higher Education Student Assistance Authority, shall
36 prepare guidelines concerning the procedures and methods to be
37 employed by local units for the implementation of N.J.S. 18A:71C-12.
38 The guidelines, and all actions taken by local units, shall be consistent
39 with all federal regulations and limitations regarding any information
40 utilized in any collection.

41

42 18A:71C-14. Deduction of Overdue Student Loan Payments From
43 Wages of Certain Boards or Authorities.

44 Whenever any officer or employee of a local board of education, a
45 county or municipal board of health or an autonomous authority
46 created by a county or municipality pursuant to statute has failed to

1 make scheduled payments to the Higher Education Student Assistance
2 Authority on any note held by that authority pursuant to
3 N.J.S.18A:71C-6, the board or autonomous authority shall deduct
4 from the wages of the employee the full amount of both any arrears
5 payment and any scheduled payment due to the Higher Education
6 Student Assistance Authority until such time as the note is fully
7 satisfied. The board or autonomous authority shall transmit the
8 payments to the Higher Education Student Assistance Authority, but
9 the board or autonomous authority may retain an amount of the
10 moneys collected as established by regulations of the Higher
11 Education Student Assistance Authority to defray the cost of
12 collection.

13

14 18A:71C-15. Guidelines for Payment of Arrearages.

15 The Department of Education and the Division of Local Government
16 Services in the Department of Community Affairs, in conjunction with
17 the Department of the Treasury and the Higher Education Student
18 Assistance Authority, shall prepare guidelines concerning the
19 procedures and methods to be employed by boards and autonomous
20 authorities for the implementation of N.J.S. 18A:71C-14. The
21 guidelines, and all actions taken by a board or autonomous authority
22 pursuant to this act, shall be consistent with all federal regulations or
23 limitations regarding any information utilized in any collection.

24

25 18A:71C-16. Deduction of Overdue Student Loan Payments From
26 Wages of Employees of the Private Sector.

27 Whenever any officer or employee or any employer within or
28 outside this State not described in N.J.S.18A:71C-10, N.J.S.18A:71C-
29 12 or N.J.S.18A:71C-14 has failed to make scheduled payments to the
30 Higher Education Student Assistance Authority on any note or other
31 written obligation held by that authority, there shall be deducted from
32 the wages of the employee the full amount of both any arrears
33 payment and any scheduled payment due to the Higher Education
34 Student Assistance Authority until such time as the note or other
35 written obligation is fully satisfied.

36 The employer shall retain an amount, as established by regulations
37 promulgated jointly by the Department of the Treasury and the Higher
38 Education Student Assistance Authority, of the moneys collected to
39 defray the cost of collection.

40 An employer may not discharge from employment, refuse to employ,
41 or take disciplinary action against an individual subject to wage
42 deduction in accordance with this section by reason of the fact the
43 individual's wages have been subject to wage deduction under this
44 section, and the individual may sue in a State court of competent
45 jurisdiction any employer who takes this action. The court shall award
46 attorneys' fees to a prevailing employee and, in its discretion, may

1 order reinstatement of the individual, award punitive damages and
2 back pay to the employee, or order another remedy as may be
3 reasonably necessary.

4
5 18A:71C-17. Lien Not Treated as Wage Execution.

6 The lien against an employee's wages undertaken pursuant to
7 N.J.S.18A:71C-10, N.J.S.18A:71C-12, N.J.S.18A:71C-14 and
8 N.J.S.18A:71C-16 shall not be considered an execution against wages
9 pursuant to N.J.S.2A:17-52, and shall not prevent the simultaneous
10 satisfaction of an execution from the amount of wages remaining after
11 the satisfaction of this debt.

12
13 18A:71C-18. Exchange of Information with Other State
14 Departments and Agencies.

15 The authority may use the following procedures to locate borrowers
16 who have failed to make scheduled payments to the authority on any
17 note held by the authority:

18 a. the authority may furnish the name and Social Security number of
19 a delinquent or defaulted borrower to the Division of Pensions and
20 Benefits, the Division of Taxation, the Division of Motor Vehicles, the
21 Department of Human Services, the Casino Control Commission, and
22 any State professional or licensing board or body. Except as
23 prohibited by federal or State law, these departments, divisions,
24 boards, and bodies shall return to the authority the address of any
25 borrower or the address of the employer of any borrower that appears
26 in its most recent records;

27 b. the authority may furnish the name and Social Security number of
28 any delinquent or defaulted borrower to the Department of Labor.
29 Except as prohibited by federal or State law, the Department of Labor
30 shall return to the authority the address of the employer of any such
31 borrower that appears in its most recent records;

32 c. the authority shall reimburse the department, division, board or
33 body listed in subsections a. and b. of this section for any costs
34 associated with services performed pursuant to this section.
35 Information furnished to the authority by the entities listed in
36 subsections a. and b. shall be considered confidential and shall not be
37 disclosed except to a federal department or agency entitled to the
38 information because the disclosure is necessary for the proper
39 administration of this article.

40
41 18A:71C-19. Professional or Occupational Misconduct.

42 a. Notwithstanding provisions of any law to the contrary, any State
43 professional or occupational licensing board shall define a borrower's
44 delinquent or default status of any loan made or guaranteed by the
45 authority as misconduct punishable by the denial, suspension, or
46 revocation of the borrower's professional or occupational license by

1 that board.

2 b. For the purposes of this section:

3 “License” means the whole or part of any State agency permit,
4 certificate, approval, registration, charter or similar form of permission
5 to engage in a profession, trade, business or occupation and any
6 notification required to be made to any State agency that a profession,
7 trade, business or occupation is being engaged in or is expected to be
8 commenced; provided that “license” shall not include any original
9 charter or certificate of incorporation granted by any State agency;

10 “State agency” means the judicial, legislative or executive branch of
11 the State, including, but not limited to, any department, board, bureau,
12 commission, division, office, council, agency, or instrumentality
13 thereof, or independent agency, public authority or public benefit
14 corporation.

15

16 18A:71C-20. Deductions of Overdue Payments from State Lottery
17 Winnings.

18 a. The Director of the Division of State Lottery in the Department
19 of the Treasury and the executive director shall initiate an ongoing
20 data exchange in the Office of Telecommunications and Information
21 Systems in the Department of the Treasury before a payment is made
22 of a State lottery prize in excess of \$1,000.

23 b. The executive director shall periodically supply the Office of
24 Telecommunications and Information Systems with a list of those
25 individuals with delinquent or defaulted student loan repayments to the
26 authority.

27 c. The Director of the Division of State Lottery shall promptly
28 provide the Office of Telecommunications and Information Systems
29 with a prize winners list, which shall include the prize claimant’s name,
30 address and Social Security number and the amount of the pending
31 payment.

32 d. The Office of Telecommunications and Information Systems shall
33 cross check the lottery list with the data supplied by the executive
34 director for a Social Security number match. If a match is made, the
35 Office of Telecommunications and Information Systems shall notify the
36 authority.

37 e. If a lottery prize claimant is on the list of individual delinquents
38 or in default of a student loan, the authority shall promptly notify the
39 Department of the Treasury and the Division of the State Lottery of
40 the claimant’s name, address, Social Security number and the
41 outstanding amount of the student loan. The Department of the
42 Treasury shall, after withholding any appropriate amount for income
43 tax or such other withholdings as may be required under federal or
44 State law, withhold this amount from the pending lottery payment and
45 transmit this amount to the authority. If the amount of the student
46 loan outstanding is greater than the amount available from the lottery

1 payment, the entire amount available shall be transmitted to the
2 authority.

3 f. Any of the claimant's lottery prize funds remaining after
4 withholding pursuant to subsection e. of this section shall be paid to
5 the claimant in accordance with lottery procedures.

6 g. The State Treasurer in consultation with the authority shall
7 promulgate, pursuant to the "Administrative Procedure Act,"
8 P.L.1968, c. 410 (C.52:14B-1 et seq), such rules and regulations as
9 may be necessary to effectuate the purpose of this section including,
10 but not limited to, regulations providing for prompt notice to any prize
11 winner from whose award the Department of the Treasury seeks to
12 withhold funds of the amount to be withheld and the reason therefor
13 and providing the prize winner with the opportunity for a hearing
14 upon request prior to the disposition of any funds. The State
15 Treasurer shall also provide, by regulation, safeguards against the
16 disclosure or inappropriate use of any personally identifiable
17 information regarding any person obtained pursuant to this section.
18 For purposes of this section, "prompt notice" shall mean within 14
19 days or less.

20

21 Article 2. State Loan Programs

22

23 18A:71C-21. College Loans to Assist State Students Loan Program.

24 There is hereby established within the authority a New Jersey
25 College Loans to Assist State Students (NJCLASS) Loan Program.
26 Under the NJCLASS Loan Program, the authority shall make loans
27 available in such amounts as necessary to ensure that student loans
28 remain generally available to, or for the benefit of, eligible students
29 who are not eligible for, or have additional financial need beyond, a
30 federally insured student loan and who meet the eligibility criteria set
31 forth in N.J.S. 18A:71C-27.

32

33 18A: 71C-22. College Loans to Assist State Students Loan Fund.

34 a. The authority shall establish and maintain a special fund called the
35 "New Jersey College Loans to Assist State Students (NJCLASS) Loan
36 Fund" in which there shall be deposited: (1) all funds received by the
37 authority from the sale of State bonds as provided by law; (2) all
38 moneys appropriated by the State for the purpose of the fund; (3) all
39 funds contributed to the authority by private sources, to be used for
40 the purposes of this article; and (4) any other moneys or funds of the
41 authority, including the proceeds of bonds, bond anticipation notes,
42 and other obligations issued by the authority, which it determines to
43 deposit therein. Moneys in the NJCLASS Loan Fund shall be held and
44 applied to make loans pursuant to this article and to pay for the costs
45 of administering the NJCLASS Loan Program.

46 b. The sum total of all funds on deposit in the NJCLASS Loan Fund

1 shall be maintained in the amount determined by the authority to be
2 necessary to fulfill its responsibilities as set forth in this article.

3 c. Moneys in the NJCLASS Loan Fund at any time in excess of the
4 NJCLASS Loan Program requirements, whether by reason of
5 investment or otherwise, may be withdrawn at any time by the
6 authority and transferred to any other fund or account of the authority.

7 d. Moneys at any time in the NJCLASS Loan Fund may be invested
8 in any direct obligations of, or obligations as to which the principal
9 and interest thereof is guaranteed by, the United States of America or
10 such other obligations as the authority may approve.

11

12 18A: 71C-23. Eligible Borrower.

13 Loans under the NJCLASS Loan Program may be made to eligible
14 borrowers. An eligible borrower is an eligible student or any parent,
15 spouse, legal guardian or other relative providing financial support for
16 a dependent eligible student. The authority shall set maximum loan
17 amounts for each participant based on such factors as the cost of
18 attending the particular institution, family income, value of family
19 assets or other factors the authority may consider relevant. The loans
20 may be secured by such endorsement, co-maker's collateral or other
21 security as may be required by rules and regulations established by the
22 authority.

23

24 18A: 71C-24. Eligible Institution.

25 Unless restricted by the authority by regulations, "eligible
26 institution" means, for the purposes of this article only, an institution
27 of higher education licensed by the appropriate agency or department
28 and accredited or preaccredited by a nationally recognized accrediting
29 association. Eligible institutions shall also include certain proprietary
30 institutions but only for degree granting programs approved by the
31 commission or for other proprietary institutions as determined by the
32 authority.

33

34 18A: 71C-25. Maximum Loan Amounts.

35 The authority shall establish maximum annual loan amounts and
36 maximum total loan amounts which may be made under the NJCLASS
37 Loan Program; however, the amount of a NJCLASS Loan Program
38 loan may not exceed, in combination with other financial aid, the total
39 education costs of attending an eligible institution as determined by
40 that institution plus the amount of interest payments which may be
41 deferred pursuant to N.J.S. 18A:71C-26.

42

43 18A: 71C-26. Accrual of Interest; Payment.

44 Interest on each NJCLASS Loan Program loan shall accrue from the
45 date of the making of the loan; however, the payment of the principal
46 or the interest or both may be deferred until a time or times

1 determined by the authority. The rate of interest on each loan shall be
2 determined by the authority.

3

4 18A: 71C-27. Student Eligibility.

5 a. Unless otherwise restricted by the authority by regulation, an
6 eligible student under the NJCLASS Loan Program shall:

7 (1) be a New Jersey resident enrolled on at least a part-time basis as
8 an undergraduate or graduate student in an eligible institution in New
9 Jersey; or

10 (2) be a New Jersey resident enrolled on at least a part-time basis as
11 an undergraduate or graduate student in an eligible institution outside
12 of New Jersey; or

13 (3) reside outside the State and be enrolled on at least a part-time
14 basis as an undergraduate or graduate student in an eligible institution
15 in New Jersey.

16 b. To be eligible for a NJCLASS loan financed in whole or in part
17 by qualified student loan bonds, as described under section 144(b) of
18 the Federal Internal Revenue Code of 1986, 26 U.S.C. s.144(b), the
19 student in addition to meeting the requirements of subsection a. of this
20 section, shall meet the eligibilty criteria described in section 144(b) of
21 the Federal Internal Revenue Code of 1986, 26 U.S.C. s.144(b), or not
22 be in violation of any other criteria which would result in the bonds no
23 longer to be qualified under section 144(b) of the Federal Internal
24 Revenue Code of 1986, 26 U.S.C. s.144(b).

25

26 18A: 71C-28. Limitations on Program; Fees.

27 a. The authority may limit the number of students who receive
28 NJCLASS Loan Program loans for attendance at any educational
29 institution with a default rate exceeding the standard which will be set
30 by the authority.

31 b. The authority may place a limitation upon the number of
32 NJCLASS Loan Program loans made pursuant to this article, if, in its
33 judgment, a limitation is necessary to preserve the fiscal viability of the
34 fund.

35 c. The authority may establish and collect a fee, to be paid by each
36 eligible borrower under the NJCLASS Loan Program to assist in the
37 support of the administration of the NJCLASS Loan Program by the
38 authority and to assist in covering the cost of loan defaults.

39

40 18A: 71C-29. Applicability of Information Exchange, Collection
41 Procedures, Repayment Determinations and Other Federal Provisions.

42 Unless expressly limited to federal programs, the information
43 exchange, wage withholding, collection procedures, repayment
44 determinations, and other provisions set forth under article 1 of this
45 part shall apply to the NJCLASS Loan Program.

1 18A:71C-30. Act Not to Affect Higher Education Student
2 Assistance Fund.

3 Nothing in this article shall be construed to limit the power of the
4 authority to establish and maintain the Higher Education Student
5 Assistance Fund or to alter the terms and conditions of loans made to
6 students under that fund.

7

8 18A:71C-31. Falsely Securing State Loan a Misdemeanor; Penalty.

9 Any person who, having obtained a State loan under this act, solicits,
10 applies for, or accepts another such loan, except as specifically
11 authorized in this act, and any person who knowingly or willfully
12 furnishes any false or misleading information for the purpose of
13 obtaining a loan, or of enabling another to obtain a loan, under this
14 act, shall be guilty of a crime of the fourth degree.

15

16 Article 3. Loan Redemption Program

17

18 18A:71C-32. Definitions.

19 As used in N.J.S. 18A:71C-32 through N.J.S. 18A:71C-48:

20 “Eligible student loan expenses” means the cumulative total of the
21 annual student loans covering the cost of attendance at an
22 undergraduate institution of medical, dental, or other primary care
23 professional education. Interest paid or due on student loans that an
24 applicant has taken out for use in paying the costs of undergraduate
25 medical, dental, or other primary care professional education shall be
26 considered eligible for reimbursement under the program. The
27 authority may establish a limit on the total amount of student loans
28 which may be redeemed for participants under the program, provided
29 that the total redemption of student loans does not exceed \$120,000
30 either in State funds or the sum of federal, State, and other non-federal
31 matching funds, pursuant to section 338I of the Public Health Service
32 Act (42 U.S.C. s.254q-1), whichever is applicable.

33 “Health professional shortage area” (HPSA) means an urban or rural
34 area, a population group or a public or non-profit private medical
35 facility or other public facility which the Secretary of Health and
36 Human Services determines has a health professional shortage
37 pursuant to section 332 of the Public Health Service Act (42 U.S.C.
38 s.254e).

39 “Primary care” means the practice of family medicine, general
40 internal medicine, general pediatrics, general obstetrics, gynecology,
41 and any other areas of medicine which the Commissioner of Health and
42 Senior Services may define as primary care. Primary care also includes
43 the practice of general dentistry and pedodontics, as well as the
44 professions of nurse-practitioner, certified nurse-midwife, and
45 physician assistant.

46 “Primary Care Physician and Dentist Loan Redemption Program”

1 means a program which provides for the redemption of the eligible
2 student loan expenses of its participants.

3 “State designated underserved area” means a geographic area in this
4 State which has been ranked by the Commissioner of Health and
5 Senior Services on the basis of health status and economic indicators
6 as reflecting a medical or dental health professional shortage.

7 “Undergraduate medical, dental, or other professional primary care
8 professional education” means the period of time between entry into
9 medical school, dental school, or other primary care professional
10 training program and the award of the medical (M.D., D.O.) degree,
11 the dental (D.M.D., D.D.S.) degree, or other primary care professional
12 degree respectively.

13

14 18A:71C-33. Primary Care Physician and Dentist Loan Redemption
15 Program Established.

16 There is established a Primary Care Physician and Dentist Loan
17 Redemption Program within the Higher Education Student Assistance
18 Authority. The program shall provide for the redemption of a portion
19 of the eligible student loan expenses of program participants for each
20 year of service in a State designated underserved area.

21

22 18A:71C-34. Eligibility for Participation in Program.

23 To be eligible to participate in the Primary Care Physician and
24 Dentist Loan Redemption Program, an applicant shall:

25 a. be a resident of the State;

26 b. be a graduate of a medical school approved by the State Board
27 of Medical Examiners for the purpose of licensure and receive a
28 recommendation from the school’s medical staff concerning
29 participation in the loan redemption program in the case of a physician;
30 be a graduate of a dental school approved by the New Jersey State
31 Board of Dentistry for the purpose of licensure and receive a
32 recommendation from the school’s dental staff concerning
33 participation in the loan redemption program in the case of a dentist;
34 or be a graduate of another state-approved primary care professional
35 training program for the purpose of licensure or certification and
36 receive a recommendation from the program's professional staff
37 concerning participation in the loan redemption program in the case of
38 another primary care provider;

39 c. in the case of a physician, have completed an accredited residency
40 training program and received a recommendation from the director of
41 the training program concerning participation in the loan redemption
42 program; and

43 d. agree to practice primary care, as appropriate, in a State
44 designated underserved area.

45

46 18A:71C-35. Ranking of State Designated Underserved Areas.

1 The Commissioner of Health and Senior Services, after consultation
2 with the Commissioner of Corrections and the Commissioner of
3 Human Services, shall designate and establish a ranking of State
4 designated underserved areas. The criteria used by the Commissioner
5 of Health and Senior Services in designating areas shall include, but
6 not be limited to:

- 7 a. the financial resources of the population under consideration;
- 8 b. the population's access to primary care services; and
- 9 c. appropriate physician, dentist, or other primary care staffing in
10 State, county, municipal and private nonprofit health care facilities.

11 The Commissioner of Health and Senior Services shall transmit the
12 list of State designated underserved areas and the number of positions
13 needed in each area to the executive director or designee.

14

15 18A:71C-36. Entry into Program; Agreements.

16 A medical, dental, nursing, or other primary care student who is
17 eligible and interested in participating in the loan redemption program
18 shall sign a nonbinding agreement with the Higher Education Student
19 Assistance Authority or its designated agent upon completion of the
20 final year of undergraduate medical, dental, or other primary care
21 training, as appropriate. At the end of the final year or residency
22 training in the case of a physician; at the end of the final year of
23 undergraduate dental training or residency training if the training is
24 required in a primary care dental speciality in the case of a dentist; and
25 at the end of the final year of other primary care training in the case of
26 another primary care provider, the applicant shall sign a contractual
27 agreement with the authority or its designated agent. The agreement
28 shall specify the applicant's dates of required service, the initial period
29 to cover a minimum of two years, and the total amount of eligible
30 student loan expenses to be redeemed by the State in return for
31 service. The agreement shall also stipulate that the applicant has
32 knowledge of and agrees to the six-month probationary period
33 required prior to final acceptance into the program pursuant to N.J.S.
34 18A:71C-38.

35

36 18A:71C-37. Redemption Limits; Start of Service.

37 a. Maximum redemption of loans under the loan redemption
38 program shall amount to 18% of principal and interest of eligible
39 student loan expenses in return for one full year of service in a State
40 designated medically underserved area, an additional 26% for a second
41 full year of service, an additional 28% for a third full year of service
42 and an additional 28% for a fourth full year of service for a total
43 redemption of eligible student loan expenses of up to, but not to
44 exceed, \$120,000 either (1) in State funds or (2) the sum of federal,
45 State, and other non-federal funds pursuant to section 338I of the
46 Public Health Service Act (42 U.S.C. s.254q-1), whichever is

1 applicable. Service in a State designated underserved area shall begin
2 within two years of completion of the medical residency training
3 program in the case of a physician; within two years of completion of
4 undergraduate dental training or residency training if the training is
5 required in a primary care dental specialty in the case of a dentist; and
6 within two years of completion of other primary care professional
7 training if the training is required in the case of another primary care
8 provider.

9 b. A participant who enters an agreement to fulfill service in a State
10 designated underserved area that is also a federal HPSA shall be
11 permitted a total redemption of eligible student loan expenses for four
12 years of service up to, but not to exceed, the sum of federal, State and
13 other non-federal matching funds provided pursuant to section 338I of
14 the Public Health Service Act (42 U.S.C. s.254q-1).

15

16 18A:71C-38. Probationary Period.

17 Each program participant shall serve a six-month probationary
18 period upon initial placement in a service site within the State
19 designated underserved area. During that period, the medical or
20 dental staff of the service site, as appropriate, together with the
21 program participant, shall evaluate the suitability of the placement for
22 the participant. At the end of the probationary period, the medical or
23 dental staff shall recommend the continuation of the program
24 participant's present placement, a change in placement, or its
25 determination that the participant is an unsuitable candidate for the
26 loan redemption program. If the medical or dental staff of the service
27 site recommends a change in placement, the executive director or a
28 designee shall place the program participant in an alternate placement
29 within a State designated underserved area. If the medical or dental
30 staff determines that the program participant is not a suitable candidate
31 for the program, the executive director shall take this recommendation
32 into consideration in regard to the participant's final acceptance into
33 the program. No loan redemption payment shall be made during the
34 six-month probationary period; however, a program participant shall
35 receive credit for the six-month period in calculating the first year of
36 required service under the loan redemption contract.

37

38 18A:71C-39. Matching of Participants with Areas.

39 The executive director or designee, in consultation with the
40 Commissioner of Health and Senior Services, shall match program
41 participants to State designated underserved areas based upon the
42 ranking of the underserved areas established by the commissioner and
43 on the basis of participant preference.

44

45 18A:71C-40. Determination of Number of Positions; Selection of
46 Participants.

1 The executive director or designee shall annually determine the
2 number of program positions available on the basis of the need for
3 primary care physicians, dentists, and other primary care providers in
4 State designated underserved areas as determined by the
5 Commissioner of Health and Senior Services and the State and federal
6 funds available for the program. Once the number of program
7 positions has been determined, the executive director or designee shall
8 select the program participants from among those students who have
9 applied to the program and who meet the criteria established pursuant
10 to N.J.S. 18A:71C-34. In selecting program participants, the
11 executive director shall accord priority to applicants in the following
12 manner:

- 13 a. first, to any applicant who is completing a fourth, third or second
14 year of a loan redemption contract;
- 15 b. second, to any applicant whose residence in the State at the time
16 of entry into postsecondary education was within a State designated
17 underserved area; and
- 18 c. third, to any applicant according to the severity of the physician,
19 dentist, or other primary care provider shortage in the area selected by
20 the applicant.

21 In the event that there are more applicants who have the same
22 priority than there are program positions, the executive director shall
23 select participants by means of a lottery or other form of random
24 selection.

25

26 18A:71C-41. Nullification of Agreement.

27 A physician, dentist, or other primary care provider who has
28 previously entered into a contract with the authority may nullify the
29 agreement by notifying the authority in writing and reassuming full
30 responsibility for the remaining outstanding balance of the loan debt.
31 In no event shall service in a State designated underserved area for less
32 than the full calendar year of each period of service entitle the
33 participant to any benefits under the loan redemption program. A
34 participant seeking to nullify the contract before completing a second
35 full year of service shall be required to pay 50% of the redeemed
36 portion of indebtedness in not more than one year following
37 nullification of the agreement.

38

39 18A:71C-42. Death or Permanent Disability of Participant.

40 In case of a program participant's death or total and permanent
41 disability, the authority shall nullify the service obligation of the
42 student. The nullification shall terminate the authority's obligations
43 under the loan redemption contract, except in the event that a
44 participant's death or total and permanent disability occurs after the
45 second year of service, the authority shall redeem the current year of
46 service. When continued enforcement of the contract may result in

1 extreme hardship, the authority may nullify or suspend the service
2 obligation of the student.

3

4 18A:71C-43. Conviction of Crime; Gross Negligence; License
5 Suspension or Revocation.

6 In case of a program participant's conviction of a crime or an act of
7 gross negligence in the performance of service obligations or when the
8 license to practice has been suspended or revoked, the executive
9 director or designee shall have the authority to terminate the
10 participant's service in the program and require forfeiture of the
11 amount redeemed for the current year of service.

12

13 18A:71C-44. National Health Service Corps Loan Repayment
14 Program Participants Not Eligible.

15 A student who is participating in the federally administered National
16 Health Service Corps Loan Repayment Program, section 338B of the
17 Public Health Service Act (42 U.S.C. s.254 1-1), shall not be eligible
18 to participate simultaneously in the Primary Care Physician and Dentist
19 Loan Redemption Program.

20

21 18A:71C-45. Report on Performance.

22 Prior to repayment of the annual amount eligible for redemption,
23 each program participant shall report to the authority or its designated
24 agent, in such manner and form as it shall prescribe, information on the
25 participant's performance of service in the State designated
26 underserved area as required under the contract.

27

28 18A:71C-46. Recruitment.

29 The executive director or designee and the Commissioner of Health
30 and Senior Services, in cooperation with their designated agent, shall
31 together establish a procedure for the recruitment of program
32 applicants at medical and dental schools and health centers. The
33 procedure shall provide for the participation of the medical and dental
34 staff, as appropriate, of those facilities in the selection of appropriate
35 applicants for the program.

36

37 18A:71C-47. Federal Funds.

38 The authority shall annually apply for any federal funds which may
39 be available to implement the provisions of this act.

40

41 18A:71C-48. Rules and Regulations.

42 The authority shall adopt rules and regulations pursuant to the
43 "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1 et seq.)
44 necessary to implement the provisions of N.J.S. 18A:71C-32 through
45 N.J.S. 18A:71C-47.

1 2. (New section) Whenever any civil action has been or shall be
2 brought against any professor, associate professor, assistant professor,
3 instructor, supervisor, registrar, teacher, or any other person employed
4 in a teaching capacity by the State Board of Education or the
5 Commissioner of Education, or in the Marie H. Katzenbach school
6 for the deaf or any other educational institution under the control of
7 the State board, or by the board of trustees of any public institution of
8 higher education, for any act or omission arising out of and in the
9 course of the performance of the duties of the office, position or
10 employment, the State shall defray all costs of defending the action,
11 including reasonable counsel fees and expenses, together with costs of
12 appeal, if any, and shall save harmless and protect the person from any
13 financial loss resulting therefrom. The State may arrange for and
14 maintain appropriate insurance to cover all damages, losses and
15 expenses.

16

17 3. (New section) Any board of education may accept, receive, add
18 to and hold in trust real or personal property, heretofore or hereafter
19 acquired by inter vivos or testamentary gift, for the purpose of
20 awarding scholarships to students for higher education in colleges,
21 universities and graduate schools, whether located within or without
22 this State, upon such terms and conditions, not inconsistent with this
23 section, as may be imposed by the donor of the property. The board
24 shall, by resolution, provide for the acceptance, application, custody
25 and management of property donated to it for higher education
26 scholarship purposes.

27

28 4. (New section) a. Any dependent of a prisoner of war or a person
29 missing in action, upon his being accepted to pursue a course of
30 undergraduate study in any private institution of higher education in
31 this State or in any public institution of higher education of this State
32 as enumerated in N.J.S. 18A:62-1, shall be allowed to obtain a
33 bachelors degree, or certificate of completion, for so long as he is
34 eligible, free of tuition. Once a person qualifies as a dependent under
35 this act there shall be no situation such as the return of the parent or
36 the reported death of the parent that will terminate the eligibility of the
37 dependent to the benefits under this act.

38 b. As used in this section:

39 "Dependent" means any child born before, during or after the period
40 of time the child's parent was a prisoner of war or a person missing in
41 action, or any child legally adopted or in the legal custody of the
42 parent prior to, during or after the time the parent was a prisoner of
43 war or a person missing in action.

44 "Prisoner of war" and "person missing in action" means any person
45 who was a resident of this State at the time he or she entered service
46 of the United States Armed Forces, or whose official residence is

1 within this State, and who, while serving in said United States Armed
2 Forces, has been declared to be a prisoner of war, or to be a person
3 missing in action as established by the Secretary of Defense after
4 January 1, 1960.

5

6 5. (New section) As used in sections 5 through 12 of this act:

7 a. "Approved course of study" means any curriculum or any
8 combination of unit courses or subjects pursued at an educational
9 institution which is accepted for Veteran's Educational Assistance
10 pursuant to federal law.

11 b. "Approved educational institution" means (1) any academic,
12 professional or vocational school operating within this State or (2) any
13 graduate level school operating within the United States or (3) any
14 academic, professional or vocational school operating outside of this
15 State; provided that the institution shall have made a prior written
16 agreement to accept the tuition credit and reimbursement provided for
17 in sections 9 and 10 of this act; provided further, that no more than
18 20% of the eligible veterans under paragraphs (1) and (3) of this
19 subsection shall attend an approved educational institution operating
20 outside of this State. To qualify as an "approved educational
21 institution" under this act, an institution must have been approved for
22 Veteran's Educational Assistance pursuant to federal law.

23 c. "Department" means the Department of Military and Veterans'
24 Affairs and includes any deputies or employees of the department
25 designated to administer and enforce this act.

26 d. "Eligible veteran" means any veteran of the Armed Forces of the
27 United States residing in New Jersey who is or was eligible for
28 Veteran's Educational Assistance pursuant to federal law and who (1)
29 was domiciled in New Jersey at the time of his induction into the
30 armed forces, or (2) has been domiciled in New Jersey for a period of
31 not less than 12 consecutive months prior to the date of application,
32 exclusive of any time spent on active duty.

33

34 6. (New section) For the purposes of sections 5 through 12 of this
35 act:

36 a. (1) an institutional trade or technical course offered at a
37 nonaccredited school on a clock-hour basis involving shop practice as
38 an integral part thereof shall be considered a full-time course when a
39 minimum of 30 hours per week of attendance is required with no more
40 than two and one-half hours of rest periods per week and no more
41 than three hours of supervised study per week allowed;

42 (2) an institutional course offered at a nonaccredited school on a
43 clock-hour basis in which theoretical or classroom instruction
44 predominates shall be considered a full-time course when a minimum
45 of 25 hours per week net of instruction, which may include customary
46 intervals not to exceed 10 minutes between hours of instruction, is

1 required and no more than three hours of supervised study per week
2 is allowed;

3 b. (1) an institutional trade or technical course offered at an
4 accredited school on a clock-hour basis which leads to a standard
5 trade or technical degree and involves shop practice as an integral part
6 thereof shall be considered a full-time course when a minimum of 22
7 hours per week of attendance is required with no more than two and
8 one-half hours of rest periods per week and no more than three hours
9 of supervised study per week allowed;

10 (2) an institutional course offered at an accredited school on a
11 clock-hour basis which leads to a standard trade or technical degree
12 in which theoretical or classroom instruction predominates shall be
13 considered a full-time course when a minimum of 18 hours per week
14 of instruction, which may include customary intervals not to exceed 10
15 minutes between hours of instruction, is required and no more than
16 two and one-half hours of supervised study is allowed;

17 c. an academic high school course requiring 16 units for a full
18 course shall be considered a full-time course when a minimum of four
19 units per year is required. For the purpose of this subsection, a unit
20 is defined to be not less than 120 60-minute hours or their equivalent
21 of study in any subject in one academic year; and

22 d. an institutional undergraduate course offered by a college or
23 university on a quarter- or semester-hour basis shall be considered a
24 full-time course when a minimum of 14 semester hours or the
25 equivalent thereof, for which credit is granted toward a standard
26 college degree, including those for which no credit is granted but
27 which are required to be taken to correct an educational deficiency, is
28 required, except that when the college or university certifies, upon the
29 request of the department, that (a) full-time tuition is charged to all
30 undergraduate students carrying a minimum of less than 14 semester
31 hours or the equivalent thereof or (b) all undergraduate students
32 carrying a minimum of less than 14 semester hours or the equivalent
33 thereof are considered to be pursuing a full-time course for other
34 administrative purposes, then such an institutional undergraduate
35 course offered by the college or university with the minimum number
36 of semester hours shall be considered a full-time course, but in the
37 event the minimum number of semester hours is less than 12 semester
38 hours or the equivalent thereof, then 12 semester hours or the
39 equivalent thereof shall be considered a full-time course.

40 Each eligible veteran may select an approved course of study at any
41 approved educational institution selected by him, which will accept
42 and retain him as a student or trainee in any field or branch of
43 knowledge which the institution finds him qualified to undertake or
44 pursue.

45

46 7. (New section) Any eligible veteran who desires tuition credit

1 pursuant to this act, within eight years from the date of (a) his
2 separation from active duty or (b) March 3, 1976, whichever is later,
3 shall submit an application to the department which shall be in a form
4 and contain information as the department shall prescribe. The
5 department shall approve the application unless it finds that the
6 veteran is ineligible for or not entitled to tuition credit or that his
7 course of study is not approved pursuant to this act, or that he has
8 already been approved. The department shall notify the veteran and
9 his selected educational institution of the approval of his application.

10

11 8. (New section) a. Each eligible veteran shall be entitled to tuition
12 credit pursuant to this act in accordance with the following schedule:

13 (1) For a period of one semester, or the equivalent thereof in
14 part-time tuition credit, in the case of educational institutions regularly
15 operated on the semester system, for each three months or fraction
16 thereof of the veteran's service on active duty after December 31, 1960
17 and before May 7, 1975. If an eligible veteran has served a period of
18 18 months or more on active duty during such period of time, he shall
19 be entitled to tuition credit pursuant to this act for a period of eight
20 semesters, or the equivalent thereof in part-time tuition credit. The
21 maximum credit hereunder shall be for a period of eight semesters; or

22 (2) For a period of one-quarter, or the equivalent thereof in
23 part-time tuition credit, in the case of educational institutions regularly
24 operated on the quarter system, for each two months or fraction
25 thereof of the veteran's service on active duty after December 31, 1960
26 and before May 7, 1975. If an eligible veteran has served a period of
27 18 months or more on active duty during that period of time, he shall
28 be entitled to tuition credit pursuant to this act for a period of 12
29 quarters. The maximum credit hereunder shall be for a period of 12
30 quarters; or

31 (3) For a period of one and one-half months of any tuition period,
32 or the equivalent thereof in part-time tuition credit, in the case of
33 educational institutions not operated on the quarter or semester
34 system, for each month or fraction thereof of the veteran's service on
35 active duty after December 31, 1960 and before May 7, 1975. If an
36 eligible veteran has served a period of 18 months or more on active
37 duty during that period of time, he shall be entitled to tuition credit
38 pursuant to this act for 36 months of tuition credit, or the equivalent
39 thereof in part-time tuition credit. The maximum credit hereunder
40 shall be for a period of 36 months.

41 b. If an eligible veteran shall change his program of study from an
42 educational institution regularly operated on the quarter or semester
43 system or otherwise to an educational institution regularly operated on
44 a different system, the remainder of his credit shall accordingly be
45 redistributed by the department in such manner as to carry out the
46 intent of this act.

1 9. (New section) Benefits hereunder shall be in the form of tuition
2 credits limited by the lesser of full tuition or:

3 a. for educational institutions regularly operated on the semester
4 system, \$200 per semester.

5 b. for educational institutions regularly operated on the quarter
6 system, \$100 per quarter.

7 c. for educational institutions not regularly operated on the semester
8 or quarter system, \$400 per full school year prorated on an equal basis
9 as the department shall determine.

10 d. for veterans pursuing a program of part-time education, the
11 tuition credit shall be in such amounts as the department shall
12 determine. These veterans shall be eligible to receive awards during
13 summer terms, provided that the total award during the period from
14 September 1 to August 31 of any academic year does not exceed the
15 amount of assistance a full-time student at the same institution would
16 receive.

17

18 10. (New section) Reimbursement for tuition credit shall be made
19 by the State Treasurer to the approved educational institution upon
20 certification by the institution that the veteran is enrolled for the
21 current period and upon certification by the department that the
22 veteran is both eligible and entitled to tuition credit hereunder subject
23 to the provisions of section 12 of this act. Reimbursement for tuition
24 credit shall be made out of funds accumulated from the State Lottery.

25

26 11. (New section) Any benefits granted to eligible veterans
27 pursuant to this act shall not be considered income or an asset in
28 determining financial need for any financial assistance for higher
29 education provided pursuant to Title 18A of the New Jersey Statutes.

30

31 12. (New section) In the event that the amount appropriated in any
32 fiscal year is insufficient to carry out in full the provisions of sections
33 5 through 12 of this act, the department shall apportion the amount
34 among the eligible veterans applying for tuition credit in proportion to
35 the amount each veteran would be allocated if the full amount were
36 appropriated.

37

38 13. (New section) As used in sections 13 through 17 of this act:

39 "Vietnam veteran" means a resident of this State who:

40 a. served in the Armed Forces of the United States in Southeast
41 Asia in the Vietnam conflict and received a Vietnam Service Ribbon
42 or an Armed Forces Expeditionary Medal;

43 b. was honorably discharged or generally discharged under
44 honorable conditions; and

45 c. has been domiciled in New Jersey on April 9, 1985, for a period
46 of not less than two consecutive years, exclusive of any time spent on

1 active duty.

2

3 14. (New section) A Vietnam veteran, upon being accepted to
4 pursue a course of study for an initial undergraduate degree in a public
5 institution of higher education of this State as enumerated in
6 N.J.S.18A:62-1, shall be entitled to tuition assistance, while enrolled
7 as a student in good standing at that college, in an amount up to the
8 full tuition cost as determined by the Department of Military and
9 Veterans' Affairs pursuant to section 18 of this act.

10

11 15. (New section) A Vietnam veteran upon being accepted to
12 pursue a course of study for an initial undergraduate degree at an
13 independent college or university located in the State shall be entitled
14 to tuition assistance, while enrolled as a student in good standing at
15 that college or university, in an amount as determined by the
16 Department of Military and Veterans' Affairs pursuant to section 18 of
17 this act, but in an amount not more than the tuition charged at
18 Rutgers, The State University.

19

20 16. (New section) A tuition award shall not be granted pursuant to
21 sections 14 and 15 of this act, unless the Vietnam veteran has applied
22 for all other available State or federal student financial aid.

23

24 17. (New section) Eligibility for this program shall be limited to a
25 period of five years from April 9, 1985. A Vietnam veteran shall be
26 eligible for a tuition award for four academic years, unless he is
27 enrolled in an undergraduate program regularly requiring five
28 academic years for completion, in which case he shall be entitled to a
29 tuition award for a fifth year.

30

31 18. (New section) The Department of Military and Veterans' Affairs
32 shall, pursuant to the "Administrative Procedure Act," P.L.1968, c.410
33 (C.52:14B-1 et seq.), adopt the rules and regulations necessary to
34 effectuate the purposes of sections 4 through 17 of this act.

35

36 19. (New section) In any fiscal year, the Commission on Higher
37 Education shall include in its proposed budget for that year the amount
38 identified by the authority needed to fund its responsibilities under the
39 "Minority Faculty Advancement Program Act," as well as any amounts
40 needed to fund commission responsibilities under the "Minority
41 Faculty Advancement Program Act." Funding shall be subject to the
42 amount of appropriations available therefor.

43

44 20. (New section) If the Congress of the United States enacts
45 legislation that exempts educational savings accounts from federal
46 income taxation, N.J.S.18A:71B-42 and N.J.S.18A:71B-43 shall apply

1 with respect to such educational savings accounts as if they were
2 accounts established under this article and the beneficiaries of the
3 accounts were designated beneficiaries subject to the approval of the
4 New Jersey Higher Education Student Assistance Authority.

5
6 21. (New section) As used in sections 21-26 of this act, "Initial
7 Active Duty Training" means Basic Military Training, for members of
8 the New Jersey Air National Guard, and Basic Combat Training and
9 Advanced Individual Training, for members of the New Jersey Army
10 National Guard.

11
12 22. (New section) Any member of the New Jersey National Guard
13 shall be permitted to attend regularly-scheduled courses at any public
14 institution of higher education in this State enumerated in
15 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
16 provided that:

17 a. the member has completed Initial Active Duty Training and is in
18 good standing as an active member of the New Jersey National Guard;

19 b. the member has been accepted to pursue a course of
20 undergraduate study and is enrolled as an undergraduate student in
21 good standing at that institution;

22 c. the member has applied for all available State student grants and
23 scholarships and all available federal student grants and scholarships
24 for which the member is eligible; and

25 d. available classroom space permits and tuition-paying students
26 constitute the minimum number required for the course.

27
28 23. (New section) Any child or surviving spouse of a member of the
29 New Jersey National Guard who heretofore completed Initial Active
30 Duty Training and was killed in the performance of his duties while on
31 active duty with the New Jersey National Guard, or who hereafter
32 completes Initial Active Duty Training and is killed in the performance
33 of his duties while a member of the New Jersey National Guard, shall
34 be permitted to attend regularly-scheduled courses at any public
35 institution of higher education in this State enumerated in
36 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
37 provided that:

38 a. the child or spouse has been accepted to pursue a course of
39 undergraduate study and is enrolled as an undergraduate student in
40 good standing at that institution;

41 b. the child or spouse has applied for all available State student
42 grants and scholarships and all available federal student grants and
43 scholarships for which the child or spouse is eligible; and

44 c. available classroom space permits and tuition-paying students
45 constitute the minimum number required for the course.

1 24. (New section) The financial aid office of the public institution
2 shall advise the member, or surviving spouse or child of a member, of
3 any available State and federal student grants and scholarships for
4 which the member, or surviving spouse or child of a member, may be
5 eligible.

6
7 25. (New section) Nothing in sections 21 through 26 of this act shall
8 preclude a public institution of higher education from requiring the
9 payment of other fees, subject to approval by the State Treasurer, for
10 individuals attending courses pursuant to the provisions of sections 21
11 through 26 of this act.

12
13 26. (New section) The State Treasurer shall adopt, pursuant to the
14 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
15 seq.), rules and regulations necessary to implement the provisions of
16 sections 21 through 26 of this act.

17
18 27. Section 4 of P.L.1986, c.87 (C.18A:3-15.4) is amended to read
19 as follows:

20 4. An in-State university, college, business, trade or vocational
21 school may not offer, advertise, or by agreement with an out-of-State
22 institution, offer or advertise any academic degree from any
23 out-of-State university, college, business, trade or vocational school
24 when three-quarters or more of the degree requirements are obtained
25 by course work completed at the institution in New Jersey unless the
26 degree program [is consistent with the programmatic mission of the
27 institution or has been approved by the Commission on Higher
28 Education] was approved by the Board of Higher Education prior to
29 July, 1994, or has been reviewed by the New Jersey Presidents'
30 Council pursuant to section 8 of P.L.1994, c.48 (C.18A:3B-8) or is
31 a degree program at an institution specifically exempted from the
32 provisions of N.J.S.18A:68-6. No in-State university, college,
33 business, trade or vocational school may deliver such a degree
34 program unless licensed by the Commission on Higher Education,
35 following review by the council.

36 (cf: P.L.1994, c.48, s.37)

37
38 28. Section 3 of P.L.1994, c.48 (C.18A:3B-3) is amended to read
39 as follows:

40 3. For the purposes of this act, unless the context clearly requires
41 a different meaning:

42 "Authority" means the Higher Education Student Assistance
43 Authority established pursuant to N.J.S.18A:71A-3;

44 "Commission" means the New Jersey Commission on Higher
45 Education established by this act;

46 "Council" means the New Jersey Presidents' Council established by

1 this act;

2 "Programmatic Mission" means all program offerings consistent
3 within those levels of academic degrees or certificates that the
4 institution has been authorized to grant by the State Board of Higher
5 Education prior to the effective date of this act or approved thereafter
6 by the commission;

7 "Public Research University" means Rutgers, The State University
8 of New Jersey, the University of Medicine and Dentistry of New
9 Jersey and the New Jersey Institute of Technology;

10 "State college" means any of the State colleges established pursuant
11 to chapter 64 of Title 18A of the New Jersey Statutes including any
12 State college designated as a teaching university.

13 (cf: P.L.1994, c.48, s.3)

14

15 29. Section 6 of P.L.1994, c.48 (C.18A:3B-6) is amended to read
16 as follows:

17 6. The governing board of each public institution of higher education
18 shall have the following general powers and duties to fulfill its mission
19 and the Statewide goals in cooperation with other institutions and the
20 State coordinating structures:

21 a. To develop an institutional plan and to determine the programs
22 and degree levels to be offered by the institution consistent with this
23 plan and the institution's programmatic mission;

24 b. To have authority over all matters concerning the supervision and
25 operations of the institution including fiscal affairs, the employment
26 and compensation of staff not classified under Title 11A of the New
27 Jersey Statutes, and capital improvements in accordance with law;

28 c. To set tuition and fees; however, prior to the date of the adoption
29 of a tuition or fee schedule or an overall institutional budget, and with
30 reasonable notice thereof, the governing board shall conduct a public
31 hearing at such times and places as will provide those members of the
32 college community who wish to testify with an opportunity to be
33 heard;

34 d. To establish admission standards and requirements and standards
35 for granting diplomas, certificates and degrees;

36 e. To recommend for appointment by the Governor, members to the
37 institution's governing board. The recommendation shall be made with
38 regard to the mission of the institution and the diversity of the
39 community to be served;

40 f. To have final authority to determine controversies and disputes
41 concerning tenure, personnel matters of employees not classified under
42 Title 11A of the New Jersey Statutes, and other issues arising under
43 Title 18A of the New Jersey Statutes involving higher education
44 except as otherwise provided herein. Any matter arising under this
45 subsection may be assigned to an administrative law judge, an
46 independent hearing officer or to a subcommittee of the governing

1 board for hearing and initial decision by the board, except for tenure
2 hearings under N.J.S.18A:6-18. Any hearings conducted pursuant to
3 this section shall conform to the requirements of the "Administrative
4 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The final
5 administrative decision of a governing board of a public institution of
6 higher education is appealable to the Superior Court, Appellate
7 Division;

8 g. To invest and reinvest the funds of the institution; however,
9 institutions which invest the funds of the institution through the
10 Director of the Division of Investment in the Department of the
11 Treasury on or before the effective date of this act shall continue to do
12 so, unless this requirement is waived by the State Treasurer on an
13 annual basis, which waiver shall not be unreasonably withheld;

14 h. To retain legal counsel of the institution's choosing. State entities
15 may choose representation by the Attorney General; however, as to
16 claims of a tortious nature, the institution shall elect within 75 days of
17 the effective date of this act whether it, and its employees, shall be
18 represented in all such matters by the Attorney General. If the
19 institution elects not to be represented by the Attorney General, it shall
20 be considered and its employees considered employees of a sue and be
21 sued entity for the purposes of the "New Jersey Tort Claims Act" only.
22 The institution shall be required in that circumstance to provide its
23 employees with defense and indemnification consistent with the terms
24 and conditions of the Tort Claims Act in lieu of the defense and
25 indemnification that such employees would otherwise seek and be
26 entitled to from the Attorney General pursuant to N.J.S.59:10-1 et
27 seq. and P.L.1972, c.48 (C.59:10A-1 et seq.);

28 i. To be accountable to the public for fulfillment of the institution's
29 mission and Statewide goals and for effective management of the
30 institution;

31 j. To submit a request for State support to the Division of Budget
32 and Accounting in the Department of the Treasury and to the
33 commission in accordance with the provisions of this act;

34 k. To have prepared and made available to the public an annual
35 financial statement, and a statement setting forth generally the moneys
36 expended for government relations, public relations and legal costs;

37 l. To have prepared an annual independent financial audit, which
38 audit and any management letters regarding that audit shall be deemed
39 public documents.

40 These powers and duties are in addition to and not a limitation of the
41 specific powers and duties provided for the governing board of each
42 public institution under chapters 64, 64A, 64G or 64E of Title 18A of
43 the New Jersey Statutes. If the provisions of this section are
44 inconsistent with these specific powers and duties, the specific powers
45 and duties shall govern.

46 (cf: P.L.1994, c.48, s.6)

1 30. Section 8 of P.L.1994, c.48 (C.18A:3B-8) is amended to read
2 as follows:

3 8. The council shall have the responsibility, consistent with State
4 and federal law, to:

5 a. provide public information and research on higher education
6 issues;

7 b. review and make recommendations to the commission concerning
8 proposals for new programs that exceed the programmatic mission of
9 an institution or that change the programmatic mission of an
10 institution;

11 c. review and comment on proposals for new programs that demand
12 significant added resources or raise significant issues of duplication but
13 do not exceed the programmatic mission of the institution or require
14 a change in the programmatic mission. If the council determines that
15 a proposed new program is unduly expensive or unduly duplicative,
16 the council shall refer that proposal to the commission for review;
17 however, unless the commission disapproves of that program within
18 60 days of its referral, the program shall be deemed approved;

19 d. encourage the formation of regional or other alliances among
20 institutions including interinstitutional transfers, program articulation,
21 cooperative programs and shared resources and develop criteria for
22 "full faith and credit" transfer agreements between county colleges and
23 other institutions of higher education. The council shall also keep
24 institutions apprised of the discontinuance of programs at other
25 institutions and each president shall notify the council of any such
26 action;

27 e. advise and assist the commission in developing and updating a
28 plan for higher education in the State including, but not limited to, the
29 establishment of new institutions, closure of existing institutions and
30 consolidation of institutions;

31 f. provide policy recommendations on Statewide higher education
32 issues;

33 g. recommend to the Governor, Legislature and commission on
34 policy and overall levels of funding for student aid programs necessary
35 to ensure accessibility to higher education;

36 h. transmit to the Governor, Legislature and commission a general
37 budget policy statement regarding overall State funding levels;

38 i. upon referral from the commission pursuant to this act provide
39 recommendations concerning institutional licensure and university
40 status; **[and]**

41 j. appoint subcommittees consisting of the presidents of the
42 institutions of the various higher education sectors to decide matters,
43 within the authority of the council. The presidents of the independent
44 institutions shall develop a unified request for State support under
45 chapter 72B of Title 18A of the New Jersey Statutes. The presidents
46 of the county college sector shall develop a unified request for State

1 support under chapter 64A of Title 18A of the New Jersey Statutes;
2 and

3 k. consult with the Higher Education Student Assistance Authority
4 concerning student assistance matters.

5 (cf: P.L.1995, c.268, s.2)

6

7 31. Section 12 of P.L.1994, c.48 (C.18A:3B-12) is amended to read
8 as follows:

9 12. a. There shall be established an executive board which performs
10 such duties as determined by the council. The executive board shall
11 be composed of 14 members as follows:

12 The president of Rutgers, The State University;

13 The president of the University of Medicine and Dentistry of New
14 Jersey;

15 The president of New Jersey Institute of Technology;

16 Three presidents of State Colleges who shall be selected by the
17 presidents of this sector;

18 Five presidents of county colleges who shall be selected by the
19 presidents of this sector;

20 Three presidents of independent institutions who shall be selected by
21 the presidents of this sector.

22 b. The chair of the executive board shall be rotated among the
23 following: one of the presidents of Rutgers, The State University of
24 New Jersey, the president of the University of Medicine and Dentistry
25 of New Jersey, and the president of New Jersey Institute of
26 Technology; a president selected by the presidents of the State
27 Colleges; a president selected by the presidents of the county colleges;
28 and a president selected by the presidents of the independent
29 institutions. The chair of the executive board shall serve for a
30 two-year period. Biennially, the executive board shall select the chair
31 in the manner provided above, but not necessarily in the order
32 provided above.

33 c. The chair of the executive board shall also serve as the chair of
34 the council.

35 (cf: P.L.1994, c.48, s.12)

36

37 32. Section 13 of P.L.1994, c.48 (C.18A:3B-13) is amended to read
38 as follows:

39 13. a. There is established the New Jersey Commission on Higher
40 Education which shall consist of **【nine】** 12 members: six public
41 members, to be appointed by the Governor with the advice and
42 consent of the Senate without regard for political affiliation **【,】**; two
43 public members to be appointed by the Governor, one upon the
44 recommendation of the President of the Senate and one upon the
45 recommendation of the Speaker of the General Assembly**【, and】**; the
46 chairperson of the New Jersey Presidents' Council, ex officio ; and the

1 chairperson of the Board of the Higher Education Student Assistance
2 Authority, ex officio, or a designee from the public members of the
3 authority. The public members shall reflect the diversity of the State.
4 Notwithstanding the above, for a period of four years from July 1,
5 1994 the commission shall consist of ~~15~~ 16 members, as follows: 10
6 public members, appointed by the Governor with the advice and
7 consent of the Senate without regard for political affiliation, six of
8 whom shall have experience as a current member of the governing
9 board of an institution of higher education~~[,]~~ ; four public members
10 to be appointed by the Governor, two upon the recommendation of the
11 President of the Senate and two upon the recommendation of the
12 Speaker of the General Assembly ~~[, and]~~ ; the chairperson of the New
13 Jersey Presidents' Council, ex officio; and the chairperson of the
14 Board of the Higher Education Student Assistance Authority, ex
15 officio, or a designee from the public members of the authority. The
16 executive director of the commission shall be an ex officio, non-voting
17 member of the commission. In addition, the Governor shall appoint
18 two students in attendance at public or independent institutions of
19 higher education in the State from recommendations submitted by
20 student government associations of New Jersey colleges and
21 universities, who shall serve for a one year term on the commission as
22 non-voting members.

23 b. Public members who are not experienced as governing board
24 members shall serve for a term of six years from the date of their
25 appointment and until their successors are appointed and qualified;
26 except that of the initial appointees who are not serving on the
27 governing board of an institution: one shall serve a term of one year;
28 one shall serve a term of two years; one shall serve a term of three
29 years; one shall serve a term of four years; two shall serve a term of
30 five years; and two shall serve a term of six years. A public member
31 who does not have experience as a current member of a governing
32 board shall serve until the member's successor is appointed and
33 qualified.

34 Any vacancy shall be filled in the same manner as the original
35 appointment but only for the balance of the unexpired term. The
36 commission members shall serve without compensation but shall be
37 reimbursed for necessary expenses incurred in the performance of their
38 duties. No commission member shall be appointed for more than two
39 consecutive six-year terms.

40 c. The Governor shall make the necessary appointments within 15
41 days of the effective date of this act. The commission shall hold its
42 first meeting within 30 days of the appointment and qualification in
43 office of its members, at which time the Governor shall appoint, for a
44 two-year term, the chairman of the commission from among those
45 public members not serving on the board of trustees of an institution.
46 Upon the completion of the chairman's term, and every two years

1 thereafter, the commission shall elect, from among those public
2 members who are not serving on the board of trustees of an institution,
3 a chairman who shall serve a two-year term. The chairman may be
4 removed by the Governor for cause after an opportunity to be heard.

5 d. The commission shall be established in the Executive Branch of
6 the State Government and for the purposes of complying with the
7 provisions of Article V, Section IV, paragraph 1 of the New Jersey
8 Constitution, the commission is allocated in but not of the Department
9 of State, but notwithstanding this allocation, the commission shall be
10 independent of any supervision or control by the department or by any
11 board or officer thereof. The commission shall submit its budget
12 request directly to the Division of Budget and Accounting in the
13 Department of the Treasury.

14 e. The commission shall appoint an executive director and such
15 other personnel as may be deemed necessary. The executive director
16 and professional staff shall serve at the commission's pleasure and shall
17 receive such compensation as provided by law.

18 f. The Attorney General shall provide legal representation to the
19 commission.

20 (cf: P.L.1994, c.48, s.13)

21

22 33. Section 14 of P.L.1994, c.48 (C.18A:3B-14) is amended to read
23 as follows:

24 14. The commission shall be responsible for:

25 a. Statewide planning for higher education including research on
26 higher education issues and the development of a comprehensive
27 master plan, including, but not limited to, the establishment of new
28 institutions, closure of existing institutions, and consolidation of
29 institutions, which plan shall be long-range in nature and regularly
30 revised and updated. The council may request the commission to
31 conduct a study of a particular issue. The commission may require
32 from institutions of higher education such reports or other information
33 as may be necessary to enable the commission to perform its duties;

34 b. advocacy on behalf of higher education including informing the
35 public of the needs and accomplishments of higher education in New
36 Jersey;

37 c. making recommendations to the Governor and Legislature on
38 higher education initiatives and incentive programs of Statewide
39 significance;

40 d. final administrative decisions over institutional licensure and
41 university status giving due consideration to the accreditation status
42 of the institution. The commission shall furnish the Presidents' Council
43 with any pertinent information compiled on behalf of the subject
44 institution and the council shall then make recommendations to the
45 commission concerning the licensure of the institution or university
46 status within sixty days of receipt of the information;

- 1 e. adopting a code of ethics applicable to institutions of higher
2 education;
- 3 f. final administrative decisions over new academic programs that
4 go beyond the programmatic mission of the institution and final
5 administrative decisions over a change in the programmatic mission of
6 an institution. In addition, within 60 days of referral of a proposed
7 new program determined to be unduly expensive or duplicative by the
8 council, the commission may deny approval of programs which do not
9 exceed the programmatic mission of the institution, but which are
10 determined by the New Jersey Presidents' Council to be unduly
11 duplicative or expensive;
- 12 g. reviewing requests for State support from the institutions in
13 relation to the mission of the institution and Statewide goals and
14 proposing a coordinated budget policy statement to the Governor and
15 Legislature;
- 16 h. communicating with the State Board of Education and
17 Commissioner of Education to advance public education at all levels
18 including articulation between the public schools and higher education
19 community;
- 20 i. applying for and accepting grants from the federal government, or
21 any agency thereof, or grants, gifts or other contributions from any
22 foundation, corporation, association or individual, and complying with
23 the terms, conditions and limitations thereof, for the purpose of
24 advancing higher education. Any money so received may be expended
25 by the commission upon warrant of the director of the Office of
26 Management and Budget in the Department of the Treasury on
27 vouchers certified by the executive director of the commission;
- 28 j. acting as the lead agency of communication with the federal
29 government concerning higher education issues, except that the Higher
30 Education Student Assistance Authority shall act, in cooperation with
31 the commission, as the lead agency on issues of student assistance;
- 32 k. exercising all of the powers and duties previously exercised by
33 the Board of Higher Education, the Department of Higher Education,
34 and the Chancellor of Higher Education, under the "New Jersey
35 Higher Education Building Construction Bond Act of 1971,"
36 P.L.1971, c.164, the "New Jersey Medical Education Facilities Bond
37 Act of 1977," P.L.1977, c.235, the "Jobs, Science and Technology
38 Bond Act of 1984," P.L.1984, c.99 and the "Jobs, Education and
39 Competitiveness Bond Act of 1988," P.L.1988, c.78, the "Higher
40 Education Equipment Leasing Fund Act," P.L.1993, c.136, and the
41 "Higher Education Facilities Trust Fund Act," P.L.1993, c.375 **[and**
42 **the "N.J. CLASS Loan Program," P.L.1991, c.268]; [and]**
- 43 l. exercising any other power or responsibility necessary in order to
44 carry out the provisions of this act; and
- 45 m. consulting with the Higher Education Student Assistance

1 Authority on student assistance matters.

2 (cf: P.L.1994, c.48, s.14)

3

4 34. N.J.S.18A:60-1 is amended to read as follows:

5 18A:60-1. The services of all professors, associate professors,
6 assistant professors, instructors, supervisors, registrars, teachers, and
7 other persons employed in a teaching capacity, who are or shall
8 hereafter be employed by the commissioner in the Marie H.
9 Katzenbach School for the Deaf or in any other educational
10 institution[, or employed in any State college or in any county
11 college,] and teachers and other certified persons employed in State
12 institutions within the Department of Corrections or the Department
13 of Human Services, with the exception of the Director of Educational
14 Services, shall be under tenure during good behavior and efficiency:

15 a. after the expiration of a period of employment of three
16 consecutive calendar years in any such institution or institutions; or

17 b. after employment for three consecutive academic years together
18 with employment at the beginning of the next succeeding academic
19 year in any such institution or institutions; or

20 c. after employment in any such institution or institutions, within a
21 period of any four consecutive academic years, for the equivalent of
22 more than three academic years.

23 An academic year, for the purpose of this section, means the period
24 between the time school opens in the institution after the general
25 summer vacation until the next succeeding summer vacation.

26 (cf: P.L. 1986, c.158, s.2)

27

28 35. Section 6 of P.L.1992, c.49 (C.18A:62-21) is amended to read
29 as follows:

30 6. The **[Presidents' Council]** Commission on Higher Education shall
31 review the guidelines and procedures developed by the institutions, in
32 conjunction with the agencies or organizations sponsoring literacy
33 tutoring programs, to provide assistance in making the guidelines and
34 procedures the same for all participating institutions.

35 (cf: P.L.1994, c.48, s.88)

36

37 36. Section 1 of P.L.1985, c.161 (C.18A:64-45) is amended to read
38 as follows:

39 1. There is established a body corporate and politic, with corporate
40 succession, to be known as the New Jersey **[State College Governing
41 Boards]** Association of State Colleges and Universities. **[The State
42 colleges]** Jersey City State College, Kean University, Montclair State
43 University, Ramapo College of New Jersey, Richard Stockton College
44 of New Jersey, Rowan University, Thomas Edison State College, The
45 College of New Jersey and The William Paterson University of New
46 Jersey shall **[be members]** constitute the membership of the

1 association.

2 (cf: P.L.1985, c.161, s.1)

3

4 37. Section 2 of P.L.1985, c.161 (C.18A:64-46) is amended to read
5 as follows:

6 2. The association shall consist of nine voting members to be
7 appointed as follows: one member from each **[of the State college]**
8 member institution's boards of trustees, appointed by the members
9 thereof. In addition the presidents of the **[State colleges]** member
10 institutions shall serve as ex officio, nonvoting members.

11 Members shall serve without compensation but shall be entitled to
12 be reimbursed for all reasonable and necessary expenses.

13 (cf: P.L.1994, c.48, s.108)

14

15 38. Section 4 of P.L.1985, c.161 (C.18A:64-48) is amended to read
16 as follows:

17 4. The association shall have perpetual succession and shall have the
18 following powers and responsibilities:

19 a. To make, amend and repeal rules, regulations and bylaws for its
20 own **[government]** governance and guidance, not inconsistent with the
21 purposes of the association;

22 b. To adopt an official seal and alter the same at pleasure;

23 c. To maintain an office at such place or places in the State as it may
24 designate;

25 d. To sue and be sued in its own name;

26 e. To borrow money, to issue bonds or notes therefor, and to secure
27 the same by pledge or mortgage of its real and personal property, but
28 it shall not in any manner, directly or indirectly, pledge the credit of
29 the State; and

30 f. To acquire, hold and dispose of real and personal property in the
31 exercise of its powers and the performance of its duties under this
32 article. All this property shall be exempt from taxation under chapter
33 4 of Title 54 of the Revised Statutes.

34 (cf: P.L.1985, c.161, s.4)

35

36 39. Section 5 of P.L.1985, c.161 (C.18A:64-49) is amended to read
37 as follows:

38 5. The association shall employ an executive director, who shall be
39 responsible for the administration of all the activities of the association
40 including staff services. The executive director shall serve at the
41 pleasure of the association. **[Within the limits of funds appropriated**
42 **or otherwise made available for this purpose, the]** The salary of the
43 executive director and all other personnel shall be determined by the
44 association.

45 (cf: P.L.1985, c.161, s.5)

1 40. Section 6 of P.L.1985, c.161 (C.18A:64-50) is amended to read
2 as follows:

3 6. The association shall encourage and aid all movements for the
4 improvement of **[State college]** education at the member institutions
5 and shall~~],~~ from time to time,~~]~~ make recommendations to the
6 Governor, Legislature, Commission on Higher Education and
7 Presidents' Council regarding the coordination of the **[State colleges]**
8 member institutions on matters of mutual interest and concern.
9 (cf: P.L.1994, c.48, s.109)

10

11 41. Section 7 of P.L.1985, c.161 (C.18A:64-51) is amended to read
12 as follows:

13 7. For purposes of defraying the expenses of the association, the
14 **[State colleges]** member institutions shall pay the necessary expenses
15 incurred by the members and shall appropriate annually such sums for
16 dues as may be assessed by the association. The assessment shall be
17 made only upon a two-thirds vote of the membership present at the
18 meeting, after notice of the taking of that vote shall have been given
19 to each **[State college]** member institution in writing at least 60 days
20 before the meeting of the association. Dues shall be assessed upon a
21 graduated scale according to the size of **[the State college]** each
22 member institution.

23 (cf: P.L.1985, c.161, s.7)

24

25 42. N.J.S.18A:64A-12 is amended to read as follows:

26 18A:64A-12. For the effectuation of the purposes of this chapter,
27 the board of trustees of a county college in addition to such other
28 powers expressly granted to it by law, is hereby granted the following
29 powers:

- 30 a. To adopt or change the name of the county college;
- 31 b. To adopt and use a corporate seal;
- 32 c. To sue and be sued;
- 33 d. To determine the educational curriculum and program of the
34 college consistent with the programmatic mission of the institution or
35 approved by the Commission on Higher Education;
- 36 e. To appoint and fix the compensation and term of office of a
37 president of the college who shall be the executive officer of the
38 college and an ex officio member of the board of trustees;
- 39 f. To appoint, upon nomination of the president, members of the
40 administrative and teaching staffs and fix their compensation and terms
41 of employment subject to the provisions of N.J.S.18A:64A-13;
- 42 g. To appoint or employ, upon nomination of the president, such
43 other officers, agents and employees as may be required to carry out
44 the provisions of this chapter and to fix and determine their
45 qualifications, duties, compensation, terms of office and all other
46 conditions and terms of employment and retention;

- 1 h. To fix and determine tuition rates and other fees to be paid by
2 students;
- 3 i. To grant diplomas, certificates or degrees;
- 4 j. To enter into contracts and agreements with the State or any of
5 its political subdivisions or with the United States, or with any public
6 body, department or other agency of the State or the United States or
7 with any individual, firm or corporation which are deemed necessary
8 or advisable by the board for carrying out the provisions of this
9 chapter;
- 10 k. To accept from any government or governmental department,
11 agency or other public or private body or from any other source grants
12 or contributions of money or property which the board may use for or
13 in aid of any of its purposes;
- 14 l. To acquire (by gift, purchase, condemnation or otherwise), own,
15 lease, use and operate property, whether real, personal or mixed, or
16 any interest therein, which is necessary or desirable for college
17 purposes;
- 18 m. To determine that any property owned by the county college is
19 no longer necessary for college purposes and to sell the same at such
20 price and in such manner and upon such terms and conditions as shall
21 be established by the board;
- 22 n. To exercise the right of eminent domain, pursuant to the
23 provisions of Title 20, Eminent Domain, of the Revised Statutes, to
24 acquire any property or interest therein;
- 25 o. To make and promulgate such rules and regulations, not
26 inconsistent with the provisions of this chapter or with the rules and
27 regulations promulgated hereunder that are necessary and proper for
28 the administration and operation of a county college and to implement
29 the provisions of this chapter;
- 30 p. To exercise all other powers, not inconsistent with the provisions
31 of this chapter or with the rules and regulations promulgated
32 hereunder which may be reasonably necessary or incidental to the
33 establishment, maintenance and operation of a county college; and
- 34 q. To establish and maintain a dedicated reserve fund for minor
35 capital needs which in any given year shall not exceed 3% of the
36 replacement value of the college's physical plant.
- 37 (cf: P.L.1994, c.48, s.128)

38

39 43. N.J.S.18A:64A-29 is amended to read as follows:

40 18A:64A-29. The council will seek to ensure acceptable and
41 effective lines of development in admissions policy, academic
42 standards, programs, financing, including recommending to the State
43 Treasurer a formula for the allocation of annual appropriations among
44 the county colleges and making recommendations for capital funding,
45 and community relations in the several county colleges.

46 The council will serve as a means of communication between the

1 county colleges, and act as a resource center to aid them in planning,
2 act as a clearing house of information, and provide continuing field
3 services.

4 The council will act as an advisory body to the Governor,
5 Legislature, Commission on Higher Education and Presidents' Council
6 in the carrying out of their respective duties and responsibilities
7 deriving from this chapter.

8 (cf: P.L.1994, c.48, s.149)

9

10 44. Section 6 of P.L.1970, c.102 (C.18A:64G-6) is amended to read
11 as follows:

12 6. The board of trustees of the university shall have the general
13 supervision over and be vested with the conduct of the university,
14 including its health care facilities regardless of the source of funding.

15 It shall have the power and duty to:

16 (a) Adopt and use a corporate seal;

17 (b) Determine the educational curriculum and program of the
18 university;

19 (c) Determine policies for the organization, administration, and
20 development of the university;

21 (d) Study the educational and financial needs of the university,
22 annually acquaint the Governor and Legislature with the condition of
23 the university, and prepare and submit an annual request for
24 appropriation to the Division of Budget and Accounting in the
25 Department of the Treasury in accordance with law;

26 (e) Disburse all moneys appropriated to the university by the
27 Legislature and all moneys received from tuition, fees, auxiliary
28 services and other sources;

29 (f) Direct and control expenditures and transfers of funds
30 appropriated to the university in accordance with the provisions of the
31 State budget and appropriation acts of the Legislature, and, as to funds
32 received from other sources, direct and control expenditures and
33 transfers in accordance with the terms of any applicable trusts, gifts,
34 bequests, or other special provisions, reporting changes and additions
35 thereto and transfers thereof to the Director of the Division of Budget
36 and Accounting in the Department of the Treasury. All accounts of the
37 university shall be subject to audit by the State at any time;

38 (g) In accordance with the provisions of the State budget and
39 appropriation acts of the Legislature, appoint and fix the compensation
40 and term of office of a president of the university who shall be the
41 executive officer of the university;

42 (h) In accordance with the provisions of the State budget and
43 appropriation acts of the Legislature, appoint, upon nomination of the
44 president, such deans and other members of the academic,
45 administrative and teaching staffs as shall be required and fix their
46 compensation and terms of employment;

- 1 (i) In accordance with the provisions of the State budget and
2 appropriation acts of the Legislature, appoint, remove, promote and
3 transfer such other officers, agents, or employees as may be required
4 to carry out the provisions of this act and assign their duties,
5 determine their salaries, and prescribe qualifications for all positions
6 and in accordance with the salary schedules of the Civil Service
7 Commission wherever possible;
- 8 (j) Fix and determine tuition rates, and other fees to be paid by
9 students;
- 10 (k) Grant diplomas, certificates or degrees;
- 11 (l) Enter into contracts and agreements with the State or any of its
12 political subdivisions or with the United States, or with any public
13 body, department or other agency of the State or the United States or
14 with any individual, firm or corporation which are deemed necessary
15 or advisable by the board for carrying out the provisions of this act.
16 A contract or agreement pursuant to this subsection may require a
17 municipality to undertake obligations and duties to be performed
18 subsequent to the expiration of the term of office of the elected
19 governing body of such municipality which initially entered into or
20 approved said contract or agreement, and the obligations and duties so
21 incurred by such municipality shall be binding and of full force and
22 effect, notwithstanding that the term of office of the elected governing
23 body of such municipality which initially entered into or approved said
24 contract or agreement, shall have expired;
- 25 (m) Accept from any government or governmental department,
26 agency or other public or private body or from any other source grants
27 or contributions of money or property which the board may use for or
28 in aid of any of its purposes;
- 29 (n) (1) Acquire (by gift, purchase, condemnation or otherwise),
30 own, lease, dispose of, use and operate property, whether real,
31 personal or mixed, or any interest therein, which is necessary or
32 desirable for university purposes;
- 33 (2) Adopt standing operating rules and procedures for the purchase
34 of all equipment, materials, supplies and services; however, no
35 contract on behalf of the university shall be entered into for the
36 purchase of services, materials, equipment and supplies, for doing of
37 any work, or for the hiring of equipment or vehicles, where the sum to
38 be expended exceeds \$12,500.00 or the amount determined by the
39 Governor as provided herein, unless the university shall first publicly
40 advertise for bids and shall award the contract to that responsible
41 bidder whose bid, conforming to the invitation for bids, will be most
42 advantageous to the university, price and other factors considered.
43 Such advertising shall not be required in those exceptions created by
44 the board of trustees of the university, which shall be in substance
45 those exceptions contained in sections 4 and 5 of P.L.1954, c.48
46 (C.52:34-9 and 10) or for the supplying of any product or the

1 rendering of any service by a public utility subject to the jurisdiction
2 of the Board of Public Utilities of this State and tariffs and schedules
3 of the charges, made, charged, or exacted by the public utility for any
4 such products to be supplied or services to be rendered are filed with
5 the said board. Commencing January 1, 1985 and every two years
6 thereafter, the Governor, in consultation with the Department of the
7 Treasury, shall adjust the threshold amount set forth in this paragraph
8 in direct proportion to the rise or fall of the consumer price index for
9 all urban consumers in the New York City and the Philadelphia areas
10 as reported by the United States Department of Labor. The Governor
11 shall notify the university of the adjustment. The adjustment shall
12 become effective on July 1 of the year in which it is reported.

13 This subsection shall not prevent the university from having any
14 work done by its own employees, nor shall it apply to repairs, or to the
15 furnishing of materials, supplies or labor, or the hiring of equipment or
16 vehicles, when the safety or protection of its or other public property
17 or the public convenience requires or the exigency of the university's
18 service will not admit of such advertisement. In such case, the
19 university shall, by resolution passed by the affirmative vote of its
20 board of trustees, declare the exigency or emergency to exist, and set
21 forth in the resolution the nature and approximate amount to be
22 expended; shall maintain appropriate records as to the reason for such
23 awards; and shall report regularly to its board of trustees on all such
24 purchases, the amounts and the reasons therefor;

25 (3) Employ architects to plan buildings; secure bids for the
26 construction of buildings and for the equipment thereof; make
27 contracts for the construction of buildings and for equipment; and
28 supervise the construction of buildings;

29 (4) Manage and maintain, and provide for the payment of all charges
30 on and expenses in respect of, all properties utilized by the university;
31 and

32 (5) Invest certain moneys in such obligations, securities and other
33 investments as the board shall deem prudent, consistent with the
34 purposes and provisions of this act and in accordance with State and
35 federal law, as follows:

36 **【**In not for profit corporations utilizing income realized from the sale
37 or licensing of intellectual property, as well as the reinvestment of
38 earnings on intellectual property; income realized from the operation
39 of faculty practice plans of the university; and income from overhead
40 grant fund recovery as permitted by federal law;

41 In for profit corporations utilizing income realized from the sale or
42 licensing of intellectual property, as well as the reinvestment of
43 earnings on intellectual property**】**

44 Investment in not for profit corporations or for profit corporations
45 organized and operated pursuant to the provisions of subsection v. of
46 this section may utilize income realized from the sale or licensing of

1 intellectual property as well as the reinvestment of earnings on
2 intellectual property. Investment in not for profit corporations may
3 also utilize income from overhead grant fund recovery as permitted by
4 federal law as well as other university funds except those specified in
5 paragraph 5 of subsection v. of this section.

6 (o) Borrow money and to secure the same by a mortgage on its
7 property or any part thereof, and to enter into any credit agreement for
8 the needs of the university, as deemed requisite by the board, in such
9 amounts and for such time and upon such terms as may be determined
10 by the board, provided that no such borrowing shall be deemed or
11 construed to create or constitute a debt, liability, or a loan or pledge
12 of the credit or be payable out of property or funds, other than moneys
13 appropriated for that purpose, of the State;

14 (p) Exercise the right of eminent domain, pursuant to the provisions
15 of the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et
16 seq.), to acquire any property or interest therein;

17 (q) Adopt bylaws and make and promulgate such rules, regulations
18 and orders, not inconsistent with the provisions of this act as are
19 necessary and proper for the administration and operation of the
20 university and to implement the provisions of this act;

21 (r) Authorize any new program, educational department or school
22 not inconsistent with the programmatic mission of the institution or
23 approved by the Commission on Higher Education which will require,
24 at the time of establishment or thereafter, an additional expenditure of
25 money, if provision is made therefor by law;

26 (s) Function as a public employer under the "New Jersey
27 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et
28 seq.) and conduct all labor negotiations, and with the participation of
29 the Governor's Office of Employee Relations act as the chief
30 spokesperson with respect to all matters under negotiation;

31 (t) Sue and be sued in its own name;

32 (u) Retain independent counsel including representation by the
33 Attorney General in accordance with subsection h. of section 6 of
34 P.L.1994, c.48 (C.18A:3B-6);

35 (v) (1) Participate as the general partner or as a limited partner,
36 either directly or through a subsidiary corporation created by the
37 university, in limited partnerships, general partnerships, or joint
38 ventures engaged in the development, manufacture, or marketing of
39 products, technology, scientific information or health care services and
40 create or form for profit or not for profit corporations to engage in
41 such activities; provided that any such participation shall be consistent
42 with the mission of the university and the board shall have determined
43 that such participation is prudent. Nothing herein shall be construed
44 to authorize any change in the legal status of University Hospital;

45 (2) The decision to participate in any activity described in paragraph
46 (1) of subsection (v) of section 6 of P.L.1970, c.102 (C.18A:64G-6),

1 including the creation or formation of for profit or not for profit
2 corporations, shall be articulated in the minutes of the Board of
3 Trustees meeting in which the action was approved. A true copy of
4 the minutes shall be delivered to the Governor. No such action shall
5 have affect until 30 days, Saturdays, Sundays and public holidays
6 excepted, after the copy of the minutes shall have been delivered to the
7 Governor. If, within the 30-day period, the Governor returns the
8 minutes of the meeting with a veto of the action taken by the board,
9 the action taken by the board shall be null and void and of no effect;

10 (3) The provisions of P.L.1971, c.182 (C.52:13D-12 et seq.) shall
11 continue to apply to the university, its employees and officers;

12 (4) Nothing herein shall be deemed or construed to create or
13 constitute a debt, liability, or a loan or pledge of the credit or be
14 payable out of property or funds of the State;

15 (5) Funds directly appropriated to the university from the State or
16 derived from the university's academic programs or derived from
17 payment for coverage provided by the self insurance fund for claims
18 accruing prior to the effective date of this act by the profit or not for
19 profit corporations organized and operated pursuant to this subsection
20 shall not be utilized in the development, manufacture or marketing of
21 products, technology or scientific information;

22 (6) Employees of any joint venture, subsidiary corporation,
23 partnership or other jural entity entered into or owned wholly or in
24 part by the university shall not be deemed public employees;

25 (7) A joint venture, subsidiary corporation, partnership or other
26 jural entity entered into or owned wholly or in part by the university
27 shall not be deemed an instrumentality of the State of New Jersey;

28 (8) Income realized by the university as a result of participation in
29 the development, manufacture or marketing of products, technology,
30 or scientific information may be invested or reinvested pursuant to
31 paragraph (5) of subsection (n) of section 6 of P.L.1970, c.102
32 (C.18A:64G-6) or any other provision of this act or State or federal
33 law or retained by the board for use in furtherance of any of the
34 purposes of this act or of other applicable statutes;

35 (9) The board shall annually report to the State Treasurer on the
36 operation of all joint ventures, subsidiary corporations, partnerships or
37 such other jural entities entered into or owned wholly or in part by the
38 university;

39 (w) (1) Procure and enter into contracts for any type of insurance
40 and indemnify against loss or damage to property from any cause,
41 including loss of use and occupancy, against death or injury of any
42 person, against employees' liability, against any act of any member,
43 officer, employee or servant of the university, whether part-time,
44 full-time, compensated or non-compensated in the performance of the
45 duties of his office or employment or any other insurable risk. In
46 addition, the university shall carry its own liability insurance or

1 maintain an actuarially sound program of self insurance. Any joint
2 venture, subsidiary corporation, or partnership or such other jural
3 entity entered into or owned wholly or in part by the university shall
4 carry insurance or maintain reserves in such amounts as are determined
5 by an actuary to be sufficient to meet its actual or accrued claims;

6 (2) Moneys in the fund known as the Self-Insurance Trust Fund
7 administered by the State Treasurer shall continue to be available to
8 the university solely to indemnify and defend claims against the
9 university and its employees, officers and servants but only to the
10 extent that the University has elected on behalf of itself and its
11 employees to obtain representation from the Attorney General
12 pursuant to subsection h. of section 6 of P.L.1994, c.48 (C.18A:3B-6)
13 and such entity or individuals would have been entitled to defense and
14 indemnification pursuant to the "New Jersey Tort Claims Act,"
15 N.J.S.59:1-1 et seq., as a State entity or State employee but for the
16 provision of subsection (t) of section 6 of P.L.1970, c.102
17 (C.18A:64G-6). Any expenditure of such funds shall be made only in
18 accordance with the provisions of the "New Jersey Tort Claims Act,"
19 N.J.S.59:1-1 et seq., including but not limited to the provisions of
20 chapters 10, 10A and 11 of Title 59 of the New Jersey Statutes.
21 Nothing herein shall be construed to authorize the use of the
22 Self-Insurance Trust Fund to indemnify or insure in any way, directly
23 or indirectly the activities of any joint venture, partnership or
24 corporation entered into or created by the university pursuant to
25 paragraphs (1) and (2) of subsection (v) of section 6 of P.L.1970,
26 c.102 (C.18A:64G-6); and

27 (x) Create auxiliary organizations subject to the provisions of
28 P.L.1982, c.16 (C.18A:64-26 et seq.).
29 (cf: P.L.1994, c.48, s.169)

30

31 45. N.J.S.18A:68-3 is amended to read as follows:

32 18A:68-3. a. No corporation shall furnish instruction or learning
33 in the arts, sciences, or professions for the purposes of admitting any
34 person to the grade of a degree, or shall confer or participate in
35 conferring a degree, giving to any person a diploma of graduation or
36 of proficiency in a course of study, in learning, or in scientific arts or
37 methods, within this State, until it shall have filed a certified copy of
38 its certificate of incorporation with the Commission on Higher
39 Education and obtained from the commission a license to carry on the
40 business under such rules as the commission may prescribe.

41 b. The cost for consultants utilized by the Commission on Higher
42 Education and other out-of-pocket expenses incurred by the
43 commission for licensure and related reviews shall be paid by the
44 institution seeking a license or license renewal.

45 (cf: P.L.1994, c.48, s.195)

1 46. Section 4 of P.L.1968, c.142 (C.18A:71-31) is amended to read
2 as follows:

3 4. (a) There is hereby created and established under the Commission
4 on Higher Education, which is in but not of the Department of State,
5 an educational opportunity fund which shall be known as the "New
6 Jersey Educational Opportunity Fund." Notwithstanding this
7 allocation, the fund shall be independent of any supervision or control
8 by the department or by any officer thereof. The fund shall identify,
9 recruit and provide financial assistance to needy students who are
10 residents of this State in order that they may be able to attend
11 institutions of higher education.

12 (b) The business and operations of the fund shall be administered by
13 the board of directors created pursuant to section 5 of P.L.1968, c.142
14 (C.18A:71-32) subject to the general supervision of the Commission
15 on Higher Education.

16 (c) The commission in consultation with the board shall designate
17 an individual to serve as the chief executive officer of the fund **[and]**
18 who shall organize the work of the fund in such manner as **[the chief**
19 **executive officer]** he deems necessary to carry out the provisions of
20 this act. The commission may employ such persons, contract for such
21 services, make such expenditures and adopt such rules and regulations
22 as may be necessary or appropriate to carry out the provisions of this
23 act.

24 (cf: P.L.1994, c.48, s.213)

25

26 47. Section 5 of P.L.1968, c.142 (C.18A:71-32) is amended to read
27 as follows:

28 5. (a) The board of directors of the fund shall consist of the
29 chairman of the Commission on Higher Education **[or the chairman's**
30 **designee]** and the chairperson of the Board of the Higher Education
31 Student Assistance Authority or their designees from among the public
32 members and eight citizens of this State appointed by the Governor.
33 Citizen members of the board shall be selected without regard to
34 political affiliation and, as far as may be practicable, on the basis of
35 their knowledge of, or interest in, the problems of needy students and
36 higher education. The board shall organize annually as established by
37 rule of the board to elect a chairman, vice chairman and other officers
38 as the board shall determine from among its members. The officers
39 shall serve for a one-year term and until their successors are elected
40 and qualified. Vacancies in the offices shall be filled in the same
41 manner for the unexpired term only.

42 (b) Each citizen member of the board shall serve for a term of four
43 years and until his successor shall have been appointed and qualified;
44 provided, that in the case of the first appointments to the board, two
45 members shall be appointed for terms expiring June 30, 1969; two
46 members shall be appointed for terms expiring June 30, 1970; two

1 members shall be appointed for terms expiring June 30, 1971; and two
2 members shall be appointed for terms expiring June 30, 1972. Any
3 vacancy in the membership of the board shall be filled in the same
4 manner as the original appointment for the remainder of the unexpired
5 term.

6 (c) The board shall develop and maintain a Statewide system for the
7 identification of potential college students from needy families; devise
8 methods for recruiting such students; advise the commission on the
9 organization, coordination and support, in cooperation with public and
10 private institutions of higher education of the State, of programs of
11 remedial education for such students; and provide financial assistance
12 as required by such students.

13 (d) Members of the board shall serve without compensation but
14 shall be entitled to be reimbursed for all reasonable and necessary
15 expenses incurred in the discharge of their duties.

16 (cf: P.L.1994, c.48, s.214)

17

18 48. Section 7 of P.L.1968, c.142 (C.18A:71-34) is amended to read
19 as follows:

20 7. (a) The board is hereby authorized to award "opportunity grants"
21 from the fund to needy students for undergraduate study leading to a
22 baccalaureate degree, associate degree, or other approved certificate
23 and for graduate and professional study leading to approved master's
24 and doctor's degrees at institutions of higher education, public and
25 private, located in New Jersey; provided, that the board shall allow not
26 more than 10% of the needy students to be awarded opportunity
27 grants in any year to use their opportunity grants at institutions of
28 higher education located outside this State; and, provided further, that
29 no more than 10% of the funds appropriated and available for the
30 purposes of this act shall be awarded to students for use in graduate
31 study.

32 (b) Opportunity grants may be awarded annually, upon proper
33 application to the fund, to any needy student who qualifies under the
34 standards to be developed and promulgated by the board and who is
35 or will be attending an institution of collegiate grade located in New
36 Jersey and approved for this purpose by the Commission on Higher
37 Education, except that in cases where the student will be or is
38 attending an institution in another State, the accreditation procedures
39 of that State shall be accepted, subject to the approval of the board.

40 (c) The board may utilize the services of the **【Office of Student**
41 **Assistance】** Higher Education Student Assistance Authority to
42 administer the provisions of this section. The cost of these services
43 shall be paid by the Equal Opportunity Fund.

44 (cf: P.L.1994, c.48, s.216)

1 49. Section 2 of P.L.1988, c.159 (C.18A:72A-27.3) is amended to
2 read as follows:

3 2. [a. Following final approval by the board of trustees of a
4 proposed project for the acquisition, construction or financing of any
5 non-revenue producing educational facility, the board of trustees shall,
6 on a day when both houses of the Legislature are meeting, submit the
7 proposal to the President of the Senate and the Speaker of the General
8 Assembly, and submit informational copies of the proposal to the
9 members of the Senate Budget and Appropriations Committee and the
10 Assembly Appropriations Committee, or their successors and to the
11 Commission on Higher Education. The submission shall include all
12 appropriate supporting information, including, at a minimum, a
13 description of the project, its impact, cost and construction schedule,
14 and a detailed explanation of the sources of revenue which will be
15 dedicated to the financing of the project.

16 b. The proposal as submitted to the Legislature shall be deemed
17 approved after 60 days, as provided herein, of the date on which the
18 proposal and the supporting information were submitted to the
19 Legislature, unless between the date of submission and the end of the
20 60-day period, the Legislature passes a concurrent resolution
21 approving the proposal with modifications or rejecting the proposal.
22 The 60 days shall commence on the day of submission and expire on
23 the 60th day after submission or for a house not meeting on the 60th
24 day, on the next meeting day of that house] The board of trustees of
25 the public institution of higher education shall submit a copy of a
26 resolution approving any non-revenue producing facility project to the
27 President of the Senate and the Speaker of the General Assembly and
28 shall submit informational copies of the proposal to the members of
29 the Senate Budget and Appropriations and the Assembly
30 Appropriations Committee and to the Commission on Higher
31 Education. The submission shall include all appropriate supporting
32 information including, but not limited to, a description of the project,
33 its impact, cost and construction schedule, and a detailed explanation
34 of the sources of revenue which will be dedicated to the financing of
35 the project. If the Legislature does not disapprove the proposal by the
36 adoption of a concurrent resolution within 60 days, the proposal shall
37 be deemed to be approved.

38 (cf: P.L.1994, c.48, s.240)

39

40 50. N.J.S.18A:72A-29 is amended to read as follows:

41 18A:72A-29. All lands and other assets real or personal presently
42 titled in the name of the State Board of Higher Education or the State
43 Department of Higher Education, which are occupied by a public
44 institution of higher education shall be titled in the name of the State
45 of New Jersey only. All conveyances, leases and subleases, pursuant
46 to this chapter shall be made, executed and delivered in the name of

1 the State and shall be signed by the State Treasurer and sealed with
2 the seal of the State [subject to the approval of the State House
3 Commission].

4 To the extent not otherwise expressly provided under existing law,
5 all powers and duties conferred upon the university pursuant to this
6 chapter shall be exercised and performed by resolution of its board of
7 governors and all powers and duties conferred upon any of said
8 colleges pursuant to this chapter shall be exercised and performed by
9 resolution of its board of trustees.

10 All conveyances, leases and subleases made pursuant to this chapter,
11 when duly authorized by the university, shall be made, executed and
12 delivered in the name of the university and shall be signed by its
13 president or a vice president and sealed with the seal of the university
14 and all conveyances, leases and subleases made pursuant to this
15 chapter, when duly authorized by any of said colleges, shall be made,
16 executed and delivered in the name of the college and shall be signed
17 by the president or a vice president and sealed with the seal of the
18 college.

19 (cf: P.L.1994, c.48, s.241)

20
21 51. Section 5 of P.L.1979, c.132 (C.18A:72B-19) is amended to
22 read as follows:

23 5. Funds received by an institution pursuant to this act shall be
24 maintained in a separate ledger account. Each institution shall cause
25 an audit of such account and of enrollment figures to be made annually
26 by a certified public accountant and forwarded to the treasurer. The
27 treasurer shall have the right to audit institutional records pertaining
28 to this act. Each institution also shall furnish to the [board] treasurer
29 a copy of its audited annual financial statement.

30 (cf: P.L.1994, c.48, s.244)

31
32 52. Section 1 of P.L.1984, c.189 (C.18A:72F-1) is amended to read
33 as follows:

34 1. This act shall be known and may be cited as the "Minority Faculty
35 Advancement [Loan and Loan Redemption] Program Act."

36 (cf: P.L.1984, c.189, s.1)

37
38 53. Section 2 of P.L.1984, c.189 (C.18A:72F-2) is amended to read
39 as follows:

40 2. The Legislature finds and declares that:

41 a. Within [the State] New Jersey colleges and universities minority
42 faculty members with doctoral degrees in certain academic disciplines,
43 notably the physical and life sciences, engineering, mathematics,
44 management, computer science, environmental sciences, and statistics,
45 are underrepresented in comparison to nonminority faculty members
46 with doctorates.

1 b. There is in the United States a serious shortage of minority
2 doctoral degree graduates in the academic disciplines cited above from
3 which **the State** New Jersey colleges and universities can recruit
4 faculty members.

5 c. The **State** colleges and universities in New Jersey currently face
6 difficult problems in recruiting and retaining minority faculty members
7 with doctoral degrees in the academic disciplines cited above.

8 d. Rutgers, The State University and the State colleges have
9 cooperated in implementing a pilot program, the Minority
10 Advancement Program in Teaching and Research, whereby eligible
11 State college minority faculty members or other minorities admitted to
12 the State university in a doctoral degree program in certain academic
13 disciplines are provided grant, loan and other support opportunities to
14 assist them in completing the academic degree requirements and to
15 increase the pool of potential minority faculty members holding
16 doctoral degrees.

17 (cf: P.L. 1994, c.48, s.271)

18
19 54. Section 3 of P.L.1984, c.189 (C.18A:72F-3) is amended to read
20 as follows:

21 3. As used in this act:

22 a. "Eligible discipline" means an academic discipline in which
23 minority individuals are underrepresented as determined by the
24 **Executive Director of Student Assistance Programs in consultation**
25 **with the** Commission on Higher Education **and** in consultation with
26 the Board of Directors of the Educational Opportunity Fund and the
27 New Jersey Presidents' Council.

28 b. "Faculty member" means any person employed full-time by a New
29 Jersey **State** college or university **,** to perform primarily teaching,
30 research, or administrative duties for 10 or more months per academic
31 year.

32 c. "Minority" means any person who is a member of a racial-ethnic
33 group that has been historically disadvantaged in obtaining access to
34 equal educational opportunities.

35 d. "Program" means the Minority Faculty Advancement **Loan and**
36 **Loan Redemption** Program created pursuant to this act.

37 e. **"State college"** means any institution created pursuant to chapter
38 64 of Title 18A of the New Jersey Statutes. **Deleted by amendment,**
39 P.L. , c. (C.)(now pending before the Legislature as this bill.)

40 f. "Eligible student participant" means a minority student enrolled
41 in a doctoral degree program in an eligible discipline, as defined in this
42 section, at any New Jersey college or university that qualifies for and
43 agrees to participate in the program.

44 g. "New Jersey college or university" means any public or
45 independent institution of higher education in the State licensed by the

1 New Jersey Commission on Higher Education.

2 (cf: P.L.1994, c.48, s.272)

3

4 55. Section 4 of P.L.1984, c.189 (C.18A:72F-4) is amended to read
5 as follows:

6 4. a. There is established within the **【Office of Student Assistance】**
7 New Jersey Commission on Higher Education a Minority Faculty
8 Advancement **【Loan and Loan Redemption】** Program **【for students at**
9 Rutgers, The State University, or the New Jersey Institute of
10 Technology, or at a private college or university which agrees to
11 participate in the program who are enrolled in an eligible discipline in
12 the Minority Advancement Program in Teaching and Research.

13 Eligible participants shall include:

14 a. State college faculty members who have been nominated by their
15 institution and granted up to a four-year leave of absence in order to
16 participate in the program. A nomination by a State college shall
17 include a commitment to reemploy the nominee in the same or in an
18 equivalent position at the college upon completion of the program; and

19 b. Individuals who otherwise qualify pursuant to procedures set
20 forth by the Executive Director of Student Assistance Programs in
21 consultation with the Commission on Higher Education and the Board
22 of Directors of the Educational Opportunity Fund, but who are not
23 State college faculty members, or who have not been nominated by a
24 college】.

25 To increase the representation of doctorally trained minority faculty
26 and administrators at New Jersey colleges and universities, the loan
27 and loan redemption features of the Minority Faculty Advancement
28 Loan and Loan Redemption Program, established pursuant to
29 P.L.1984, c.189, shall be phased out and replaced by incentive hiring
30 grants. Support, other than loans, for students participating in the
31 program shall continue through campus assistance grants. The
32 commission may enter into an agreement with another agency or entity
33 to administer or provide services for this program.

34 b. To be eligible for a campus assistance grant, a New Jersey college
35 or university shall enter into an agreement with the commission to
36 provide support opportunities to eligible student participants. Support
37 opportunities may include, but are not limited to: advising; mentoring;
38 workshops and colloquia.

39 c. To be eligible for an incentive hiring grant, a New Jersey college
40 or university shall enter into an agreement with the commission to
41 provide loan redemption up to \$40,000 per individual as a benefit to
42 newly hired minority faculty or administrators with doctoral degrees,
43 regardless of whether the doctorate was earned at an institution of
44 higher education within or outside of the State. No more than
45 \$10,000 shall be redeemed for an individual for each year of service as
46 a faculty member or administrator.

1 d. No student loans shall be originated or guaranteed under this
2 program after the effective date of P.L. , c. (C.)(now pending
3 before the Legislature as this bill), to any person not already the
4 recipient of a student loan made or guaranteed under the Minority
5 Faculty Advancement Loan and Loan Redemption Program,
6 established pursuant to P.L. 1984, c.189. The Higher Education
7 Student Assistance Authority shall administer the loan and loan
8 redemption components for persons participating prior to the effective
9 date of P.L. , c. (C.)(now pending before the Legislature as this
10 bill) until they have exhausted eligibility for such assistance.
11 (cf: P.L.1994, c.48, s.273)

12

13 56. Section 5 of P.L.1984, c.189 (C.18A:72F-5) is amended to read
14 as follows:

15 5. Eligible program participants who entered the program prior to
16 the effective date of P.L. , c. (C.)(now pending before the
17 Legislature as this bill), and who **【seeking】** seek loans to finance their
18 education shall **【first】** apply for loans under the **【Guaranteed Student】**
19 **【Federal Family Education Loan Program.** In the event that these
20 participants have borrowed the maximum permitted under the terms
21 of this program **【or are otherwise ineligible】** but would otherwise be
22 eligible borrowers under this program, they may apply for nonfederal
23 direct loans in amounts not exceeding \$10,000.00 per student annually
24 which loans may be renewed for up to a maximum of four academic
25 years for a total loan indebtedness not exceeding \$40,000.00 per
26 student. **【Direct】** However, the amount of a nonfederal direct loan
27 shall not exceed, in combination with other financial aid, the total
28 educational costs of a participant attending a college or university
29 participating in this program. Nonfederal direct loans will be
30 evidenced by promissory notes and may be secured pursuant to
31 **【regulations and】** forms established by the **【Executive Director of**
32 **Student Assistance Programs】** Higher Education Student Assistance
33 Authority.

34 **【Direct】**Nonfederal direct loans shall not bear interest or finance
35 charges during the time a student is enrolled as a full-time student in
36 the program or is engaged in approved redemption service pursuant to
37 this act. **【Direct】**Nonfederal direct loans shall become due and payable
38 pursuant to section 8 of this act six months after graduation if no
39 redemption contract is in effect, or six months after change to
40 part-time student status, withdrawal from the program, or termination
41 from full-time employment either as a faculty member at a **【State】**
42 New Jersey college or university or other qualified employment.
43 (cf: P.L.1994, c.48, s.274)

1 57. Section 6 of P.L.1984, c.189 (C.18A:72F-6) is amended to read
2 as follows:

3 6. **[Direct]** Nonfederal direct loans obtained pursuant to section 5
4 of this act and **[federally guaranteed student loans]** Federal Family
5 Education Loans together with interest thereon secured after
6 admission to the Minority Advancement Program may be redeemed by
7 program participants who entered the program prior to the effective
8 date of P.L. , c. (C.)(now pending before the Legislature as this
9 bill), upon execution of a contract between the participant and the
10 **[executive director]** Higher Education Student Assistance Authority.
11 The maximum loan redemption for program participants shall amount
12 to cancellation of repayment for one-quarter of the eligible loan
13 indebtedness in return for each full academic year of service as a
14 faculty member in a **[State]** New Jersey college or university for total
15 cancellation of loan indebtedness for up to, but not to exceed, a
16 maximum of \$40,000.00 per student. In no event shall faculty service
17 for less than the full academic year of each period of service entitle the
18 participant to any benefits under the loan redemption conditions of the
19 program. Prior to the annual redemption of loan indebtedness,
20 participants in the program shall submit proof of faculty service to the
21 **[executive director]** Higher Education Student Assistance Authority.
22 (cf: P.L.1994, c.48, s.275)

23

24 58. Section 7 of P.L.1984, c.189 (C.18A:72F-7) is amended to read
25 as follows:

26 7. Faculty service requirements for loan redemption purposes
27 pursuant to section 6 of P.L.1984, c.189 (C.18A:72F-6) shall be
28 satisfied at **[the State]** any New Jersey college or university **[which**
29 **nominated the faculty member to participate in the program unless**
30 **otherwise agreed by the State college president. Program participants**
31 **not nominated by a State college may satisfy their faculty service**
32 **requirement at any New Jersey State college; except that any faculty**
33 **member participating in the program upon nomination by an institution**
34 **of higher education within New Jersey other than a State college shall**
35 **satisfy his faculty service requirements for loan redemption purposes**
36 **at his nominating institution unless otherwise agreed by the nominating**
37 **institution's president. However, if the executive director determines**
38 **that no appropriate faculty positions are available in the State colleges,**
39 **faculty service requirements may be satisfied at other public or private**
40 **colleges or universities in New Jersey which are licensed by the**
41 **Commission on Higher Education, or at any other agency of State**
42 **government]**.
43 (cf: P.L.1994, c.48, s.276)

44

45 59. Section 8 of P.L.1984, c.189 (C.18A:72F-8) is amended to read
46 as follows:

1 8. Program participants who entered the program prior to the
2 effective date of P.L. , c. (C.)(now pending before the Legislature
3 as this bill), and who have entered into redemption contracts with the
4 **[executive director] Higher Education Student Assistance Authority**
5 may nullify their contracts by submitting written notification to the
6 executive director of the authority and assuming full responsibility for
7 repayment of principal and interest on the full amount of their
8 nonfederal direct loans or that portion of the loans which has not been
9 redeemed by the State in return for partial fulfillment of the contracts.
10 The interest on the loans shall be at the prevailing rate established for
11 the **[federal Guaranteed Student] Federal Family Education** Loan
12 Program at the time the loans were made. The participant seeking to
13 nullify the contract shall be required to repay the loan or the
14 unredeemed portion thereof in not more than 10 years following the
15 termination of the contract minus the years of service already
16 performed under the contract. Repayments of nonfederal direct loans
17 by participants who do not perform faculty service for redemption
18 purposes may be used to provide future loans under the program, as
19 determined by the executive director of the authority.

20 (cf: P.L.1994, c.48, s.277)

21

22 60. Section 9 of P.L.1984, c.189 (C.18A:72F-9) is amended to read
23 as follows:

24 9. In case of a program participant's death or total or permanent
25 disability, the executive director of the Higher Education Student
26 Assistance Authority shall nullify the service obligation of the student,
27 thereby terminating the student's obligation to repay the unpaid
28 balance of the redeemable portion of the loan and the accrued interest
29 thereon, or where continued enforcement of the contract may result in
30 extreme hardship, the executive director of the authority may nullify
31 or suspend the service obligation of the student.

32 (cf: P.L.1994, c.48, s.278)

33

34 61. Section 10 of P.L.1984, c.189 (C.18A:72F-10) is amended to
35 read as follows:

36 10. The impact of the program on the representation of **[State]**
37 New Jersey college and university minority faculty members with
38 doctoral degrees in the designated disciplines shall be evaluated
39 periodically by the Commission on Higher Education in consultation
40 with the Board of Directors of the New Jersey Educational
41 Opportunity Fund and the New Jersey Presidents' Council.

42 (cf: P.L.1994, c.48, s.279)

43

44 62. Section 11 of P.L.1984, c.189 (C.18A:72F-11) is amended to
45 read as follows:

46 11. The **[executive director and the]** Commission on Higher

1 Education shall promulgate such rules and regulations in accordance
2 with the "Administrative Procedure Act," P.L.1968, c.410
3 (C.52:14B-1 et seq.) as are necessary to carry out the purposes of this
4 act. Rules pertaining to loans and loan redemption pursuant to
5 sections 5 through 9 of P.L.1984, c.189 (C.18A:72F-5 through
6 18A:72F-9) shall be promulgated by the Higher Education Student
7 Assistance Authority.

8 (cf: P.L.1994, c.48, s.280)

9

10 63. Section 1 of P.L.1991, c.485 (C.18A:72M-1) is amended to
11 read as follows:

12 1. As used in this act:

13 "Eligible discipline" means an academic discipline in which minority
14 individuals are underrepresented as determined by the **[Executive**
15 **Director of Student Assistance Programs]** Commission on Higher
16 Education in consultation with the Board of Directors of the
17 Educational Opportunity Fund and the New Jersey Presidents' Council.

18 "Minority" means any person who is a member of a racial-ethnic
19 group that has been historically disadvantaged in obtaining access to
20 equal educational opportunities.

21 "Program" means the Minority Undergraduate Fellowship Program
22 established pursuant to this act.

23 (cf: P.L.1994, c.48, s.289)

24

25 64. Section 2 of P.L.1991, c.485 (C.18A:72M-2) is amended to
26 read as follows:

27 2. **[The Executive Director of Student Assistance Programs shall**
28 **establish]** There is established a Minority Undergraduate Fellowship
29 Program within the **[Office of Student Assistance]** Commission on
30 Higher Education. The purpose of the program is to identify
31 academically talented minority undergraduate students who may be
32 interested in pursuing an academic career in an eligible discipline at a
33 public or independent institution of higher education within the State,
34 and to provide such students with the institutional and faculty support
35 necessary to assist them in reaching that goal. The commission may
36 enter into an agreement with another agency or entity to administer or
37 provide services for this program.

38 (cf: P.L.1994, c.48, s.290)

39

40 65. Section 3 of P.L.1991, c.485 (C.18A:72M-3) is amended to
41 read as follows:

42 3. The **[executive director, in consultation with the]** Commission
43 on Higher Education**[,]** shall establish policies and procedures for the
44 nomination and selection as program fellows of academically talented
45 minority undergraduate students who are in their junior year of study
46 at a public or independent college or university within the State. Upon

1 the selection of program fellows, the institution in which each student
2 who is selected is enrolled shall assign to the student a faculty advisor
3 who shall do the following:

4 a. Supervise a research project conducted by the fellow during the
5 junior year or actively involve the student in a project which the
6 advisor is conducting;

7 b. Supervise the fellow as an undergraduate teaching assistant in the
8 fellow's senior year of study;

9 c. Accompany the fellow to the annual meeting of the professional
10 association of the fellow's academic discipline; and

11 d. Assist the fellow in the selection of a graduate or professional
12 school.

13 (cf: P.L.1994, c.48, s.291)

14

15 66. Section 4 of P.L.1991, c.485 (C.18A:72M-4) is amended to
16 read as follows:

17 4. Each fellow shall receive a stipend in the amount of \$1,000 per
18 semester during the senior year of study and an amount not to exceed
19 \$500.00 for travel expenses. Each faculty advisor shall receive a
20 stipend in the amount of \$500.00 per semester for two semesters.

21 (cf: P.L.1991, c.485, s.4)

22

23 67. Section 5 of P.L.1991, c.485 (C.18A:72M-5) is amended to
24 read as follows:

25 5. The **[**executive director, in consultation with the commission,**]**
26 Commission on Higher Education in consultation with the Board of
27 Directors of the New Jersey Educational Opportunity Fund and the
28 New Jersey Presidents' Council shall periodically evaluate the impact
29 of the program **[**on the representation of college and university
30 minority faculty members with graduate degrees in eligible
31 disciplines**]**.

32 (cf: P.L.1994, c.48, s.292)

33

34 68. Section 6 of P.L.1991, c.485 (C.18A:72M-6) is amended to
35 read as follows:

36 6. The **[**executive director and the**]** Commission on Higher
37 Education**[**, in consultation with the Board of Directors of the
38 Educational Opportunity Fund,**]** shall adopt rules and regulations
39 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
40 (C.52:14B-1 et seq.), necessary to effectuate the purposes of this act.

41 (cf: P.L.1994, c.48, s.293)

42

43 69. Section 7 of P.L.1991, c.485 (C.18A:72M-7) is amended to
44 read as follows:

45 7. The **[**executive director**]** commission may utilize funding
46 received under the "Minority Faculty Advancement **[**Loan and Loan

1 Redemption] Program Act," P.L.1984, c.189 (C.18A:72F-1 et seq.)
2 in making payments under this act.
3 (cf: P.L.1994, c.48, s.294)

4
5 70. Section 13 of P.L.1997, c.237 (C.54A:6-25) is amended to read
6 as follows:

7 13. a. Gross income shall not include the earnings on or distribution
8 from an individual trust account or savings account established
9 pursuant to the "New Jersey Better Educational Savings Trust
10 Program" established pursuant to [P.L.1997, c.237 (C.18A:72-43 et
11 seq.)] N.J.S.18A:71B-38.

12 b. "Distribution" means a withdrawal which pays the designated
13 beneficiary's qualified higher education expenses described in section
14 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529 or
15 which represents contributions net of earnings thereon.
16 (cf: P.L.1997, c.237, s.13)

17
18 71. The following acts and parts of acts are hereby repealed:

19 Sections 17, 18, and 20 of P.L.1994, c.48 (C.18A:3B-17, 18A:3B-
20 18 and 18A:3B-20);

21 P.L.1971, c.191 (C.18A:63A-1 et seq.);

22 Chapter 64F of Title 18A of the New Jersey Statutes;

23 Chapter 71 of Title 18A of the New Jersey Statutes;

24 Sections 1 and 2 of P.L.1969, c.117 (C.18A:71-7.2 and 18A:71-7.3);

25 Sections 1 through 4 of P.L.1977, c.330 (C.18A:71-15.1 through
26 18A:71-15.4);

27 Section 1 of P.L.1991, c.38 (C.18A:71-15.5);

28 Sections 1 through 11 of P.L.1977, c.345 (C.18A:71-26.1 through
29 18A:71-26.11);

30 Section 2 and 3 of P.L.1984, c.94 (C.18A:71-26.12 and 18A:71-
31 26.13);

32 P.L.1989, c.288 (C.18A:71-26.14 et seq.);

33 P.L.1968, c.429 (C.18A:71-41 et seq.);

34 Section 8 of P.L.1977, c.344 (C.18A:71-47.1);

35 P.L.1979, c.229 (C.18A:71-77 et seq.);

36 P.L.1991, c. 272 (C.18A:71-87 et seq.);

37 P.L.1997, c. 118 (C.18A:71-102 et seq.);

38 P.L.1997, c. 220 (C.18A:71-106 et seq.);

39 Chapter 72 of Title 18A of the New Jersey Statutes;

40 P.L.1974, c.157 (C. 18A:72-9.1 et seq.);

41 Sections 6 through 17 and 22 of P.L.1969, c.135 (C.18A:72-10.1
42 through 18A:72-10.13);

43 Section 23 of P.L.1969, c. 135 (C.18A:72-17.1);

44 Section 24 of P.L.1969, c.135 (C.18A:72-22);

45 P.L.1982, c. 117 (C.18A:72-23 et seq.);

46 P.L. 1986, c.12 (C.18A:72-25.1 et seq.);

1 P.L.1988, c.33 (C.18A:72-25.4 et seq.);
2 Sections 1 through 8 of P.L.1982, c. 135 (C.18A:72-26 through
3 18A:72-33);
4 Sections 1 through 9 of P.L.1991, c. 268 (C.18A:72-34 through
5 18A:72-42);
6 Sections 1 through 12 and section 14 of P.L.1997, c. 237
7 (C.18A:72-43 through C.18A:72-54);
8 Sections 60 through 76 of P.L.1991, c. 187 (C.18A:72D-12 through
9 18A:72D-28); and
10 Section 12 of P.L.1984, c.189 (C.18A:72F-12).

11

12 72. The following acts and parts of acts are hereby repealed:

13 Section 12 of P.L.1986, c.42 (C.18A:64-21.1);
14 P.L.1975, c.331 (C.18A:71-61 et seq.);
15 P.L.1975, c. 356 (C.18A:71-64 et seq.);
16 P.L.1985, c. 114 (C.18A:71-76.1 et seq.); and
17 P.L.1991, c. 296 (C.18A:71-96 et seq.).

18

19 73. This act shall take effect immediately, except that sections 1, 19,
20 20, 28, 30, 32, 33, 47, 48, 52 through 62, and 71 shall take effect on
21 the 45th day after enactment.

22

23

24

STATEMENT

25

26 This bill consolidates the various student assistance functions of the
27 Office of Student Assistance, the Student Assistance Board and the
28 Higher Education Assistance Authority into a new authority, the
29 Higher Education Student Assistance Authority. The chief executive
30 and administrative officer of the authority will be the executive
31 director who will be appointed by the Governor.

32 The authority will have a board that will consist of 18 members: the
33 State Treasurer; the chair of the Commission on Higher Education; the
34 chairman of the Board of Directors of the Educational Opportunity
35 Fund; five representatives from eligible institutions of higher education
36 in this State, including one from Rutgers, the State University, one
37 from either the New Jersey Institute of Technology or the University
38 of Medicine and Dentistry of New Jersey, one from the county
39 colleges, one from the State colleges, and one from the independent
40 institutions of higher education in the State; two students from
41 different collegiate institutional sectors; seven public members who
42 shall be residents of this State, including one who shall represent a
43 lender party to a participation agreement with the authority; and the
44 executive director of the authority.

45 Additionally, the bill:

46 - reallocates certain tuition assistance programs for veterans and

1 dependents of prisoners of war or persons missing in action, which
2 programs are administered by the Department of Military and
3 Veterans' Affairs, to Title 38A of the New Jersey Statutes;
4 - reallocates a program for tuition-free enrollment in public
5 institutions of higher education for certain members of the New Jersey
6 National Guard and the surviving spouses and children of New Jersey
7 National Guard members to chapter 62 of Title 18A of the New Jersey
8 Statutes;
9 - Changes the name of the "Minority Faculty Advancement Loan
10 and Loan Redemption Program Act" to the "Minority Faculty
11 Advancement Program Act, " provides for the phasing out of the loan
12 and loan redemption features of the prior program and places the
13 program in the Commission on Higher Education;
14 - places the Minority Undergraduate Fellowship Program in the
15 Commission on Higher Education;
16 - provides that a State professional or occupational licensing board
17 will define delinquent or default status on a student loan as misconduct
18 punishable by the denial, suspension or revocation of the license;
19 - reinstates a section of law concerning the indemnity of employees
20 against civil actions that was inadvertently repealed pursuant to
21 P.L.1994, c.48;
22 - closes a loophole in the current licensure process concerning out-
23 of-State institutions offering course work in New Jersey;
24 - provides that the chair of the New Jersey Presidents' Council will
25 also be the chair of the executive board of the council;
26 - adds the chairperson of the Board of the Higher Education Student
27 Assistance Authority to the Commission on Higher Education as a
28 voting member;
29 - clarifies that the Commission on Higher Education may within 60
30 days deny approval of new academic programs that do not exceed the
31 programmatic mission of the institution but are found to be unduly
32 duplicative or expensive by the Presidents' Council;
33 - clarifies that tenure rights for faculty members are governed under
34 section 3 of P.L.1973, c.163 (C.18A:60-8);
35 - changes the name of the New Jersey State College Governing
36 Boards Association to the New Jersey Association of State Colleges
37 and Universities;
38 - provides that the board of trustees of a county college may not
39 employ an individual unless the individual is nominated by the
40 president of the institution;
41 - clarifies which funds the University of Medicine and Dentistry of
42 New Jersey may use in new ventures;
43 - provides that funding proposals of the New Jersey Educational
44 Facilities Authority for non-revenue producing educational facilities
45 will be deemed approved, if the Legislature does not disapprove the
46 proposal within 60 days of the submittal of the proposal to that body.

S1184 INVERSO, BENNETT

96

- 1 Currently, the Legislature also has the option to approve the proposal
- 2 with modifications;
- 3 - eliminates the requirement that college property transfers to the
- 4 New Jersey Educational Facilities Authority be approved by the State
- 5 House Commission; and,
- 6 - allows the Commission on Higher Education to charge the
- 7 institutions fees for the costs of consultants and other expenses
- 8 incurred by the commission for licensure reviews.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1184

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 1998

The Senate Education Committee reports favorably and with committee amendments Senate Bill No. 1184.

As amended, this bill consolidates the various student assistance functions of the Office of Student Assistance, the Student Assistance Board and the Higher Education Assistance Authority into a new authority, the Higher Education Student Assistance Authority. The chief executive and administrative officer of the authority will be the executive director who will be appointed by the Governor.

The authority will have a board that will consist of 18 members: the State Treasurer; the chair of the Commission on Higher Education; the chairman of the Board of Directors of the Educational Opportunity Fund; five representatives from eligible institutions of higher education in this State, including one from Rutgers, the State University, one from either the New Jersey Institute of Technology or the University of Medicine and Dentistry of New Jersey, one from the county colleges, one from the State colleges, and one from the independent institutions of higher education in the State; two students from different collegiate institutional sectors; seven public members who shall be residents of this State, including one who shall represent a lender party to a participation agreement with the authority; and the executive director of the authority.

Additionally, the bill:

- reallocates certain tuition assistance programs for veterans and dependents of prisoners of war or persons missing in action, which programs are administered by the Department of Military and Veterans' Affairs, to Title 38A of the New Jersey Statutes;

- reallocates a program for tuition-free enrollment in public institutions of higher education for certain members of the New Jersey National Guard and the surviving spouses and children of New Jersey National Guard members to chapter 62 of Title 18A of the New Jersey Statutes;

- Changes the name of the "Minority Faculty Advancement Loan and Loan Redemption Program Act" to the "Minority Faculty Advancement Program Act," provides for the phasing out of the loan

and loan redemption features of the prior program and places the program in the Commission on Higher Education;

- places the Minority Undergraduate Fellowship Program in the Commission on Higher Education;

- provides that a State professional or occupational licensing board will define delinquent or default status on a student loan as misconduct punishable by the denial, suspension or revocation of the license;

- closes a loophole in the current licensure process concerning out-of-State institutions offering course work in New Jersey;

- provides that the chair of the New Jersey Presidents' Council will also be the chair of the executive board of the council;

- adds the chairperson of the Board of the Higher Education Student Assistance Authority and a faculty member to the Commission on Higher Education as voting members;

- clarifies that the Commission on Higher Education may within 60 days deny approval of new academic programs that do not exceed the programmatic mission of the institution but are found to be unduly duplicative or expensive by the Presidents' Council;

- clarifies that tenure rights for current State and county college faculty members are governed under section 3 of P.L.1973, c.163 (C.18A:60-8);

- changes the name of the New Jersey State College Governing Boards Association to the New Jersey Association of State Colleges and Universities;

- provides that the board of trustees of a county college may not employ an individual unless the individual is nominated by the president of the institution;

- clarifies which funds the University of Medicine and Dentistry of New Jersey may use in new ventures;

- provides that funding proposals of the New Jersey Educational Facilities Authority for non-revenue producing educational facilities will be deemed approved if the Legislature does not disapprove the proposal within 60 days of the submittal of the proposal to that body;

- eliminates the requirement that college property transfers to the New Jersey Educational Facilities Authority be approved by the State House Commission; and

- allows the Commission on Higher Education to charge the institutions fees for the costs of consultants and other expenses incurred by the commission for licensure reviews.

The committee adopted technical amendments to revise section numbers and substantive amendments to: 1) clarify the indemnification procedure for employees of the Higher Education Student Assistance Authority; 2) delete a section of the bill related to the defense of higher education employees in cases of civil action because the employees are covered under the "New Jersey Tort Claims Act;" 3) reenact a statute that provided potential federal income tax exemption

for New Jersey Better Educational Savings Trust (NJBEST) accounts; 4) add a faculty member to the membership of the New Jersey Commission on Higher Education and specify the faculty member's term; 5) clarify the tenure statutes applicable to State and county college faculty members who acquired tenure before the 1974-75 school year; 6) permit investment by the board of trustees of the University of Medicine and Dentistry of New Jersey in not for profit corporations to utilize income from the operation of faculty practice plans; and 7) insert a new section to amend the procedure for the Governor to approve or disapprove the minutes of the New Jersey Educational Facilities Authority which authorize or sell bonds of the authority.

As reported, this bill is identical to Assembly Bill No. 2217 1R with Senate committee amendments.

[First Reprint]

SENATE, No. 1184

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 11, 1998

Sponsored by:

Senator PETER A. INVERSO

District 14 (Mercer and Middlesex)

Senator JOHN O. BENNETT

District 12 (Monmouth)

Co-Sponsored by:

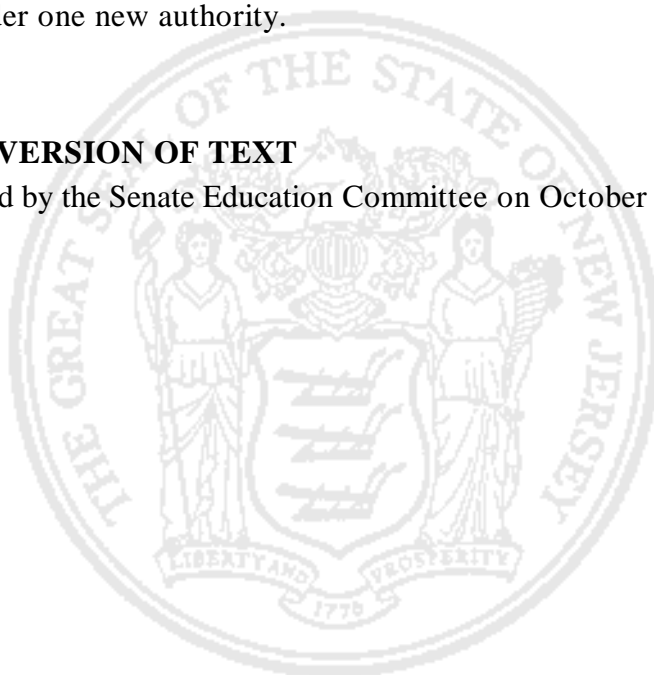
Senators Turner and Baer

SYNOPSIS

Consolidates higher education student assistance entities including existing authority under one new authority.

CURRENT VERSION OF TEXT

As reported by the Senate Education Committee on October 19, 1998, with amendments.



(Sponsorship Updated As Of: 10/23/1998)

1 AN ACT concerning higher education and revising parts of the
2 statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. An additional Subtitle, 12A, is added to Title 18A of the New
8 Jersey Statutes as follows:

9 SUBTITLE 12A
10 NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE
11 AUTHORITY
12

13 **Part 1.—Authority Structure and General Provisions**
14

15 18A:71A-1. Short Title.

16 Section 1 shall be known and may be cited as the “Higher
17 Education Student Assistance Authority Law.”

18
19 18A:71A-2. Terms Defined.

20 As used in this act, unless the context indicates another or
21 different meaning, the following words shall have the following
22 meanings:

23 “Authority” means the Higher Education Student Assistance
24 Authority established pursuant to this act, or any body, entity,
25 commission, or department succeeding to the principal functions
26 thereof or to whom the powers conferred upon the authority by this
27 act shall be given by law.

28 “Board” means the governing body of the authority appointed or
29 elected pursuant to N.J.S.18A:71A-4 of this article.

30 “Bond” means bonds, notes or other obligations of the authority
31 issued pursuant to this act.

32 “Commission” means the New Jersey Commission on Higher
33 Education.

34 “Eligible institution” means, unless otherwise defined by this act or
35 by the authority by regulation, an institution having a participation
36 agreement with the authority which is further defined in 20 U.S.C.
37 s.1071 et seq., and which includes an institution of higher education,
38 a proprietary institution of higher education, a postsecondary
39 vocational institution and a vocational school, provided that the
40 institution or school is licensed or approved by the appropriate agency
41 or department and accredited or preaccredited by a nationally
42 recognized accrediting association.

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:

¹ Senate SED committee amendments adopted October 19, 1998.

1 “Executive director” means the chief executive and administrative
2 officer of the authority.

3 “Fund” means the Higher Education Student Assistance Fund.

4 “Lender” or “eligible lender” includes the authority and any
5 institution authorized to make loans under 20 U.S.C. s.1071 et seq.
6 which has entered into a participation agreement with the authority.

7 “Member” means an individual appointed or elected to the board of
8 the authority or serving ex-officio on the board.

9 “State college” means any college or university created pursuant to
10 chapter 64 of Title 18A of the New Jersey Statutes.

11

12 18A:71A-3. Higher Education Student Assistance Authority
13 Created.

14 The Higher Education Student Assistance Authority, a body
15 corporate and politic, shall be established in the Executive Branch of
16 the State Government and for the purposes of complying with the
17 provisions of Article V, Section IV, paragraph 1 of the New Jersey
18 Constitution, the authority is allocated in but not of the Department of
19 State. The authority shall constitute an instrumentality of the State
20 exercising public and essential governmental functions, and the
21 exercise by the authority of the powers conferred by this act in the
22 furthering of access to postsecondary education, whether by loans,
23 grants, scholarships or other means, shall be deemed and held to be an
24 essential governmental function of the State. The authority shall
25 submit its budget request directly to the Division of Budget and
26 Accounting in the Department of the Treasury.

27

28 18A:71A-4. Board of the Authority.

29 a. The Board of the Higher Education Student Assistance Authority
30 shall consist of 18 members as follows: the State Treasurer, ex-
31 officio, or a designee; the chairperson of the Commission on Higher
32 Education, ex-officio or a designee from among the public members
33 of the commission; the chairperson of the Board of Directors of the
34 Educational Opportunity Fund, ex-officio, or a designee from among
35 the public members of the board; five representatives from eligible
36 institutions in this State, including one from Rutgers, the State
37 University, one from either the New Jersey Institute of Technology or
38 the University of Medicine and Dentistry of New Jersey, one from the
39 county colleges, one from the State colleges, and one from the
40 independent institutions of higher education in the State; two students
41 from different collegiate institutional sectors; seven public members
42 who shall be residents of this State, including one who shall represent
43 a lender party to a participation agreement with the authority; and the
44 executive director of the authority, or designee, who shall be an ex-
45 officio, non-voting member of the board.

46 b. The seven public members, including the lender member, shall be

1 appointed by the Governor with the advice and consent of the Senate.
2 No more than four of the public members shall be members of the
3 same political party. The institutional representatives shall be
4 nominated by the respective institution in the case of Rutgers, the
5 State University, New Jersey Institute of Technology, and University
6 of Medicine and Dentistry of New Jersey. The remaining institutional
7 representatives shall be nominated by the respective sector association.
8 Institutional representatives shall be appointed by the Governor with
9 the advice and consent of the Senate. The student members shall be
10 the individuals that the Student Advisory Committee elects as its
11 chairperson and vice-chairperson. The Student Advisory Committee
12 shall be created by the board to include students from all collegiate
13 institutional sectors. The necessary appointments shall be made within
14 45 days of the enactment of P.L. , c. (C.) (now pending before the
15 Legislature as this bill).

16 c. Public and institutional members of the board shall serve a term
17 of four years and until a successor is appointed and qualified, except
18 in the case of the first members so appointed, four of whom shall be
19 appointed for a term of four years, four of whom shall be appointed
20 for a term of three years, two of whom shall be appointed for a term
21 of two years, and two of whom shall be appointed for a term of one
22 year. Student members shall serve a term of office not to exceed two
23 years. Any vacancy in the membership of the board, occurring
24 otherwise than by expiration of term, shall be filled in the same manner
25 as the original appointment or election was made, but for the
26 unexpired term only.

27

28 18A:71A-5. Executive Director.

29 a. The executive director of the authority shall be appointed by the
30 Governor and shall serve at the pleasure of the Governor during the
31 Governor's term of office and until a successor is appointed and
32 qualified, except that the person holding the office of Executive
33 Director of Student Assistance Programs in the Office of Student
34 Assistance in, but not of, the Department of the Treasury, on the
35 effective date of this act shall be the initial executive director of the
36 authority. The executive director shall receive annual compensation,
37 which shall be payable as other State compensation is paid.

38 b. The executive director shall be:

39 (1) the chief executive and administrative officer of the authority
40 having general charge and supervision of the work of the authority;

41 (2) the appointing authority and official agent of the authority for
42 all purposes. The authority shall delegate to the executive director the
43 power to employ financial and computer experts, attorneys,
44 accountants, managers, and such other employees and agents as may
45 be necessary; to fix their compensation; and to promote and discharge
46 the employees and agents;

1 (3) the budget request officer and the approval officer of the
2 authority;

3 (4) an officer and an ex-officio, non-voting member of the board;
4 and

5 (5) authorized, subject to law, to select a designee to act in his place
6 or stead and to have authority over all matters concerning the
7 employment and compensation of staff not classified under Title 11A
8 of the New Jersey Statutes.

9

10 18A:71A-6. Organization of the Board.

11 a. Meetings of the board shall be held at such time and place as the
12 members shall determine. A majority of the members in office at a
13 meeting at which public members of the board are present shall be
14 necessary to constitute a quorum for the transaction of business, and
15 the acts of a majority of the members present at a meeting at which a
16 quorum is present shall be the acts of the authority. The board shall
17 hold all meetings attended by, or open to, all members of the board in
18 accordance with the "Open Public Meetings Act," P.L.1975, c.231
19 (C.10:4-6 et seq.).

20 b. A true copy of the minutes of every meeting of the board shall be
21 forthwith delivered by and under the certification of the secretary
22 thereof, to the Governor. No action taken at the meeting by the board
23 shall have force or effect until 10 days after the copy of the minutes
24 has been delivered. If, in the 10-day period, the Governor returns the
25 copy of the minutes with a veto of any action taken by the authority or
26 any member thereof at the meeting, the action shall be null and of no
27 effect. If the Governor does not return the minutes within the 10-day
28 period, any action therein recited shall have force and effect according
29 to the wording thereof. At any time prior to the expiration of the 10-
30 day period, the Governor may sign a statement of approval of any such
31 action of the board, in which case the approved action shall not
32 thereafter be disapproved.

33 Notwithstanding the provisions of this section, with regard to the
34 'authorization or' sale '[and award]' of bonds of the authority, the
35 authority shall furnish to the Governor a certified copy of the minutes
36 of the meeting at which the bonds are 'authorized or' sold '[and
37 awarded forthwith upon] after' the taking of the action, and the
38 Governor shall indicate approval or disapproval of the action prior to
39 the end of the business day upon which the '[action of the authority
40 was taken] certified copy of the minutes was furnished to the
41 Governor'.

42 The powers conferred in this section upon the Governor shall be
43 exercised with due regard for the rights of the holders of bonds of the
44 authority at any time outstanding, and nothing in, or done pursuant to,
45 this section shall in any way limit, restrict or alter the obligation or
46 powers of the authority or any representative or officer of the

1 authority to carry out and perform in every detail each and every
2 covenant, agreement or contract at any time made or entered into by
3 or on behalf of the authority with respect to its bonds or for the
4 benefit, protection or security of the holders thereof.

5 c. The officers of the board shall be a chairperson, a vice-
6 chairperson, and one person to act as secretary and treasurer. The
7 chairperson and vice-chairperson shall be elected from among the
8 public members of the board by the board annually and shall hold
9 office until their successors are elected or until their earlier death,
10 disability, resignation, or removal. The secretary and treasurer shall
11 be the executive director or designee. Any vacancy of the chairperson
12 or vice-chairperson caused by the death, disability, resignation, or
13 removal of any officer shall be filled by the members of the board.

14
15 18A:71A-7. Limitation of Liability, ¹ **[Indemnification,]** ¹ Conflict
16 of Interest, Compensation.

17 a. The personal liability of members of the board, which shall be a
18 public entity under the "New Jersey Tort Claims Act," N.J.S.59:1-1 et
19 seq., shall be limited to the extent permitted by N.J.S.59:1-1 et seq.,
20 this act, and other applicable New Jersey law.

21 b. ¹ **[**The members of the board shall be indemnified by the State to
22 the extent permitted by the " New Jersey Tort Claims Act,"
23 N.J.S.59:1-1 et seq., this section, and other applicable New Jersey law.

24 c. ¹ Each member of the board shall comply with the "New Jersey
25 Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et seq.).

26 ¹ **[d.] c.** ¹ The members of the board shall receive no compensation
27 for their services, but shall be reimbursed for their actual expenses
28 necessarily incurred in the performance of their duties.

29
30 18A:71A-8. General Powers of the Authority.

31 The authority shall have the power to:

32 a. adopt by-laws for the regulation of its affairs and the conduct of
33 its business;

34 b. maintain an office at such place or places within the State as it
35 may designate;

36 c. adopt an official seal and alter the same at pleasure;

37 d. sue and be sued in its own name;

38 e. ¹ retain legal counsel of its choosing. The authority may choose
39 representation by the Attorney General; however, as to claims of a
40 tortious nature, the authority shall elect within 75 days of the effective
41 date of this act whether it, and its employees, shall be represented in
42 all such matters by the Attorney General. If the authority elects not to
43 be represented by the Attorney General, it shall be considered and its
44 employees considered employees of a sue and be sued entity for the
45 purposes of the "New Jersey Tort Claims Act" only. The authority
46 shall be required in that circumstance to provide its employees with

1 defense and indemnification consistent with the terms and conditions
2 of the Tort Claims Act in lieu of the defense and indemnification that
3 such employees would otherwise seek and be entitled to from the
4 Attorney General pursuant to N.J.S.59:10-1 et seq. and P.L.1972, c.48
5 (C.59:10A-1 et seq.);

6 f.¹ make and enter into all contracts and agreements necessary or
7 incidental to the performance of its duties and the execution of its
8 powers under this act;

9 [f.] g.¹ borrow money and to issue bonds, notes and other
10 obligations of the authority to carry out any purposes of the authority
11 under this act, including, without limitation: (1) making or purchasing
12 loans under any provision of this act; (2) purchasing from lenders
13 approved notes or participations in approved notes as provided by law;
14 and (3) refunding of outstanding bonds; but it shall not in any manner,
15 directly or indirectly, pledge the credit of the State;

16 [g.] h.¹ receive and accept, from any federal or other public
17 agency or governmental entity, grants, including block grants, or loans
18 for or in aid of its programs and powers under this act, and to receive
19 aid and contributions from any other source, of money, property,
20 labor, and other things of value, to be held, used and applied only for
21 the purposes for which the grants, loans and contributions may be
22 made;

23 [h.] i.¹ acquire, lease as lessee, hold and dispose of real and
24 personal property or any interest therein, in the exercise of its powers
25 and the performance of its duties under this act;

26 [i.] j.¹ complete, administer, operate, obtain and authorize
27 payment for insurance on and maintain, renovate, repair, modernize,
28 lease or otherwise deal with any property acquired or held by it
29 pursuant to this act;

30 [j.] k.¹ authorize payment for disbursements, costs, commissions,
31 attorney's fees and other reasonable expenses related to and necessary
32 for the making and protection of guaranteed and other authority loans
33 and the recovery of moneys, loans or management of property
34 acquired in connection with the loans;

35 [k.] l.¹ adopt rules and regulations to implement this act; and

36 [l.] m.¹ do all acts and things necessary or appropriate to carry out
37 the objects and purposes of this act.

38

39 18A:71A-9. Further Powers of the Authority.

40 The authority shall have the following powers to:

41 a. further access to postsecondary education, whether by loans,
42 grants, scholarships, savings programs, or other means as approved by
43 the Legislature to meet the expenses of postsecondary education;

44 b. make, assist in the placing of federally guaranteed student loans,
45 service or otherwise provide such loans:

46 (1) to persons who are residents of this State or who reside outside

- 1 this State who are attending and are in good standing in, or who plan
2 to attend, any eligible institution located in this State or elsewhere; or
3 (2) to parents of persons meeting the requirements set forth in
4 paragraph (1) of this subsection, in order to assist them in meeting the
5 expenses of postsecondary education;
- 6 c. guarantee the loans in subsection b. of this section upon such
7 terms and conditions as the authority may prescribe; provided that the
8 amounts may not exceed the annual and aggregate amounts authorized
9 under 20 U.S.C. s.1071 et seq.;
- 10 d. buy and sell approved notes evidencing loans made under this act,
11 and to buy and sell participations in approved notes made pursuant to
12 this act, either by buying and selling directly or by establishing a
13 separate entity which will serve as a secondary market for student
14 loans ¹under the oversight of the authority¹, which entity shall ¹take
15 action and¹ adopt rules subject to the approval of the authority;
- 16 e. be the State guaranty agency for the State of New Jersey and
17 engage in programs which state guaranty agencies are authorized to
18 participate in pursuant to 20 U.S.C. s.1071 et seq.;
- 19 f. be the lead State agency in coordination with the commission in
20 determining policy on student assistance issues;
- 21 g. assist students who are parties to loans made, funded, or
22 guaranteed under this act to qualify for federal interest subsidy, special
23 allowance, loan forgiveness or other applicable benefits;
- 24 h. establish a separate entity or utilize established agencies to
25 administer loan programs, which entity or agencies shall ¹administer
26 authority loan programs and¹ adopt rules subject to the approval of the
27 authority. Loans made by the entity or agencies shall be subject to the
28 same criteria as to amount, interest and payment as are other loans
29 authorized under this act, and shall be given to students who are
30 eligible for loans under the terms and conditions of the law but have
31 been unable to secure them;
- 32 i. be an agency of communication with departments and agencies of
33 the United States on the availability of grants or loans to this State for
34 purposes related to or similar to those set forth in this act;
- 35 j. request and receive from any department, division, board, bureau,
36 commission or agency of the State or any subdivision thereof the
37 assistance and data necessary to properly carry out its powers, duties
38 and functions;
- 39 k. make and service loans to eligible borrowers through State loan
40 programs established by law;
- 41 l. administer loan redemption and related fellowship programs
42 established by law;
- 43 m. administer and coordinate grant, scholarship and tuition aid
44 programs as established by law;
- 45 n. be the primary State agency for the administration of non-campus
46 based federal grant and scholarship programs for students seeking to

1 meet the expenses of postsecondary education;

2 o. inform the public of financial aid programs to meet the expenses
3 of postsecondary education;

4 p. perform audit and review functions, including federally mandated
5 lender and school reviews, campus level State student financial aid
6 program reviews and State-mandated annual internal control reviews;
7 and

8 q. assist the Attorney General in the investigation of alleged
9 violations of all criminal statutes related to fraud or a breach of
10 fiduciary obligations committed by any person who has obtained or
11 aided and abetted in obtaining loans, loan guarantees, scholarships,
12 and grants or other moneys from this authority; and to work in
13 conjunction with the appropriate prosecuting authorities in the
14 prosecution of cases where it is determined that evidence of criminal
15 activity exists.

16

17 18A:71A-10. Contracts, Purchases, Records, Travel.

18 a. The authority, in the exercise of its power to make and enter into
19 contracts and agreements necessary or incidental to the performance
20 of its duties and the execution of its powers, shall adopt standing
21 operating rules and procedures providing that, except as hereinafter
22 provided, no contract on behalf of the authority shall be entered into
23 for the doing of any work, or for the hiring of equipment or vehicles,
24 when the sum to be expended exceeds the sum of \$12,300 or, after
25 June 30, 1998, the amount determined pursuant to subsection b. of
26 this section, unless the authority shall first publicly advertise for bids
27 therefor, and shall award the contract to the lowest responsible bidder.
28 Waiver of bid advertising and of actual bidding shall be made by
29 resolution of the authority for those goods, services, and contracts
30 described in sections 4 and 5 of P.L.1954, c.48 (C.52:34-9 and 52:34-
31 10). Special rules shall apply to the procurement of professional
32 services when the authority shall consider a variety of factors
33 associated with rendering the professional services, including price, in
34 awarding of a contract.

35 This subsection shall not prevent the authority from having any work
36 done by its own employees, nor shall it apply when the safety or
37 protection of its or other public property requires. In the case of
38 exigency or emergency, the authority shall, by resolution passed by the
39 affirmative vote of a majority of its members, declare the exigency or
40 emergency to exist, and set forth in the resolution the nature thereof
41 and the approximate amount to be so expended.

42 b. The Governor, in consultation with the Department of the
43 Treasury, shall, not later than March 1 of each odd-numbered year,
44 adjust the threshold amount set forth in subsection a. of this section,
45 or the threshold amount resulting from any adjustment under this
46 subsection, in direct proportion to the rise or fall of the consumer

1 price index for all urban consumers in the New York City and the
2 Philadelphia areas as reported by the United States Department of
3 Labor. The Governor shall, no later than June 1 of each odd-
4 numbered year, notify the authority of the adjustment. The adjustment
5 shall become effective July 1 of each odd-numbered year.

6 c. The authority, in the exercise of its power to make purchases and
7 enter into contracts, leases and agreements necessary or incidental to
8 the performance of its duties and the execution of its powers, shall
9 adopt standing operating rules and procedures providing that, subject
10 to subsections a. and b. of this section, for purchases, contracts, leases
11 and agreements payable exclusively with or out of funds transferred
12 from the Higher Education Student Assistance Fund, the purchases,
13 contracts, leases and agreements shall be subject to the authority's sole
14 approval. Approval of the purchases, contracts, leases, and
15 agreements shall not be required by any other department, division,
16 board, bureau, agency, office or officer of the State.

17 d. The authority, without advertising for bids, or after having
18 rejected all bids obtained pursuant to advertising therefor, may
19 purchase any materials, supplies or equipment pursuant to a contract
20 or contracts for the materials, supplies or equipment entered into on
21 behalf of the State. Any department, division, commission, board,
22 bureau, agency, office or officer of the State may, by joint action with
23 the authority, purchase any articles used or needed by the State and
24 the authority.

25 e. Records subject to the record retention requirements set forth
26 under 20 U.S.C. s.1071 et seq., 20 U.S.C. s.1070c et seq., and 20
27 U.S.C. s.1104 et seq. and implementing regulations and rules shall not
28 be "public records" for purposes of the "Destruction of Public Records
29 Law (1953)", P.L.1953, c.410 (C.47: 3-15 et seq.), notwithstanding
30 the provisions of any law to the contrary.

31 f. The executive director shall have the power to approve of travel
32 consistent with Office of Management and Budget travel regulations,
33 except that for travel that is payable exclusively with or out of funds
34 transferred from the Higher Education Student Assistance Fund, no
35 approval shall be required by the Director of the Office of
36 Management and Budget.

37
38 18A:71A-11. Certain Pension, Benefits, and Employment
39 Classification Provisions Applicable to Employees of the Authority.

40 a. Notwithstanding the provisions of any law to the contrary, any
41 former employee of the Office of Student Assistance who was a
42 participant in the alternate benefit program, P.L.1969, c.242
43 (C.18A:66-168 et seq.), and who has continued in uninterrupted
44 service with the State may continue to participate in the alternate
45 benefit program on the same terms as other eligible employees.

46 b. Notwithstanding the provisions of any law to the contrary,

1 professional administrative staff of the authority are eligible to
2 participate in the alternate benefit program under the provisions of
3 P.L.1969, c.242 (C.18A:66-168 et seq.).

4 c. Notwithstanding the provisions of any law to the contrary,
5 eligible employees of the authority shall be eligible to obtain
6 supplemental tax-deferred annuities with outside investment carriers
7 on the same basis and with the same carriers as available to members
8 of the alternate benefit program under the provisions of P.L.1969,
9 c.242 (C.18A:66-168 et seq.).

10 d. The total number of employees in unclassified service including
11 the number of vacant unclassified service positions on the date this act
12 becomes effective shall not decrease without prior authorization by the
13 board.

14

15 18A:71A-12. Limitations on Issue of Bond Anticipation Notes and
16 Other Obligations.

17 The authority may issue bond anticipation notes and other short-
18 term obligations which may be renewed from time to time, but the
19 maximum maturity of the notes or obligations, including renewals
20 thereof, shall not exceed five years from the date of issue of the
21 original. The notes or obligations shall be paid from any revenues or
22 other moneys of the authority available therefor and not otherwise
23 pledged, or from the proceeds of sale of the bonds of the authority in
24 anticipation of which they were issued. The notes or obligations shall
25 be issued in the same manner as bonds, and the resolution or
26 resolutions authorizing them may contain any provisions, conditions
27 or limitations which a bond resolution of the authority may contain.

28

29 18A:71A-13. Bonds, Bond Anticipation Notes, Other Obligations:
30 General Provisions.

31 Except as may otherwise be expressly provided by the authority,
32 every issue of its bonds, notes or obligations shall be general
33 obligations of the authority payable from any revenues or moneys of
34 the authority, subject only to any agreements with the holders of
35 particular bonds, notes or obligations pledging any particular revenues
36 or moneys. Notwithstanding that bonds, notes, and other obligations
37 may be payable from a special fund, they shall be fully negotiable
38 within the meaning of Title 12A of the New Jersey Statutes, the
39 Uniform Commercial Code, subject only to the provision of the bonds,
40 notes, and other obligations for registration. The bonds may be issued
41 as serial bonds or as term bonds, or the authority, in its discretion, may
42 issue bonds of both types. The bonds shall be authorized by resolution
43 of the members of the authority and shall bear such date or dates,
44 mature at such time or times, not exceeding 35 years from their
45 respective dates, bear interest at such rate or rates including, but not
46 limited to, fixed, variable, floating or adjustable interest rates, be

1 payable at such time or times, be in such denominations, be in such
2 form, either coupon or registered, carry such registration privileges,
3 be executed in such manner, be payable in lawful money of the United
4 States of America at such place or places, and be subject to such terms
5 of redemption, as the resolution or resolutions may provide. The
6 bonds, notes or obligations may be sold at public or private sale for
7 such price or prices as the authority shall determine. Pending
8 preparation of the definitive bonds, the authority may issue interim
9 receipts or certificates which shall be exchanged for the definitive
10 bonds.

11 At any time prior to the issuance and sale of bonds or other
12 obligations by the authority under this act, the State Treasurer is
13 authorized to transfer from any available moneys in any fund of the
14 Treasury of the State to the credit of any fund of the authority those
15 sums which the State Treasurer may deem necessary. The sums so
16 transferred shall be returned to the same fund of the Treasury of the
17 State by the State Treasurer from the proceeds of the sale of the first
18 issue of authority bonds, notes or other obligations issued for the same
19 programmatic purpose as the funds transferred by the State Treasurer.

20

21 18A:71A-14. Bond Resolutions.

22 Any resolution or resolutions of the authority authorizing any bonds
23 or any issues of bonds may contain provisions, which shall be a part of
24 the contract with the holders of the bonds to be authorized as to:

- 25 a. the pledging of all or any part of the revenues of the authority;
- 26 b. the use and disposition of the revenues;
- 27 c. the setting aside of reserves or sinking funds, and the regulations
28 and disposition thereof;
- 29 d. limitations on the issuance of additional bonds, the terms upon
30 which additional bonds may be issued and secured and the refunding
31 of outstanding bonds;
- 32 e. the procedure, if any, by which the terms of any contract with
33 bondholders may be amended or abrogated, the amount of bonds the
34 holders of which must consent thereto, and the manner in which the
35 consent may be given;
- 36 f. limitations on the purpose to which the proceeds of sale of any
37 issue of bonds then or thereafter to be issued may be applied and
38 pledging the proceeds to secure the payment of the bonds or any issue
39 of the bonds;
- 40 g. defining the acts or omissions to act which shall constitute a
41 default in the duties of the authority to holders of its obligations and
42 providing the rights and remedies of the holders in the event of a
43 default; and
- 44 h. the making of covenants other than and in addition to the
45 covenants herein expressly authorized, of like or different character;
46 and the making of the covenants to do or refrain from doing such acts

1 and things as may be necessary or convenient or desirable in order to
2 better secure the bonds, notes or other obligations which, in the
3 absolute discretion of the authority, will tend to make the bonds,
4 notes, or other obligations more marketable, notwithstanding that the
5 covenants, acts or things may not be enumerated herein.

6
7 18A:71A-15. Personal Liability on Bonds, Notes and Other
8 Obligations.

9 Neither the members of the authority, nor any person executing
10 bonds, notes or other obligations issued by it, nor any officer or
11 employee of the authority shall be liable personally on the bonds, notes
12 or other obligations or be subject to any personal liability or
13 accountability by reason of the issuance thereof.

14
15 18A:71A-16. Purchase by Authority of Bonds, Notes and Other
16 Obligations.

17 The authority shall have the power out of any funds available
18 therefor to purchase its bonds, notes or other obligations. The
19 authority may hold, pledge, cancel or resell the bonds, subject to and
20 in accordance with agreements with bondholders.

21
22 18A:71A-17. Security for Bonds.

23 In the discretion of the authority, any bonds issued by it may be
24 secured by a trust agreement between the authority and a qualified
25 bank as defined in section 1 of "The Banking Act of 1948," P.L.1948,
26 c.67 (C.17:9A-1 et seq.). The trust agreement or resolution providing
27 for the issuance of the bonds may contain such provisions for
28 protecting and enforcing the rights and remedies of the bondholders as
29 may be reasonable and proper and not in violation of law, including
30 particularly those provisions authorized to be included in any
31 resolution or resolutions of the authority authorizing bonds. Any
32 banking institution, as defined in section 1 of "The Banking Act of
33 1948," P.L.1948, c.67 (C.17:9A-1 et seq.), may act as depository of
34 the proceeds of bonds or of revenues or other moneys and may furnish
35 such indemnifying bonds or pledge such securities as may be required
36 by the authority. The trust agreement may set forth the rights and
37 remedies of the bondholders and of the trustee or trustees, and may
38 restrict the individual right of action by bondholders. In addition to
39 the foregoing, the trust agreement or resolution may contain such
40 other provisions as the authority may deem reasonable and proper for
41 the security of the bondholders.

42
43 18A:71A-18. Liability for Payment of Bonds.

44 Bonds issued pursuant to N.J.S.18A:71A-8 shall not be deemed to
45 constitute a debt or liability of the State or of any political subdivision
46 thereof or a pledge of the faith and credit of the State or of any

1 political subdivision, but shall be payable solely from the funds herein
2 provided. The bonds shall contain on the face a statement to the
3 effect that neither the State of New Jersey nor the authority shall be
4 obligated to pay the same or the interest thereon except from revenues
5 or other moneys of the authority and that neither the faith and credit
6 nor the taxing power of the State or of any political subdivision
7 thereof is pledged to the payment of the principal of or the interest on
8 the bonds. The issuance of bonds under the provisions of this act shall
9 not directly or indirectly or contingently obligate the State or any
10 political subdivision thereof to levy or to pledge any form of taxation
11 whatever therefor.

12

13 18A: 71A-19. Rights of Bondholders.

14 A holder of bonds issued by the authority pursuant to
15 N.J.S.18A:71A-8, or any of the coupons appertaining thereto, and the
16 trustee or trustees under any trust agreement, except to the extent the
17 rights herein given may be restricted by any resolution authorizing the
18 issuance of, or any trust agreement securing, the bonds, may, either
19 at law or in equity, by suit, action or other proceedings, protect and
20 enforce any and all rights under the laws of the State or granted
21 hereunder or under the resolution of trust agreement, and may enforce
22 and compel the performance of all duties required by this act or by the
23 resolution or trust agreement to be performed by the authority or by
24 any officer, employee or agent thereof.

25

26 18A:71A-20. Refunding Bonds.

27 a. The authority shall have power to issue bonds for the purposes of
28 refunding any of its bonds then outstanding, including the payment of
29 any redemption premium thereon and any interest accrued or to accrue
30 to the earliest or subsequent date of redemption, purchase or maturity
31 of the bonds.

32 b. The proceeds of bonds issued for the purpose of refunding
33 outstanding bonds may, in the discretion of the authority, be applied
34 to the purchase or retirement at maturity or redemption of outstanding
35 bonds either on their earliest or any subsequent redemption date or
36 upon the purchase or at the maturity thereof and may, pending such
37 application, be placed in escrow to be applied to the purchase or
38 retirement at maturity or redemption on such date as may be
39 determined by the authority. Any escrowed proceeds, pending such
40 use, may be invested and reinvested in obligations of or guaranteed by
41 the United States of America, or in certificates of deposit or time
42 deposits secured by obligations of or guaranteed by the United States
43 of America, maturing at such time or times as shall be appropriate to
44 assure the prompt payment, as to principal, interest and redemption
45 premium, if any, of the outstanding bonds to be so refunded. The
46 interest, income and profits, if any, earned or realized on any such

1 investment may also be applied to the payment of the outstanding
2 bonds to be so refunded. After the terms of the escrow have been
3 fully satisfied and carried out, any balance of the proceeds and interest,
4 income and profits, if any, earned or realized on the investments
5 thereof may be returned to the authority for use by it in any lawful
6 manner. All such bonds shall be subject to the provisions of this act
7 in the same manner and to the same extent as other bonds issued
8 pursuant to this act and N.J.S.18A:71A-8.

9

10 18A:71A-21. Bonds as Legal Investments.

11 Bonds, notes and other obligations issued by the authority under the
12 provisions of this act and N.J.S.18A:71A-8, are hereby made securities
13 in which the State and all political subdivisions of the State, their
14 officers, boards, commissions, departments or other agencies, banks,
15 savings banks, savings and loan associations, investment companies,
16 all insurance companies, insurance associations and all administrators,
17 executors, guardians, trustees and other fiduciaries, and all other
18 persons who now are or may hereafter be authorized to invest in
19 bonds, notes or other obligations of the State, may properly and
20 legally invest any funds, including capital belonging to them or within
21 their control; and the bonds, notes or other obligations are hereby
22 made securities which may properly and legally be deposited with and
23 received by any State or municipal officers or agency of the State for
24 any purpose for which the deposit of bonds or other obligations of the
25 State is now or may hereafter be authorized by law.

26

27 18A:71A-22. Pledge of State; Exemption From Taxation; Taxable
28 Bond Option.

29 a. The State of New Jersey does pledge to and agree with the
30 holders of the bonds, notes and other obligations issued pursuant to
31 authority contained in this act and N.J.S.18A:71A-8, that the State
32 will not limit the power and obligation of the authority to fulfill the
33 terms of any agreements made with the holders of bonds, notes and
34 other obligations so issued, or in any way impair the rights or remedies
35 of the holders of the bonds, and will not modify in any way the
36 exemptions for taxation provided for in this act, until the bonds, notes
37 and other obligations together with interest thereon, are fully paid and
38 discharged. The authority as a public body corporate and politic shall
39 have the right to include the pledge herein made in its bonds and
40 contracts.

41 b. Unless otherwise determined by the authority, all bonds, notes
42 or other obligations issued pursuant to this act are hereby declared to
43 be issued by a body corporate and politic of this State and for an
44 essential public and governmental purpose. The bonds, notes and
45 other obligations, and the interest thereon and the income therefrom,
46 and all fees, charges, funds, revenues, income and other moneys

1 pledged or available to pay or secure the payment of the bonds, notes
2 or other obligations, or interest thereon, shall at all times be exempt
3 from taxation except for transfer, inheritance and estate taxes.

4 c. With respect to all or any portion of any issue of any bonds, notes
5 or other obligations that the authority may issue in accordance with
6 this act, the authority may covenant, elect and consent that the interest
7 on the bonds be includable under the federal Internal Revenue Code of
8 1986, as amended, in the gross income of the holders of the bonds to
9 the same extent and in the same manner that the interest on bills,
10 bonds, notes or other obligations of the United States is includable in
11 the gross income of the holders under the federal Internal Revenue
12 Code of 1986, as amended, or in such other manner as the authority
13 may covenant, elect and consent. Bonds issued pursuant to this act
14 are not subject to any limitations or restrictions of any law that may
15 limit the authority's power to issue those bonds.

16
17 18A:71A-23. Higher Education Student Assistance Fund.

18 The authority shall establish and maintain a special fund called the
19 "Higher Education Student Assistance Fund" solely for its activities as
20 a guaranty agency and lender under 20 U.S.C. s.1071 et seq. The fund
21 shall consist of: a. all moneys appropriated by the Legislature for
22 inclusion in the fund; b. federal advances and other revenues realized
23 as a result of guaranty and lender activities under 20 U.S.C. s.1071 et
24 seq.; c. investment earnings of the fund; d. moneys contributed to the
25 authority by private sources, to be used for the purposes of this act;
26 e. the proceeds received by the sale of its bonds, bond anticipation
27 notes and other obligations as provided by law; and f. the proceeds
28 received by the authority from the resale of notes evidencing approved
29 loans made pursuant to this act.

30 The authority may in any resolution authorize the establishment
31 within the Higher Education Student Assistance Fund of separate
32 special funds as necessary for moneys to be held in pledge or
33 otherwise for payment or redemption of bonds, notes or other
34 obligations, reserves or other purposes and to covenant as to use and
35 disposition of the moneys held in these special funds.

36
37 18A:71A-24. Loan Reserve Fund.

38 a. Within the Higher Education Student Assistance Fund, the
39 authority shall establish and maintain a special fund called the "Loan
40 Reserve Fund" in which shall be deposited: (1) all reserve funds held
41 by the authority; (2) all moneys appropriated by the State for the
42 purpose of the fund, and (3) any other moneys or funds of the
43 authority which it determines to deposit therein. Moneys in the Loan
44 Reserve Fund shall be held and approved solely for the purchase by the
45 fund of defaulted loans either by payment to a lender or by transfer to
46 the Higher Education Student Assistance Fund, of the total amount of

1 principal and interest then due and owing on any defaulted note,
2 except to the extent that the moneys represent advances made to the
3 authority by the United States of America, or agencies thereof, which
4 the authority may be required to repay, and in the event repayment is
5 required, it shall be made from the Loan Reserve Fund.

6 b. The sum total of all funds on deposit in the Loan Reserve Fund,
7 hereafter referred to as the “loan reserve requirement,” shall in no
8 event be less than the amount required under 20 U.S.C. s.1071 et seq.

9 c. In order to assure the maintenance of the loan reserve
10 requirement in the Loan Reserve Fund, there shall be appropriated
11 annually and paid to the authority for deposit in the fund, such sum, if
12 any, as shall be certified by the chairperson of the Board of the Higher
13 Education Student Assistance Authority to the Governor as necessary
14 to maintain the fund in an amount equal to the loan reserve
15 requirement during the then current fiscal year. The chairperson shall
16 annually, on or before December 1, make and deliver to the Governor
17 a certificate stating the sums, if any, required to maintain the fund in
18 the amount equal to the loan reserve requirement, and the sum or sums
19 so certified shall be appropriated and paid to the authority during the
20 then current State fiscal year.

21 d. Moneys in the fund at any time in excess of the loan reserve
22 requirement, whether by reason of investment or otherwise, may be
23 withdrawn at any time by the authority and transferred to any other
24 fund or account of the authority, to the extent permitted under 20
25 U.S.C. s.1071 et seq.

26 e. Moneys at any time in the Loan Reserve Fund may be invested in
27 any direct obligations of, or obligations as to which the principal and
28 interest thereof is guaranteed by, the United States of America or
29 such other obligations as the authority may approve, to the extent
30 permitted under 20 U.S.C. s.1071 et seq.

31 f. For purposes of valuation, investments in the Loan Reserve Fund
32 shall be valued at the lowest of the par value, cost to the authority, or
33 market value of the investments. Valuation on any particular date
34 shall include the amount of interest then earned or accrued to the date
35 on any moneys or investments in the Loan Reserve Fund.

36

37 18A:71A-25. Capital Reserve Fund; Use; Investment.

38 a. The authority shall establish and maintain a special fund called the
39 “New Jersey Higher Education Student Assistance Capital Reserve
40 Fund” in which there shall be deposited: (1) all moneys appropriated
41 by the State for the purpose of the fund; (2) all proceeds of bonds
42 required to be deposited therein by terms of any contract between the
43 authority and its bondholders or any resolution of the authority with
44 respect to the proceeds or bonds; and (3) any other moneys or funds
45 of the authority which it determines to deposit therein. Moneys in the
46 capital reserve fund shall be held and applied solely to the payment of

1 the interest on and principal of bonds of the authority as the same shall
2 become due and payable and for the retirement of bonds, and shall not
3 be withdrawn therefrom if the withdrawal would reduce the amount in
4 the capital reserve fund to an amount equal to less than the maximum
5 debt service reserve, except for payment of interest then due and
6 payable on bonds and the principal of bonds then maturing and payable
7 and for the retirement of bonds in accordance with the terms of any
8 contract between the authority and its bondholders and for the
9 payments on account of which interest or principal or retirement of
10 bonds other moneys of the authority are not then available in
11 accordance with the terms of the contract. As used in this section,
12 "maximum debt service reserve" means, as of any date of computation,
13 the lesser of: the largest amount of money required by the terms of all
14 contracts between the authority and its bondholders to be raised in any
15 succeeding calendar year for the payment of interest on and maturing
16 principal of outstanding bonds and payments required by the terms of
17 the contracts to sinking funds established for the payment or
18 redemption of the bonds, all calculated on the assumption that bonds
19 will cease to be outstanding after the date of the computation by
20 reason of the payment of bonds at their respective maturities and the
21 payments of the required moneys to sinking funds and the application
22 thereof in accordance with the terms of the contracts to the retirement
23 of bonds; or the amount of money required by the terms of all
24 contracts between the authority and its bondholders to be maintained
25 in the fund.

26 b. Moneys in the fund at any time in excess of the maximum debt
27 service reserve, whether by reason of investment or otherwise, may be
28 withdrawn at any time by the authority and transferred to any other
29 fund or account of the authority.

30 c. Moneys at any time in the fund may be invested in any direct
31 obligations of, or obligations as to which the principal and interest
32 thereof is guaranteed by, the United States of America or such other
33 obligations as the authority may approve.

34 d. For purposes of valuation, investments in the capital reserve fund
35 shall be valued at the lowest of the par value, cost to the authority or
36 market value of the investments. Valuation on any particular date
37 shall include the amount of interest then earned or accrued to the date
38 on any moneys or investments in the reserve fund.

39 e. Notwithstanding any other provisions contained in this act, no
40 bonds shall be issued by the authority unless there is in the capital
41 reserve fund the maximum debt service reserve for all bonds then
42 issued and outstanding and the bonds about to be issued; provided
43 that nothing herein shall prevent or preclude the authority from
44 satisfying the foregoing requirement by depositing so much of the
45 proceeds of the bonds about to be issued, upon their issuance, as is
46 needed to achieve the maximum debt service reserve. The authority

1 may at any time issue its bonds, notes or other obligations for the
2 purpose of providing any amount necessary to increase the amount in
3 the capital reserve fund to the maximum debt service reserve, or to
4 meet such higher or additional reserve as may be fixed by the authority
5 with respect to the fund.

6 f. In order to assure the maintenance of the maximum debt service
7 reserve in the capital reserve fund, there shall be appropriated annually
8 and paid to the authority for deposit in the fund, such sum, if any, as
9 shall be certified by the chairperson of the Board of Higher Education
10 Student Assistance Authority to the Governor as necessary to restore
11 the fund to an amount equal to the maximum debt service reserve.
12 The chairperson shall annually, on or before December 1, make and
13 deliver to the Governor a certificate stating the sums, if any, required
14 to restore the fund to the amount equal to the maximum debt service
15 reserve, and the sum or sums so certified shall be appropriated and
16 paid to the authority during the then current State fiscal year.

17 g. The capital reserve fund shall be kept separate from any other
18 reserve fund established by the authority and shall not be subject to the
19 provisions of N.J.S.18A:71A-24.

20

21 18A:71A-26. Dissolution.

22 Should the Legislature act to dissolve the authority, the dissolution
23 shall not be complete until all loans guaranteed have been paid by the
24 borrower, or if in default, by the authority. Thereafter, upon
25 dissolution of the authority, or the cessation of its activities, all assets
26 of the authority, after payment and discharge of its debts and other
27 liabilities, shall be distributed to the State, for exclusively public
28 purposes, or distributed for one or more exempt purposes within the
29 meaning of paragraph (3) of subsection (c) of section 501 of the federal
30 Internal Revenue Code of 1986, 26 U.S.C. s.501.

31

32 18A:71A-27. Effect of Partial Invalidity; Severability.

33 If any clause, sentence, article, paragraph, section or part of this act
34 be adjudged to be unconstitutional or invalid, that judgment shall not
35 affect, impair or invalidate the remainder thereof, but shall be confined
36 in its operation to the clause, sentence, article, paragraph, section or
37 part thereof directly involved in the controversy in which the judgment
38 has been rendered.

39

40 18A:71A-28. Transfer of Functions, Powers and Duties of Office of
41 Student Assistance.

42 a. The Office of Student Assistance in, but not of, the Department
43 of the Treasury is abolished and all its functions, powers, duties and
44 employees are transferred to the Higher Education Student Assistance
45 Authority in, but not of, the Department of State.

46 b. Whenever, in any law, rule, regulation, order, contract,

1 document, judicial or administrative proceeding or otherwise,
2 reference is made to the Office of Student Assistance or officers
3 thereof in, but not of, the Department of the Treasury, the same shall
4 mean and refer to the Higher Education Student Assistance Authority
5 or the officers thereof in, but not of, the Department of State.

6 c. Nothing in this act shall be construed to alter the terms and
7 conditions, rights or remedies of any loan, grant or scholarship made
8 by the Office of Student Assistance.

9 d. This transfer shall be subject to the provisions of the "State
10 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.)

11

12 18A:71A-29. Transfer of Functions, Powers and Duties of Student
13 Assistance Board.

14 a. The Student Assistance Board in, but not of, the Department of
15 the Treasury established pursuant to section 1 of P.L.1977, c. 330
16 (C.18A:71-15.1), is abolished and all its functions, powers and duties
17 are transferred to the Higher Education Student Assistance Authority
18 in, but not of, the Department of State.

19 b. Whenever, in any law, rule, regulation, order, contract,
20 document, judicial or administrative proceeding or otherwise,
21 reference is made to the Student Assistance Board in, but not of, the
22 Department of the Treasury, the same shall mean and refer to the
23 Higher Education Student Assistance Authority in, but not of, the
24 Department of State.

25 c. Nothing in this act shall be construed to alter the terms and
26 conditions of any loan, grant or scholarship made to students through
27 the board.

28 d. This transfer shall be subject to the provisions of the "State
29 Agency Transfer Act", P.L.1971, c.375 (C.52:14D-1 et seq.).

30

31 18A:71A-30. Transfer of Functions, Powers and Duties of Higher
32 Education Assistance Authority.

33 a. The Higher Education Assistance Authority in, but not of, the
34 Department of the Treasury, established pursuant to N.J.S.18A:72-3,
35 is abolished and all its functions, powers and duties are transferred to
36 the Higher Education Student Assistance Authority in, but not of, the
37 Department of State.

38 b. Whenever, in any law, rule, regulation, order, contract,
39 document, judicial or administrative proceeding or otherwise,
40 reference is made to the Higher Education Assistance Authority or the
41 officers thereof in, but not of, the Department of the Treasury, the
42 same shall mean and refer to the Higher Education Student Assistance
43 Authority or the officers thereof in, but not of, the Department of
44 State.

45 c. Nothing in this act shall be construed to alter the terms and
46 conditions of loans made to students by the authority. Nothing in this

1 act shall be construed to alter the terms, conditions, rights, or
2 remedies of any obligation issued by the authority.

3 d. This transfer shall be subject to the provisions of the "State
4 Agency Transfer Act," P.L.1971, c.375 (C.52:14D-1 et seq.).

5

6 18A:71A-31. Abolishment of Executive Director of Student
7 Assistance Programs.

8 The Office of the Executive Director of Student Assistance
9 Programs in the Office of Student Assistance, established pursuant to
10 subsection b. of section 17 of P.L.1994, c.48 (C.18A:3B-17), is hereby
11 abolished.

12

13 18A:71A-32. Construction of Law.

14 The enactment of this revision law shall not:

15 a. affect the tenure, compensation and pension rights, if any, of the
16 lawful holder thereof, in any position held in the Office of Student
17 Assistance on the effective date of this act and not specifically
18 abolished in this act;

19 b. alter the term of any employee of the Office of Student
20 Assistance, lawfully employed as of the effective date of this act;

21 c. alter any terms or conditions of any student loans, grants or
22 scholarships;

23 d. alter any rights or obligations arising from any law, rule,
24 regulation, order, contract, loan, grant, document, judicial or
25 administrative proceeding.

26

27 18A:71A-33. Higher Education Student Assistance Authority to Be
28 Responsible for Implementation.

29 The Higher Education Student Assistance Authority, with the aid of
30 any department or officer thereof, if requested, shall be responsible for
31 any administrative, fiscal and personnel actions necessary to implement
32 the provisions of this act.

33

34 18A:71A-34. Limitation on Powers of Authority; Bond Holders
35 Protected.

36 The powers conferred in this act upon the Higher Education Student
37 Assistance Authority shall be exercised with due regard for the rights
38 of the holders of bonds of this State or any authority thereof, at any
39 time outstanding, and nothing in, or done pursuant to this act, shall in
40 any way limit, restrict, or alter the obligation or powers of the State
41 or its authorities to carry out and perform in every detail each and
42 every covenant, agreement or contract at any time made or entered
43 into by, or on behalf of the State or any authority thereof with respect
44 to its bonds or for the benefit, protection or security of the holders
45 thereof.

1 **Part 2.— Student Financial Aid**

2

3 Article 1. State Scholarships and Grants - General Provisions.

4

5 18A:71B-1. Eligible Institution Defined.

6 Unless otherwise restricted by the authority by regulation, "eligible
7 institution" for purposes of this chapter only means an institution of
8 higher education in this State that is licensed by the Commission on
9 Higher Education and accredited or preaccredited by a nationally
10 recognized accrediting association. Eligible institution shall also
11 include certain proprietary institutions but only for certain degree
12 granting programs as approved by the commission.

13

14 18A:71B-2. Student Eligibility.

15 a. A student who is enrolled in an eligible institution and who is
16 eligible for and receives any form of student financial aid through a
17 program administered by the State under this chapter shall be
18 considered to remain domiciled in New Jersey and eligible for
19 continued financial assistance notwithstanding the fact that the student
20 is financially dependent upon the student's parents or guardians and
21 that the parents or guardians change their domicile to another State.

22 b. A person shall not be awarded financial aid under this chapter
23 unless the person has been a resident of this State for a period of not
24 less than 12 months immediately prior to receiving the financial aid.

25 c. A person shall not be awarded student financial aid under this
26 chapter unless the person is a United States citizen or eligible
27 noncitizen, as determined under 20 U.S.C. s.1091. The authority shall
28 determine whether persons who were eligible noncitizens prior to the
29 effective date of the "Personal Responsibility and Work Opportunity
30 Reconciliation Act of 1996," Pub.L. 104-193, but not after that date,
31 shall continue to be eligible for student financial aid under this chapter.

32 d. A person who is incarcerated shall not be eligible for student
33 financial aid under this chapter.

34

35 18A:71B-3. Discrimination Forbidden.

36 Financial aid under this chapter shall be awarded without regard to
37 race, religion, creed, age, sex, national origin or handicapped status.

38

39 18A:71B-4. Academic Year Defined.

40 a. An academic year for the purpose of this chapter means the
41 period between the time the institution which the student is attending
42 opens after the general summer vacation until the beginning of the next
43 succeeding summer vacation.

44 b. In case an institution operates on a full calendar-year program,
45 the academic year shall be determined in accordance with rules
46 adopted by the authority, but in no case shall be less than one-fifth of

1 the time required for the completion of a five-year program, or one-
2 fourth of the time required for the four-year program in an institution
3 operating on an academic year as defined in subsection a. of this
4 section.

5
6 18A:71B-5. Notification of Authority in the Case of Withdrawal or
7 Change in Status.

8 In the event a student for any reason ceases to continue to be
9 enrolled or otherwise becomes ineligible during the course of an
10 academic year, the student shall cease to be eligible for financial aid
11 under this chapter. Both the student and the institution shall have the
12 responsibility to notify the authority when a student ceases to be
13 eligible to receive student assistance because of withdrawal for any
14 reason or a change in status from a full to part-time student.

15
16 18A:71B-6. Verification of Compliance with Military Selective
17 Service Act.

18 A student who is subject to the provisions of the "Military Selective
19 Service Act," 50 U.S.C. App. 453, shall not be eligible to receive any
20 State-funded loan, grant, or scholarship for attendance at any
21 postsecondary institution without verification of compliance with the
22 requirements of that act. Verification of compliance shall be satisfied
23 as follows:

24 a. for a student who uses the Free Application for Federal Student
25 Aid or its equivalent to receive financial aid, verification of military
26 selective service compliance provided under the federal "Higher
27 Education Act of 1965," Pub.L.89-329 (20 U.S.C. s.1001 et seq.)
28 shall be satisfactory;

29 b. for a student who does not use the Free Application for Federal
30 Student Aid or its equivalent, the institution or agency awarding the
31 financial aid shall not disburse the aid until provided proof, as specified
32 by regulations, that the student has complied with the requirements of
33 the "Military Selective Service Act."

34
35 18A:71B-7. Rules and Regulations.

36 The Higher Education Student Assistance Authority shall adopt rules
37 and regulations pursuant to the "Administrative Procedure Act,"
38 P.L.1968, c.410 (C.52:14B-1 et seq.), which are necessary to carry
39 out the provisions of N.J.S.18A:71B-6.

40
41 18A:71B-8. Compliance with Terms and Conditions of Financial
42 Aid.

43 A person shall not be awarded financial aid under this chapter unless
44 the person has complied with all the regulations, rules, and
45 requirements adopted by the authority for the award, regulation and
46 administration of financial aid programs under this chapter.

1 18A:71B-9. False Information; Penalty.

2 A person who knowingly and willfully furnishes any false or
3 misleading information for the purpose of obtaining a scholarship or
4 tuition assistance grant, or of enabling another to obtain a scholarship
5 or tuition assistance grant under any program administered by the
6 authority shall be guilty of a crime of the fourth degree. A statement
7 to this effect shall be distributed with all State application forms
8 utilized for any State scholarship or grant programs administered by
9 the authority.

10

11 18A:71B-10. Collection of Overpayments and Ineligible Payments
12 of Financial Aid.

13 Because the institution is responsible for ensuring a student's
14 eligibility for financial aid awarded under this chapter, the institution
15 shall be responsible for collecting any State awards which are
16 overpayments or any State awards for which the student is ineligible
17 in whole or in part. In the event an institution is unable to collect an
18 overpayment or ineligible payment from the student, the institution
19 may request the authority to collect the debt from the student. If the
20 institution demonstrates to the authority that it has made a good faith
21 effort to collect the debt, the authority may, on a case by case basis,
22 approve this request. If the authority approves this request from an
23 institution, the authority may use collection procedures that include,
24 but are not limited to, the procedures set forth under N.J.S.18A:71C-1
25 through N.J.S.18A:71C-20.

26

27 Article 2. Garden State Scholarships.

28

29 18A:71B-11. Scholarships Created.

30 There are hereby created Garden State Scholarships which shall be
31 maintained by the State, awarded to secondary school students with
32 records of distinguished achievement and promise, and used for
33 undergraduate study in eligible institutions. These scholarships may
34 be awarded on the basis of indicators of academic merit defined by the
35 authority without consideration of financial need.

36

37 18A:71B-12. Administration by the Authority.

38 The authority shall administer the provisions of this article, establish
39 criteria, methodology and guidelines for awarding Garden State
40 Scholarships, adopt rules and regulations, and prescribe and provide
41 appropriate forms for application for Garden State Scholarships.

42

43 18A:71B-13. Criteria, Methodology and Guidelines; Revisions.

44 Any revisions to criteria, methodology and guidelines in effect at the
45 date this act becomes effective shall, after consultation with the
46 Commission on Higher Education, be submitted to the Legislature by

1 the authority, together with appropriate supporting information, and
2 the criteria, methodology and guidelines shall be deemed approved by
3 the Legislature at the end of 60 calendar days after the date on which
4 they are transmitted to the Legislature, or if the Legislature is not in
5 session the sixtieth day, then on the next succeeding day on which it
6 is meeting, unless between the date of transmittal and the end of the
7 60-day period the Legislature passes a concurrent resolution rejecting
8 the criteria, methodology and guidelines in which case the criteria,
9 methodology and guidelines then in effect shall continue in effect.

10

11 18A:71B-14. Award of Scholarships.

12 As determined by the authority and subject to the amount of
13 appropriations available therefor, a Garden State Scholarship shall be
14 awarded annually to each eligible New Jersey resident enrolled as a
15 full-time undergraduate in a curriculum leading to a degree or
16 certificate in an eligible institution.

17

18 18A:71B-15. Renewal of Scholarships.

19 Each Garden State scholarship awarded shall be renewable annually
20 for up to four years except that, in the case of a scholarship holder
21 who is enrolled in a course of study required by the institution to cover
22 five years, the period of the scholarship shall be the length of time
23 regularly required for the completion of the course of study, but each
24 scholarship shall remain in effect only during such period as the
25 undergraduate holder thereof achieves satisfactory academic progress
26 as defined by the institution, continues to meet the eligibility criteria
27 and guidelines established pursuant to N.J.S.18A:71B-12, and is
28 regularly enrolled as a full-time student in an eligible institution.

29

30 18A:71B-16. Amount of Scholarship; Payments.

31 A Garden State Scholarship shall entitle the recipient to an award in
32 an amount established by the authority pursuant to N.J.S.18A:71B-12,
33 and subject to the amount of appropriations available therefor.
34 Payments under this article shall be made by the State Treasurer on the
35 order of the executive director in accordance with the rules adopted
36 by the authority.

37

38 18A:71B-17. Limitation.

39 A Garden State Scholarship shall not, when combined with any other
40 financial assistance, exceed, except for a nominal amount as
41 determined by the authority, the student's cost of attendance at the
42 institution where the grants are used.

43

44 Article 3. State Tuition Aid Grants.

1 18A:71B-18. Grants Created; Use.

2 There are hereby created State tuition aid grants which shall be
3 maintained by the State, awarded and administered pursuant to this
4 act, and used by the holders thereof for undergraduate study in eligible
5 institutions.

6

7 18A:71B-19. Administration of Provisions.

8 The authority shall administer the provisions of this article, adopt
9 rules and regulations, and prescribe and provide appropriate forms for
10 application for State tuition aid grants.

11

12 18A:71B-20. Eligibility, Prerequisite.

13 a. A State tuition aid grant shall be awarded annually to each
14 eligible, qualified full-time undergraduate student enrolled in a
15 curriculum leading to a degree or certificate in an eligible institution,
16 or in an institution of higher education in another state, provided that
17 state permits its residents to utilize its state student financial assistance
18 grants in New Jersey institutions of higher education through
19 reciprocity agreements approved by the authority. In no event shall a
20 State tuition aid grant be utilized at an out-of-state institution which
21 is not licensed by that state and accredited by a regional accrediting
22 association recognized by a national accrediting organization.

23 b. To each New Jersey resident enrolled as a full-time student and
24 meeting the other requirements for eligibility under this chapter, the
25 State shall grant an amount as provided in N.J.S.18A:71B-21. A
26 student shall not be eligible for a grant unless the application is in a
27 form satisfactory to the authority. A student shall not be eligible for
28 grants for more than four and one-half academic years, unless the
29 recipient is enrolled in an undergraduate program regularly requiring
30 five academic years for completion, in which case the authority shall
31 permit five and one-half years of eligibility. Notwithstanding the
32 foregoing provisions, a student receiving aid under the provisions of
33 P.L.1968, c.142 (C. 18A:71-28 et seq.) shall be entitled to a sixth year
34 of eligibility. Notwithstanding the foregoing provisions, a county
35 college student who transfers to a four- year institution, or any student
36 who is required to pursue 18 or more credit hours in a remedial or
37 developmental curriculum, as defined by regulations adopted by the
38 authority, is entitled to an additional half year of eligibility. For the
39 purpose of this article, a remedial curriculum shall include only
40 noncredit courses in which a student is directed to enroll by the
41 institution. Eligibility for tuition aid grants may be extended to part-
42 time students through regulations developed by the authority if funds
43 are separately appropriated for this purpose. A student shall not be
44 eligible for grants unless the student maintains such minimum
45 standards of academic performance as are required by the institution
46 of enrollment. A student who is enrolled in a course leading to a

1 degree in theology or divinity shall not be eligible for a tuition aid
2 grant.

3 c. A person shall not be awarded a State tuition aid grant unless that
4 person:

5 (1) satisfies the residency and other requirements provided in article
6 1 of this part;

7 (2) has applied for State tuition aid and has been determined by the
8 authority to be eligible for the tuition aid;

9 (3) has demonstrated financial need for the tuition aid as determined
10 by and in accordance with standards to be established by the authority;
11 and

12 (4) maintains satisfactory academic progress in accordance with
13 standards established by the authority.

14

15 18A:71B-21. Amount of Grant; Reduction of Award.

16 a. The amount of a tuition aid grant awarded under this article to
17 any student attending an eligible institution shall be established by the
18 authority, but shall not exceed the maximum amount of tuition
19 normally charged at a public institution of higher education for
20 students attending that institution or 50% of the average tuition
21 normally charged at the independent institutions of higher education
22 for students attending those institutions. The amount of a State tuition
23 aid grant awarded under this act to any student attending an institution
24 of higher education in any state other than New Jersey pursuant to this
25 section shall not exceed \$500 in an academic year. The amount of
26 grant to be paid for each semester or its equivalent shall be based on
27 the financial need for the grant, as determined by standards and
28 procedures established by the authority, and subject to the amount of
29 appropriations available therefor.

30 b. Appropriations for each program category of tuition aid grants
31 shall be separately made by line item.

32 c. State tuition aid grants shall be awarded by the authority to all
33 eligible applicants without any limitation on the number to be awarded
34 in any year other than the amount of appropriations available therefor.
35 In the event that the amount appropriated is insufficient for full awards
36 to all eligible applicants, the authority, in consultation with the
37 Commission on Higher Education, shall reduce awards equitably
38 among eligible students according to such procedures and guidelines
39 as it shall establish. Any revisions of procedures and guidelines in
40 effect as of the effective date of this act shall be submitted on or
41 before March 1 of the pre-budget year by the executive director of the
42 authority to the Joint Budget Oversight Committee of the Legislature,
43 or its successor, together with supporting information. The revised
44 criteria and guidelines may be approved or disapproved by the Joint
45 Budget Oversight Committee, or its successor, at any time; provided
46 that if at the end of a 60 calendar day period after the date on which

1 the revisions are transmitted to the committee, the committee has
2 taken no action, the proposed revised criteria and guidelines shall be
3 deemed to be approved by the committee.

4
5 18A:71B-22. Construction of Article.

6 This article shall not be construed as granting any authority to
7 control or influence the policies of any educational institution because
8 it accepts students receiving tuition aid grants, nor as requiring any
9 institution to admit or once admitted to continue in the institution any
10 tuition aid recipient.

11
12 Article 4. Survivor Tuition Benefits Program.

13
14 18A:71B-23. Scholarships for Undergraduate Education; Eligibility.

15 Any child or surviving spouse of a member or officer of a New
16 Jersey volunteer fire company, volunteer first aid or rescue squad or
17 municipal fire, police, county police or park police department, State
18 fire service or of the division of State police, or of a permanent, active
19 and full-time officer employee of this State or any political subdivision
20 thereof holding the following titles: State investigator, correction
21 officer, recruit, senior correction officer, sergeant, lieutenant, captain,
22 correction officer duty keeper, court attendant and sheriff's officer,
23 court attendant and sheriff's officer lieutenant, court attendant and
24 sheriff's officer captain, court attendant and sheriff's officer deputy
25 chief, prosecutor's detective, prosecutor's investigator, narcotics
26 officer, marine patrolman, senior marine patrolman, principal marine
27 patrolman, chief, bureau of marine law enforcement, or who is an
28 inspector, assistant, technician, supervisor or superintendent with
29 respect to the enforcement and regulation of weights and measures, or
30 civil defense or disaster control worker, which member, officer or
31 worker was killed in the performance of his duties as a member of such
32 company, squad or fire or police department or division, or worker in
33 a civil defense or disaster control unit, upon such child or surviving
34 spouse being accepted to pursue a course of undergraduate study in
35 any public institution of higher education of this State, as enumerated
36 in N.J.S.18A:62-1, shall, while enrolled as an undergraduate student
37 in good standing at the institution, have the tuition paid by the State;
38 or upon that child or surviving spouse being accepted to pursue a
39 course of undergraduate study at any independent institution of higher
40 education located in the State, shall, while enrolled as an
41 undergraduate in good standing at that independent institution of
42 higher education, have that part of the tuition which is not more than
43 the highest tuition charged at the public institutions of higher
44 education in this State, enumerated in N.J.S.18A:62-1, paid by the
45 State.

46 Eligibility for this program shall be limited to a period of eight years

1 from the date of death of the member, officer or worker, in the case of
2 a surviving spouse, and eight years following graduation from high
3 school, in the case of a child, pursuant to rules and regulations
4 established by the authority.

5
6 18A:71B-24. Appropriation of Funds.

7 There shall be appropriated to the authority in any general or
8 supplemental appropriation act such sums as shall be necessary to
9 carry out the purposes of N.J.S.18A:71B-23.

10
11 Article 5. Miss New Jersey Educational Scholarship Program.

12
13 18A:71B-25. Scholarship Program Established.

14 There is established the Miss New Jersey Educational Scholarship
15 program. It shall be the duty of the Higher Education Student
16 Assistance Authority, established pursuant to N.J.S.18A:71A-3, to
17 administer this program.

18
19 18A:71B-26. Scholarship Eligibility.

20 A Miss New Jersey Educational Scholarship shall be awarded
21 annually to an individual who has been designated by the Higher
22 Education Student Assistance Authority, in consultation with the Miss
23 New Jersey Pageant Organization, as being an exceptional young
24 leader in the area of civic, cultural or charitable endeavors in the spirit
25 of the Miss New Jersey Pageant. In order to be eligible for the
26 scholarship, the individual shall be enrolled in or accepted into a
27 course of study leading to an initial bachelors degree or a post
28 graduate degree in any public institution of higher education of this
29 State, as enumerated in N.J.S.18A:62-1.

30
31 18A:71B-27. Scholarship Conditions.

32 Any Miss New Jersey scholarship recipient who enrolls in a public
33 institution of higher education in the State shall be allowed to obtain
34 an initial bachelors degree or a post graduate degree without payment
35 of tuition as long as the individual remains a full time student in good
36 standing at the institution. There shall be appropriated annually to the
37 Higher Education Student Assistance Authority a sum equal to the
38 cost of tuition at each public institution enrolling a Miss New Jersey
39 Scholarship recipient and any other sums as shall be necessary to carry
40 out the purposes of the Miss New Jersey Educational Scholarship
41 program. The scholarship recipient shall be responsible for all other
42 costs.

1 Article 6. Garden State Savings Bonds.

2

3 18A:71B-28. Definitions.

4 As used in this article:

5 “Garden State Savings Bonds” means bonds of the State of New
6 Jersey and its authorities issued pursuant to the provisions of this
7 article.

8 “Institution of higher education” means any public institution of
9 higher education as defined in N.J.S.18A:62-1 and any independent
10 institution of higher education which is an “eligible institution” as
11 defined in section 3 of P.L.1979, c.132 (C.18A:72B-17).

12 “Issuing officials” means the Governor, the State Treasurer, the
13 Director of the Division of Budget and Accounting in the Department
14 of the Treasury and the issuing authority or agency.

15

16 18A:71B-29. Issue of Bonds.

17 a. In furtherance of the public policy of this article, the State shall
18 set aside, from the bonds of the State of New Jersey authorized to be
19 issued or from the bonds of any authority or agency authorized to be
20 issued, an amount to be determined by the State Treasurer of the total
21 aggregate original principal amount of the bonds. These bonds shall
22 be issued as determined by the issuing officials and shall be known as
23 “Garden State Savings Bonds,” in addition to any other name they may
24 be known as.

25 b. Garden State Savings Bonds may be issued in low denominations
26 and in the form or forms, whether coupon, fully-registered or book
27 entry, and with or without provisions for interchangeability thereof, as
28 may be determined by the issuing officials, and in such amounts as will
29 allow a large number of New Jersey families to participate in the
30 program, and with the maturity dates which will make funds available
31 to purchasers at the time when the funds are needed for educational
32 purposes.

33 c. When Garden State Savings Bonds are issued from time to time,
34 the bonds of each issue shall constitute a separate series to be
35 designated by the issuing officials. Each series of bonds so designated
36 shall bear the rate or rates of interest as may be determined by the
37 issuing officials, which interest shall be payable as may be determined
38 by the issuing officials.

39

40 18A:71B-30. Participation by Institutions of Higher Education.

41 a. The State Treasurer, in consultation with the commission, shall
42 also provide for additional financial incentives to be provided to
43 holders of Garden State Savings Bonds to encourage the enrollment
44 of students at institutions of higher education located in the State of
45 New Jersey. These financial incentives shall be in such forms as
46 determined by the State Treasurer in consultation with issuing officials

1 at the time of the authorization of the Garden State Savings Bonds and
2 shall at a minimum provide that each participating institution shall
3 guarantee that the value of Garden State Savings Bonds redeemed for
4 the purposes of the payment of tuition, fees, and other educational
5 costs at the institution, shall, at the time of matriculation of the
6 student, be increased by not less than six percent of the face value of
7 the bonds at the time of redemption. Two percent of the incentive
8 amount shall be paid by the State, and four percent by participating
9 institutions.

10 b. Every public institution of higher education in New Jersey shall
11 participate in the financial incentive program. Independent institutions
12 of higher education in New Jersey may elect to participate in the
13 program. Each independent institution which elects to participate shall
14 enter into a contract with the Department of the Treasury which shall,
15 at a minimum, define the terms of participation and establish
16 conditions under which an institution may withdraw from the program.
17 Any independent institution that withdraws from the program shall
18 guarantee to provide the financial incentives in effect for all bonds
19 purchased during the period in which the institution was a participant
20 in the program.

21 c. The original purchaser and any member of the immediate family
22 of the original purchaser of a Garden State Savings Bond shall be
23 eligible for the financial incentive program established pursuant to this
24 section.

25

26 18A:71B-31. Dollar Amount Not to be Considered in Determining
27 Eligibility for Monetary Assistance.

28 Annually, the authority shall determine a dollar amount of Garden
29 State Savings Bonds or accumulated bonds, interest or supplemental
30 payment, which shall not be less than \$25,000, unless a greater amount
31 is approved by the authority, which shall not be considered in
32 evaluating the financial needs of a student enrolled at an institution of
33 higher education located in the State of New Jersey, or be deemed a
34 financial resource of or a form of financial aid or assistance to each
35 student, for purposes of determining the eligibility of a student for any
36 scholarship, grant, or monetary assistance awarded by the State; nor
37 shall the amount of any such bonds, interest or supplemental payment
38 as determined by the authority provided for a qualified student under
39 this article reduce the amount of any scholarship, grant or monetary
40 assistance which the student is entitled to be awarded by the State.

41

42 18A:71B-32. Report on Results of Sale.

43 The State Treasurer or the issuing authority or agency shall submit
44 a report after each bond issuance to the commission detailing the
45 results of each separate sale of Garden State Savings Bonds.

1 18A:71B-33. Duties of the State Treasurer.

2 The State Treasurer shall, in consultation with the commission,
3 approve the following:

4 a. additional financial incentives as provided in this article;

5 b. limits that may be imposed on the amount of Garden State
6 Savings Bonds that may be purchased by individual households;

7 c. minimum denominations to market the Garden State Savings
8 Bonds so that they are affordable by individuals; however, each issue
9 shall be offered with sufficient bonds at a purchase price of \$100 to
10 satisfy demand.

11 In addition, the State Treasurer shall evaluate the feasibility of
12 staggered or periodic forms of payments for Garden State Savings
13 Bonds and shall advise the issuing officials regarding the evaluation.

14

15 18A:71B-34. Assessment of Effectiveness of Program.

16 The commission and the State Treasurer shall assess the
17 effectiveness of the program and recommend any necessary changes
18 to the issuing officials regarding future bond sales after the initial sale
19 of Garden State Savings Bonds.

20

21 Article 7. New Jersey Better Educational Savings Trust Program.

22

23 18A:71B-35. Legislative Findings and Declarations.

24 The Legislature finds and declares that:

25 a. This State is committed to making world-class education
26 accessible and affordable for all New Jersey students;

27 b. When families save for college education, they are making an
28 important investment in the future for themselves and the young
29 people of this State;

30 c. Incentives are needed to encourage families to save for college
31 education;

32 d. The "Small Business Job Protection Act of 1996,"
33 Pub.L.104-188, amended the federal Internal Revenue Code to provide
34 for favorable tax treatment for qualified college savings programs and
35 participants in the programs; and

36 e. In addition to favorable federal tax treatment for a college savings
37 program and its participants, it is desirable to provide favorable State
38 tax treatment, as a special incentive for student beneficiaries to attend
39 college in this State.

40

41 18A:71B-36. Definitions.

42 As used in this article:

43 "Account" means an individual trust account or savings account
44 established in accordance with this article;

45 "Authority" means the Higher Education Student Assistance
46 Authority;

1 "Contributor" means the person or organization contributing to and
2 maintaining an account and having the right to withdraw funds from
3 the account before the account is disbursed to or for the benefit of the
4 designated beneficiary;

5 "Designated beneficiary" means: a. the individual designated at the
6 time the account is opened as the individual whose higher education
7 expenses are expected to be paid from the account; b. the replacement
8 beneficiary if the change in designated beneficiary would not result in
9 a distribution that is included in federal gross income under section
10 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529;
11 and c. in the case of an interest in the program purchased by a state
12 or local government or an organization described in paragraph (3) of
13 subsection (c) of section 501 of the federal Internal Revenue Code of
14 1986, 26 U.S.C.s.501 and exempt from taxation under subsection (a)
15 of section 501 of the federal Internal Revenue Code of 1986, 26
16 U.S.C.s.501, as a part of a scholarship program operated by the
17 government or organization, the individual receiving the interest as a
18 scholarship;

19 "Higher education institution" means an eligible educational
20 institution as defined in or for purposes of section 529 of the federal
21 Internal Revenue Code of 1986, 26 U.S.C.s.529. Higher education
22 institution shall include a proprietary institution if expenses for tuition
23 at the institution would be considered qualified higher education
24 expenses under section 529 of the federal Internal Revenue Code of
25 1986, 26 U.S.C.s.529, but only for degree granting programs licensed
26 or approved by the Commission on Higher Education or for other
27 proprietary institutions as determined by the authority;

28 "Investment Manager" means the Division of Investment in the
29 Department of the Treasury or the private entities authorized to do
30 business in this State that may be designated by the authority to invest
31 the funds of the trust pursuant to the terms of this article;

32 "Member of the family" means a member of the family as defined in
33 or for purposes of section 529 of the federal Internal Revenue Code
34 of 1986, 26 U.S.C.s.529;

35 "Nonqualified withdrawal" means a withdrawal from an account
36 other than: a. a qualified withdrawal; b. a withdrawal made as the
37 result of the death or disability of the designated beneficiary of an
38 account; c. a withdrawal made on account of a scholarship (or
39 allowance or payment described in subparagraph (B) or (C) of
40 paragraph (1) of subsection (d) of section 135 of the federal Internal
41 Revenue Code of 1986, 26 U.S.C.s.135) received by the designated
42 beneficiary, but only to the extent of the amount of that scholarship,
43 allowance or payment; d. a rollover or change in designated
44 beneficiary which would not result in a distribution includible in
45 federal gross income under section 529 of the federal Internal
46 Revenue Code of 1986, 26 U.S.C.s.529; or e. any other withdrawal

1 if the failure of the program to impose a more than de minimis penalty
2 on the withdrawal would cause the program not to be a qualified State
3 tuition program under section 529 of the federal Internal Revenue
4 Code of 1986, 26 U.S.C.s.529;

5 "Program" means the "New Jersey Better Educational Savings Trust
6 (NJBEST) Program" established pursuant to this article;

7 "Qualified higher education expenses" means expenses described in
8 paragraph (3) of subsection (e) of section 529 of the federal Internal
9 Revenue Code of 1986, 26 U.S.C.s.529 incurred in connection with
10 the enrollment of a designated beneficiary at a higher education
11 institution;

12 "Qualified withdrawal" means a withdrawal from an account to pay
13 the qualified higher education expenses of the designated beneficiary
14 of the account; but a withdrawal shall not be considered a qualified
15 withdrawal if the failure of the program to impose a more than de
16 minimis penalty on the withdrawal would cause the program not to
17 qualify as a qualified State tuition program under section 529 of the
18 federal Internal Revenue Code of 1986, U.S.C.s.529;

19 "Trust" means the "New Jersey Better Educational Savings Trust"
20 established pursuant to N.J.S.18A:71B-37.

21
22 18A:71B-37. New Jersey Better Educational Savings Trust Created.

23 There is created within the Higher Education Student Assistance
24 Authority the New Jersey Better Educational Savings Trust
25 (NJBEST). The trust shall provide a mechanism through which the
26 authority, as trustee, holds accounts established and maintained
27 pursuant to the provisions of this article to finance the cost of qualified
28 higher education expenses.

29
30 18A:71B-38. Administration of the Program; Powers of the
31 Authority.

32 The Higher Education Student Assistance Authority shall administer
33 the NJBEST Program. The authority shall have the power to:

- 34 a. serve as trustee of the trust;
- 35 b. adopt rules and regulations pursuant to the "Administrative
36 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to
37 carry out the provisions of this article;
- 38 c. prescribe and provide appropriate forms for participation in the
39 program;
- 40 d. select an investment manager and any other contractors needed
41 to manage and market the program;
- 42 e. monitor the investment manager and any other contractors by
43 audits and other reports;
- 44 f. collect reasonable administrative fees in connection with any
45 contract or transaction relating to the program;
- 46 g. impose penalties for nonqualified withdrawals;

1 h. take all actions required so that the program is treated as a
2 qualified State tuition program under section 529 of the federal
3 Internal Revenue Code of 1986, 26 U.S.C.s.529; and

4 i. perform any other acts which may be deemed necessary or
5 appropriate to carry out the objects and purposes of this article.

6
7 18A:71B-39. Immunity.

8 Neither the members of the authority, nor any officer or employee of
9 the authority shall be liable personally for the debts, liabilities or
10 obligations of the program established pursuant to this article.

11
12 18A:71B-40. Selection of Investment Manager.

13 a. The authority shall select an investment manager or managers to
14 invest the funds of the trust or the funds in accounts. In making this
15 selection, any investment manager shall be subject to the "prudent
16 person" standard of care applicable to the Division of Investment in
17 the Department of the Treasury pursuant to subsection b. of section 11
18 of P.L.1950, c.270 (C.52:18A-89), and the authority shall consider the
19 impact of fees and costs imposed by the manager or managers on yield
20 to contributors.

21 b. The authority may select more than one investment manager and
22 investment instrument for the program if it is in the best interest of
23 contributors and will not interfere with the administration of the
24 program.

25 c. The authority may provide a contributor with a choice of
26 investment managers or investment instruments or both for the
27 program if both of the following conditions exist:

28 (1) the federal Internal Revenue Service has provided guidance that
29 providing a contributor with a choice of investment managers or
30 instruments under a State tuition program will not cause the program
31 to fail to qualify for favorable tax treatment under section 529 of the
32 federal Internal Revenue Code of 1986, 26 U.S.C. s.529; and

33 (2) the authority concludes that a choice of investment managers or
34 of investment instruments is in the best interest of contributors and
35 will not interfere with the administration of the program.

36 d. If the authority terminates the designation of an investment
37 manager to hold accounts, and accounts must be moved from that
38 investment manager to another investment manager, the authority shall
39 select the investment manager and type of investment instrument to
40 which the balance of the account is moved, unless the federal Internal
41 Revenue Service provides guidance that allowing the contributor to
42 select among several investment managers or investment instruments
43 that have been selected by the authority would not cause a program to
44 cease to be a qualified State tuition program for the purposes of
45 section 529 of the federal Internal Revenue Code, 26 U.S.C. s.529.

1 18A:71B-41. Operation of Program; Fees.

2 a. The program shall be operated as a trust through the use of
3 accounts for designated beneficiaries. An account may be opened by
4 any person who desires to save to pay the qualified higher education
5 expenses of an individual by satisfying each of the following
6 requirements:

7 (1) completing an application in the form prescribed by the
8 authority;

9 (2) paying the one-time application fee established by the authority;

10 (3) making the minimum contribution required by the authority for
11 opening an account;

12 (4) designating the account or accounts to be opened; and

13 (5) in the case of an account to which subsection a. of
14 N.J.S.A.18A:71B-44 would apply, demonstrating to the satisfaction
15 of the authority that either the contributor, if an individual, or the
16 designated beneficiary is a New Jersey resident. The requirement of
17 New Jersey residency for either the contributor or the designated
18 beneficiary would not apply to an account to which subsection b. of
19 N.J.S.18A:71B-44 would apply unless otherwise determined by the
20 authority.

21 b. Except as provided under N.J.S.18A:71B-42, only the contributor
22 may make contributions to an account after the account is opened.

23 c. Contributions to accounts shall be made only in cash, as defined
24 by the authority pursuant to regulations, in accordance with section
25 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

26 d. Contributors may withdraw all or part of the balance from an
27 account on sixty days' notice or a shorter period, as may be authorized
28 by the authority pursuant to regulations.

29 e. A contributor may change the designated beneficiary of an
30 account or rollover all or a portion of an account to another account
31 if the change or rollover would not result in a distribution includible
32 in gross income under section 529 of the federal Internal Revenue
33 Code of 1986, 26 U.S.C.s.529, in accordance with procedures
34 established by the authority.

35 f. In the case of any nonqualified withdrawal, a penalty at a level
36 established by the authority and sufficient to be considered a more than
37 de minimis penalty for purposes of section 529 of the federal Internal
38 Revenue Code of 1986, 26 U.S.C.s.529, shall be withheld and paid to
39 the authority for use in operating and marketing the program. The
40 authority may elect not to impose a penalty if that section ceases to
41 include a provision requiring more than de minimis penalties for a
42 program to qualify as a qualified State tuition program.

43 g. If a contributor makes a nonqualified withdrawal and a penalty
44 amount is not withheld pursuant to subsection f. of this section or the
45 amount withheld is less than the amount required to be withheld under
46 that subsection, the contributor shall pay the unpaid portion of the

1 penalty to the authority at the same time that the contributor files a
2 State income tax return for the taxable year of the withdrawal, or if the
3 contributor does not file a return, the unpaid portion of the penalty
4 shall be paid on or before the due date for the filing of that income tax
5 return.

6 h. Each account shall be maintained separately from each other
7 account under the program.

8 i. Separate records and accounting shall be maintained for each
9 account for each designated beneficiary.

10 j. A contributor to or designated beneficiary of any account shall not
11 direct the investment of any contributions to an account or the
12 earnings from the account, except as permitted under section 529 of
13 the federal Internal Revenue Code of 1986, 26 U.S.C.s.529.

14 k. A contributor or a designated beneficiary shall not use an interest
15 in an account as security for a loan. Any pledge of an interest in an
16 account is of no force and effect.

17 l. The maximum contribution for any designated beneficiary shall be
18 determined by the authority pursuant to regulations, in accordance
19 with section 529 of the federal Internal Revenue Code of 1986, 26
20 U.S.C.s.529.

21 m. Statements, reports on distributions and information returns
22 relating to accounts shall be prepared, distributed, and filed to the
23 extent required by section 529 of the federal Internal Revenue Code
24 of 1986, 26 U.S.C.s.529, or regulations issued thereunder.

25 n. The authority may charge, impose and collect reasonable
26 administrative fees and service charges in connection with any
27 agreement, contract or transaction relating to the program. These fees
28 and charges may be imposed directly on contributors or may be taken
29 as a percentage of the investment earnings on accounts.

30 o. The State or any State agency, municipality, or other political
31 subdivision may, by contract or collective bargaining agreement, agree
32 with any employee to remit contributions to accounts through payroll
33 deductions made by the appropriate officer or officers of the State,
34 State agency, county, municipality, or political subdivision. The
35 contributions shall be held and administered in accordance with this
36 act.

37

38 18A:71B-42. NJBEST Scholarship; Conditions.

39 a. An amount of no less than \$500 shall be provided by the State for
40 the qualified higher education expenses of a designated beneficiary at
41 the time of a qualified withdrawal provided that:

42 (1) the contributor demonstrates, to the satisfaction of the authority,
43 that the contributor participated in the program for at least four years
44 by making a qualifying minimum initial deposit or qualifying minimum
45 annual contributions, or both, as shall be determined by the authority,
46 for a designated beneficiary;

1 (2) the designated beneficiary demonstrates, to the satisfaction of
2 the authority, attendance or enrollment in a higher education
3 institution in this State, at the time of initial attendance or enrollment
4 in the higher education institution; and

5 (3) either the contributor, if an individual, or the designated
6 beneficiary demonstrates, to the satisfaction of the authority, that the
7 contributor or designated beneficiary is a New Jersey resident.

8 b. The amount provided under subsection a. of this section shall
9 meet the requirements of a qualified scholarship within the meaning of
10 section 117 of the federal Internal Revenue Code of 1986, 26
11 U.S.C.s.117, for a designated beneficiary satisfying the requirements
12 of subsection a. of this section.

13 c. A designated beneficiary shall not receive more than one State
14 scholarship provided pursuant to subsection a. of this section.

15
16 18A:71B-43. Determination of Dollar Amount of Account.

17 Annually, the authority shall determine a dollar amount of an
18 account, which shall not be less than \$25,000, which shall not be
19 considered in evaluating the financial needs of a student enrolled in an
20 institution of higher education located in the State of New Jersey, or
21 be deemed a financial resource or a form of financial aid or assistance
22 to a student, for purposes of determining the eligibility of a student for
23 any scholarship, grant, or monetary assistance awarded by the State;
24 nor shall the amount of any account as determined by the authority
25 provided for a designated beneficiary under this article reduce the
26 amount of any scholarship grant or monetary assistance which the
27 student is entitled to be awarded by the State.

28
29 18A:71B-44. Assurance of Availability of Principal.

30 a. If the investment manager is the Division of Investment in the
31 Department of the Treasury, in order to assure the availability of
32 principal of any amount contributed under this article, there shall be
33 paid to the authority for deposit in the trust, at the time of distribution,
34 subject to appropriation, such sum, if any, as shall be certified by the
35 chairperson of the authority as necessary to provide that amount at the
36 time of distribution. The chairperson shall make and deliver to the
37 Governor, or his designee, the certificate stating the sums, if any,
38 required to make available in the trust the amount aforesaid, and the
39 sums so certified shall be appropriated and paid to the authority during
40 the then current State fiscal year.

41 b. If the investment manager is a private entity, the investment of
42 the principal and interest of any amount contributed under this article
43 shall be backed by the full faith and credit of the United States or be
44 fully insured by the Federal Deposit Insurance Corporation or other
45 similar insurer backed by the full faith and credit of the United States.
46 No account balance shall exceed the maximum amount of insurance

1 provided by the insurer. No investment is permitted in derivatives of
2 eligible securities, and any investment must be designed to balance
3 prospective payments according to the guidelines established.

4
5 18A:71B-45. Construction.

6 a. Nothing in this article shall be construed to:

7 (1) guarantee that a designated beneficiary will be admitted to a
8 higher education institution or be allowed to continue enrollment at or
9 graduate from a higher education institution after admission;

10 (2) establish State residency for a person merely because the person
11 is a designated beneficiary; or

12 (3) guarantee that amounts saved pursuant to the program will be
13 sufficient to cover the qualified higher education expenses of a
14 designated beneficiary.

15 b. Nothing in this article establishes any obligation of this State or
16 any agency or instrumentality of this State to guarantee for the benefit
17 of any contributor or designated beneficiary any of the following:

18 (1) the rate of interest or other return on any account; or

19 (2) the payment of interest or other return on any account.

20 c. Nothing in this article establishes any obligation or liability of this
21 State or any agency or instrumentality of this State with respect to any
22 federal or State tax liability of any contributor or designated
23 beneficiary in this program.

24 d. Under regulations promulgated by the authority, every contract
25 and application that may be used in connection with a contribution to
26 an account shall clearly indicate that the account is not insured by this
27 State nor is the investment return guaranteed by this State.

28
29 ~~18A:71B-46. Federal Income Tax Consequences~~

30 If the Congress of the United States enacts legislation that exempts
31 educational savings accounts from federal income taxation, sections
32 N.J.S.18A:71B-42 and N.J.S.18A:71B-43 shall apply with respect to
33 such educational savings accounts as if they were accounts established
34 under this act and the beneficiaries of the accounts were designated
35 beneficiaries subject to the approval of the New Jersey Higher
36 Education Assistance Authority.¹

37
38 Article 8. Veterinary Medical Education.

39
40 ¹~~[18A:71B-46.] 18A:71B-47.~~¹ Contracts with Accredited Schools
41 of Veterinary Medicine.

42 The authority is hereby authorized to contract with any and all
43 accredited schools of veterinary medicine in the United States for the
44 acceptance of students who are residents of New Jersey for at least
45 12 months and desire to study veterinary medicine, and to expend

1 annually within the limits of available appropriations such sums as are
2 necessary to accomplish the intent of this act.

3
4 ¹~~18A:71B-47.~~ 18A:71B-48.¹ Contracts with Consent of Advisory
5 Committee; Members.

6 All contracts provided for in N.J.S.¹~~18A:71B-46~~ 18A:71B-47¹
7 shall only be entered into by the authority ¹~~on behalf of the State~~¹
8 with the advice and consent of an advisory committee consisting of the
9 following: the Dean of the Cook College, Rutgers, the State University
10 of New Jersey, or a designee; the President of the New Jersey
11 Veterinary Medical Association; the Secretary of the New Jersey
12 Veterinary Medical Examining Board; and four New Jersey
13 veterinarians appointed by the Governor for terms of four years each.

14
15 ¹~~18A:71B-48.~~ 18A:71B-49. Organization of Committee;
16 Expenses.

17 The advisory committee shall organize annually by the appointment
18 of one of its members as chairperson and one as vice-chairperson.
19 Members shall serve without compensation, but shall be entitled to all
20 necessary expenses.

21
22 Article 9. State Aid to Schools of Professional Nursing.

23
24 ¹~~18A:71B-49.~~ 18A:71B-50.¹ Definitions.

25 As used in this article:

26 “Operational expense” means those funds devoted to or required for
27 the regular or ordinary expenses of the school of professional nursing,
28 including administration, maintenance and salary expenses;

29 “School of professional nursing” means a school in New Jersey
30 offering a program of nursing instruction not exceeding four years
31 beyond high school, which is affiliated with a hospital and holds a
32 certificate of accreditation issued by the New Jersey Board of Nursing,
33 provided that the school is not eligible to receive State aid for its
34 nursing program under any other law;

35 “Student” means any full-time student who is a resident of this State
36 and who enters a school of professional nursing to begin a program of
37 nursing instruction or any part-time student who is a resident of this
38 State who enters an upper division program of nursing instruction in
39 a school of professional nursing.

40
41 ¹~~18A:71B-50.~~ 18A:71B-51.¹ Application for State Support; Form
42 of Application; Certificate of Accreditation by New Jersey Board of
43 Nursing.

44 A school of professional nursing may apply for and receive State aid
45 towards the operational expense of the school. The application shall
46 be upon forms prepared and provided by the authority and shall

1 contain such information as the authority shall require. Each
2 application shall be first submitted to the New Jersey Board of Nursing
3 which shall certify thereon whether the school is accredited and
4 whether or not the accreditation has been suspended or revoked.

5
6 ¹~~18A:71B-51.~~ 18A:71B-52.¹ Operational Support by State;
7 Limitation.

8 Within the limits of funds appropriated for purposes of this article,
9 any school of professional nursing whose application has been
10 approved by the authority shall be entitled to receive State aid for the
11 operational expense of the school to the extent of one-half thereof or
12 \$600 per full-time student, whichever is the lesser amount and a pro
13 rata amount for part-time students.

14
15 **Part 3.—Student Loans**

16
17 Article 1. Federal Student Loan Program

18
19 18A:71C-1. Administration by the authority.

20 It shall be the duty of the authority to administer the Federal Family
21 Education Loan Program for this State. The authority shall adopt
22 rules and regulations, and prescribe and provide appropriate forms for
23 application as may be necessary or appropriate for administering the
24 programs of a State guaranty agency, pursuant to 20 U.S.C. s.1071 et
25 seq.

26 As used in this act:

27 “Federal Family Education Loan” (FFEL) program mean the
28 programs of the United States government making low interest loans
29 available to students or parents of students to pay for their cost of
30 attending post-secondary institutions established pursuant to
31 20 U.S.C. s.1071.

32 “Federal loan” or “FFEL Loan” means any loan made under the
33 FFEL program.

34 “Guaranty agency” means any State agency or not-for-profit
35 corporation which has entered into an agreement with the United
36 States Secretary of Education to guarantee loans made under the
37 FFEL program and which guarantees loans to eligible residents and
38 nonresidents of this State.

39
40 18A:71C-2. Application; Grounds for Approval.

41 Any application for a federal loan under this article shall be
42 submitted to the authority for its approval, and the authority shall
43 approve the application only if it finds that the applicant is an eligible
44 borrower under the "Higher Education Act of 1965," Pub.L. 89-329
45 (20 U.S.C. s.1001 et seq.), and implementing rules and regulations,

1 and has complied with all rules adopted by the authority pursuant to
2 this article in connection with the granting of the loans.

3
4 18A:71C-3. Approval and Granting of Federal Loan.

5 Upon approval by the authority of a federal loan application, any
6 eligible lender may make a loan as approved and upon the terms and
7 conditions required under this article, but no moneys shall be advanced
8 or paid under any loan until the applicant has satisfied the authority,
9 and the eligible institution certifies to the lender that the applicant, or
10 the person on behalf of whom the parent is the applicant, has been
11 admitted to, or is in regular attendance and in good standing at, an
12 eligible institution located in this State or elsewhere. Any lender
13 making a loan shall cooperate with the authority in supervising the use
14 of credit in accordance with its purposes. If disbursement of loan
15 proceeds is in the form of a check, the check representing the loan
16 proceeds shall be made payable to the applicant and the eligible
17 institution jointly, except when the applicant is attending an eligible
18 institution not located in the United States, in which instance the check
19 may be made payable to the applicant only. Disbursement may also be
20 made by master check, electronic funds transfer, or other methods
21 permitted under 20 U.S.C. s.1071 et seq.

22
23 18A:71C-4. Federal Loan Evidenced by Note; Interest Rate;
24 Method of Payment; Security.

25 Each federal loan made under this article shall:

- 26 a. be evidenced by a note or other obligation approved by the
27 authority;
- 28 b. bear interest at a rate not exceeding the maximum percentage per
29 annum permitted under 20 U.S.C. s.1071 et seq. and implementing
30 rules and regulations;
- 31 c. be payable in such manner or in such installments as permitted
32 under 20 U.S.C. s.1071 et seq. and implementing rules and
33 regulations; and
- 34 d. be secured only by the personal liability of the maker, and not by
35 any endorsers, co-maker's collateral, or other security, except as may
36 be permitted under 20 U.S.C. s.1071 et seq. and implementing rules
37 and regulations.

38
39 18A:71C-5. Extension and Refinancing of Federal Loans.

40 Any loan made under this article may be extended or refinanced at
41 the discretion of the lender without affecting the obligation of the
42 authority hereunder for such period and under such terms as permitted
43 under 20 U.S.C. s.1071 et seq. and implementing rules and
44 regulations, and any loan may be reduced at any time at the option of
45 the borrower.

1 18A:71C-6. Purchase of Notes.

2 Whenever any approved note, including notes held by the authority
3 in the Higher Education Student Assistance Fund, or any installment
4 thereon, shall be in default as defined under 20 U.S.C. s.1071 et seq.,
5 upon the death or total and permanent disability of the borrower, or
6 upon any other reason for payment of a claim permitted under
7 20 U.S.C. s.1071 et seq., the authority shall, upon the demand of a
8 lender and subject to a lender's meeting federal and authority due
9 diligence requirements, purchase the note by paying to the lender or
10 by transferring to the Higher Education Student Assistance Fund out
11 of the Loan Reserve Fund, the amount of principal, interest and other
12 permissible charges then due and owing on the note, as herein
13 provided.

14

15 18A:71C-7. Falsely Securing Federal Loan a Misdemeanor; Penalty.

16 Any person who, having obtained a federal loan under this act,
17 solicits, applies for, or accepts another such loan, except as specifically
18 authorized in this act, and any person who knowingly or willfully
19 furnishes any false or misleading information for the purpose of
20 obtaining a loan, or of enabling another to obtain a loan, under this
21 act, shall be guilty of a crime of the fourth degree.

22

23 18A:71C-8. Repayment—Compromises, Modifications and Other
24 Determinations Made by Authority.

25 The authority may, with respect to the exercise of its functions
26 related to loans guaranteed by it under this article, to the extent
27 consistent with 20 U.S.C. s.1071 et seq. and notwithstanding the
28 provisions of any other law to the contrary:

29 a. consent to the modification, with respect to rate of interest, time
30 of payment of principal or interest or any portion thereof, or other
31 provisions of any note, or any instrument securing a loan which has
32 been guaranteed by the authority;

33 b. authorize payment or compromise, subject to the approval or
34 approvals required under the authority's write off and compromise
35 procedures, of any claim upon or arising as a result of any such
36 guaranty; and

37 c. authorize payment, compromise, waiver or release, of any debt,
38 right, title, claim, lien or demand, however acquired, including any
39 equity or right of redemption, and the waiver or release of any debt,
40 right, title, claim, lien or demand including any equity or right of
41 redemption shall be sufficient if executed by the executive director or
42 designee on behalf of the authority. The register or county clerk of
43 any county and the clerk of any court is hereby authorized to cancel of
44 record any lien, including, but not limited to, judgments, chattel
45 mortgages and conditional sales agreements whenever the document
46 evidencing the cancellation or request for cancellation is signed by the

1 executive director or designee on behalf of the authority. The register
2 and the clerk of any county are authorized to record any documents of
3 the authority signed by the executive director or designee.

4
5 18A:71C-9. Contracts, Promissory Notes, made by Minor, Valid
6 and Binding.

7 Any contract, promissory note, or other written obligation made by
8 any minor to repay or secure payment of a loan made under this
9 article, payment whereof is guaranteed or insured by the authority, or
10 which forms part of the same transaction as the making of the loan
11 shall, notwithstanding any provision of law to the contrary, be as valid
12 and binding as if the person were at the time of the making and
13 execution 18 years of age, and it may be enforced in any action or
14 proceeding by or against the person in his own name, and shall be valid
15 without the consent of the parent or guardian of the person, and the
16 person shall not disaffirm the instrument because of his age, nor shall
17 the person hereafter interpose the defense that he is, or was, at the
18 time of the making and execution, a minor in any action or proceeding
19 arising out of any such loan.

20
21 18A:71C-10. Deduction of Overdue Student Loan Payments From
22 Wages of Employees of the State, Institution of Higher Education and
23 Public Authorities.

24 Whenever any officer or employee of the State of New Jersey, a
25 public institution of higher education in this State now or hereafter
26 established or authorized by law, any independent institution of higher
27 education in this State now or hereafter established that receives State
28 funds, or any public authority established pursuant to State law, has
29 failed to make scheduled payments to the Higher Education Student
30 Assistance Authority on any note held by that authority pursuant to
31 N.J.S.18A:71C-6, there shall be deducted from the wages of the
32 employee the full amount of both any arrears payment and any
33 schedule payment due to the Higher Education Student Assistance
34 Authority until such time as the note is fully satisfied.

35 In the case of State officers or employees on the centralized regular
36 bi-weekly payroll, the Department of the Treasury shall make the
37 deduction and shall transmit the payments to the Higher Education
38 Student Assistance Authority, but the Department of the Treasury
39 shall retain an amount, as established by regulation of the authority, of
40 the moneys collected to defray the cost of collection.

41 In the case of officers and employees not on the centralized regular
42 bi-weekly payroll, the chief financial officer of the institution or the
43 public authority shall make the deduction and transmit the payments
44 to the Higher Education Student Assistance Authority, but the
45 institution or public authority shall retain an amount, as established by

1 regulations of the Higher Education Student Assistance Authority, of
2 the moneys collected to defray the cost of collection.

3

4 18A:71C-11. Regulations.

5 The Department of the Treasury and the authority shall jointly
6 promulgate regulations concerning the procedures and methods to be
7 employed for the implementation of the provisions of this act
8 concerning deductions for overdue student loan payments from
9 wages. The regulations shall be consistent with all federal
10 requirements or limitations regarding any information utilized in any
11 collection, and shall in addition provide for due notice to the employee
12 of an opportunity for a hearing upon request prior to any collection.

13

14 18A:71C-12. Deduction of Overdue Student Loan Payments from
15 Wages of County and Municipal Employees.

16 Whenever any officer or employee of a county or municipality has
17 failed to make scheduled payments to the authority on any note held
18 by the authority pursuant to N.J.S.18A:71C-6, the chief financial
19 officer of the appropriate local unit shall deduct from the wages of the
20 employee the full amount of both any arrears payment and any
21 scheduled payment due to the authority, but the local unit shall retain
22 an amount not to exceed 1% of the moneys collected to defray the
23 cost of collection.

24

25 18A:71C-13. Guidelines for Payment of Arrearages.

26 The Division of Local Government Services in the Department of
27 Community Affairs, in conjunction with the Department of the
28 Treasury and the Higher Education Student Assistance Authority, shall
29 prepare guidelines concerning the procedures and methods to be
30 employed by local units for the implementation of N.J.S.18A:71C-12.
31 The guidelines, and all actions taken by local units, shall be consistent
32 with all federal regulations and limitations regarding any information
33 utilized in any collection.

34

35 18A:71C-14. Deduction of Overdue Student Loan Payments From
36 Wages of Certain Boards or Authorities.

37 Whenever any officer or employee of a local board of education, a
38 county or municipal board of health or an autonomous authority
39 created by a county or municipality pursuant to statute has failed to
40 make scheduled payments to the Higher Education Student Assistance
41 Authority on any note held by that authority pursuant to
42 N.J.S.18A:71C-6, the board or autonomous authority shall deduct
43 from the wages of the employee the full amount of both any arrears
44 payment and any scheduled payment due to the Higher Education
45 Student Assistance Authority until such time as the note is fully
46 satisfied. The board or autonomous authority shall transmit the

1 payments to the Higher Education Student Assistance Authority, but
2 the board or autonomous authority may retain an amount of the
3 moneys collected as established by regulations of the Higher
4 Education Student Assistance Authority to defray the cost of
5 collection.

6

7 18A:71C-15. Guidelines for Payment of Arrearages.

8 The Department of Education and the Division of Local Government
9 Services in the Department of Community Affairs, in conjunction with
10 the Department of the Treasury and the Higher Education Student
11 Assistance Authority, shall prepare guidelines concerning the
12 procedures and methods to be employed by boards and autonomous
13 authorities for the implementation of N.J.S.18A:71C-14. The
14 guidelines, and all actions taken by a board or autonomous authority
15 pursuant to this act, shall be consistent with all federal regulations or
16 limitations regarding any information utilized in any collection.

17

18 18A:71C-16. Deduction of Overdue Student Loan Payments From
19 Wages of Employees of the Private Sector.

20 Whenever any officer or employee or any employer within or
21 outside this State not described in N.J.S.18A:71C-10, N.J.S.18A:71C-
22 12 or N.J.S.18A:71C-14 has failed to make scheduled payments to the
23 Higher Education Student Assistance Authority on any note or other
24 written obligation held by that authority, there shall be deducted from
25 the wages of the employee the full amount of both any arrears
26 payment and any scheduled payment due to the Higher Education
27 Student Assistance Authority until such time as the note or other
28 written obligation is fully satisfied.

29 The employer shall retain an amount, as established by regulations
30 promulgated jointly by the Department of the Treasury and the Higher
31 Education Student Assistance Authority, of the moneys collected to
32 defray the cost of collection.

33 An employer may not discharge from employment, refuse to employ,
34 or take disciplinary action against an individual subject to wage
35 deduction in accordance with this section by reason of the fact the
36 individual's wages have been subject to wage deduction under this
37 section, and the individual may sue in a State court of competent
38 jurisdiction any employer who takes this action. The court shall award
39 attorneys' fees to a prevailing employee and, in its discretion, may
40 order reinstatement of the individual, award punitive damages and
41 back pay to the employee, or order another remedy as may be
42 reasonably necessary.

43

44 18A:71C-17. Lien Not Treated as Wage Execution.

45 The lien against an employee's wages undertaken pursuant to
46 N.J.S.18A:71C-10, N.J.S.18A:71C-12, N.J.S.18A:71C-14 and

1 N.J.S.18A:71C-16 shall not be considered an execution against wages
2 pursuant to N.J.S.2A:17-52, and shall not prevent the simultaneous
3 satisfaction of an execution from the amount of wages remaining after
4 the satisfaction of this debt.

5
6 18A:71C-18. Exchange of Information with Other State
7 Departments and Agencies.

8 The authority may use the following procedures to locate borrowers
9 who have failed to make scheduled payments to the authority on any
10 note held by the authority:

11 a. the authority may furnish the name and Social Security number of
12 a delinquent or defaulted borrower to the Division of Pensions and
13 Benefits, the Division of Taxation, the Division of Motor Vehicles, the
14 Department of Human Services, the Casino Control Commission, and
15 any State professional or licensing board or body. Except as
16 prohibited by federal or State law, these departments, divisions,
17 boards, and bodies shall return to the authority the address of any
18 borrower or the address of the employer of any borrower that appears
19 in its most recent records;

20 b. the authority may furnish the name and Social Security number
21 of any delinquent or defaulted borrower to the Department of Labor.
22 Except as prohibited by federal or State law, the Department of Labor
23 shall return to the authority the address of the employer of any such
24 borrower that appears in its most recent records;

25 c. the authority shall reimburse the department, division, board or
26 body listed in subsections a. and b. of this section for any costs
27 associated with services performed pursuant to this section.
28 Information furnished to the authority by the entities listed in
29 subsections a. and b. shall be considered confidential and shall not be
30 disclosed except to a federal department or agency entitled to the
31 information because the disclosure is necessary for the proper
32 administration of this article.

33
34 18A:71C-19. Professional or Occupational Misconduct.

35 a. Notwithstanding provisions of any law to the contrary, any State
36 professional or occupational licensing board shall define a borrower's
37 delinquent or default status of any loan made or guaranteed by the
38 authority as misconduct punishable by the denial, suspension, or
39 revocation of the borrower's professional or occupational license by
40 that board.

41 b. For the purposes of this section:

42 "License" means the whole or part of any State agency permit,
43 certificate, approval, registration, charter or similar form of permission
44 to engage in a profession, trade, business or occupation and any
45 notification required to be made to any State agency that a profession,
46 trade, business or occupation is being engaged in or is expected to be

1 commenced; provided that “license” shall not include any original
2 charter or certificate of incorporation granted by any State agency;

3 “State agency” means the ¹[judicial,] ¹ legislative or executive
4 branch of the State, including, but not limited to, any department,
5 board, bureau, commission, division, office, council, agency, or
6 instrumentality thereof, or independent agency, public authority or
7 public benefit corporation.

8

9 18A:71C-20. Deductions of Overdue Payments from State Lottery
10 Winnings.

11 a. The Director of the Division of State Lottery in the Department
12 of the Treasury and the executive director shall initiate an ongoing
13 data exchange in the Office of Telecommunications and Information
14 Systems in the Department of the Treasury before a payment is made
15 of a State lottery prize in excess of \$1,000.

16 b. The executive director shall periodically supply the Office of
17 Telecommunications and Information Systems with a list of those
18 individuals with delinquent or defaulted student loan repayments to the
19 authority.

20 c. The Director of the Division of State Lottery shall promptly
21 provide the Office of Telecommunications and Information Systems
22 with a prize winners list, which shall include the prize claimant’s name,
23 address and Social Security number and the amount of the pending
24 payment.

25 d. The Office of Telecommunications and Information Systems shall
26 cross check the lottery list with the data supplied by the executive
27 director for a Social Security number match. If a match is made, the
28 Office of Telecommunications and Information Systems shall notify the
29 authority.

30 e. If a lottery prize claimant is on the list of individual delinquents
31 or in default of a student loan, the authority shall promptly notify the
32 Department of the Treasury and the Division of the State Lottery of
33 the claimant’s name, address, Social Security number and the
34 outstanding amount of the student loan. The Department of the
35 Treasury shall, after withholding any appropriate amount for income
36 tax or such other withholdings as may be required under federal or
37 State law, withhold this amount from the pending lottery payment and
38 transmit this amount to the authority. If the amount of the student
39 loan outstanding is greater than the amount available from the lottery
40 payment, the entire amount available shall be transmitted to the
41 authority.

42 f. Any of the claimant’s lottery prize funds remaining after
43 withholding pursuant to subsection e. of this section shall be paid to
44 the claimant in accordance with lottery procedures.

45 g. The State Treasurer in consultation with the authority shall
46 promulgate, pursuant to the “Administrative Procedure Act,”

1 P.L.1968, c. 410 (C.52:14B-1 et seq), such rules and regulations as
2 may be necessary to effectuate the purpose of this section including,
3 but not limited to, regulations providing for prompt notice to any prize
4 winner from whose award the Department of the Treasury seeks to
5 withhold funds of the amount to be withheld and the reason therefor
6 and providing the prize winner with the opportunity for a hearing
7 upon request prior to the disposition of any funds. The State
8 Treasurer shall also provide, by regulation, safeguards against the
9 disclosure or inappropriate use of any personally identifiable
10 information regarding any person obtained pursuant to this section.
11 For purposes of this section, "prompt notice" shall mean within
12 14 days or less.

13

14 Article 2. State Loan Programs

15

16 18A:71C-21. College Loans to Assist State Students Loan Program.

17 There is hereby established within the authority a New Jersey
18 College Loans to Assist State Students (NJCLASS) Loan Program.
19 Under the NJCLASS Loan Program, the authority shall make loans
20 available in such amounts as necessary to ensure that student loans
21 remain generally available to, or for the benefit of, eligible students
22 who are not eligible for, or have additional financial need beyond, a
23 federally insured student loan and who meet the eligibility criteria set
24 forth in N.J.S.18A:71C-27.

25

26 18A: 71C-22. College Loans to Assist State Students Loan Fund.

27 a. The authority shall establish and maintain a special fund called the
28 "New Jersey College Loans to Assist State Students (NJCLASS) Loan
29 Fund" in which there shall be deposited: (1) all funds received by the
30 authority from the sale of State bonds as provided by law; (2) all
31 moneys appropriated by the State for the purpose of the fund; (3) all
32 funds contributed to the authority by private sources, to be used for
33 the purposes of this article; and (4) any other moneys or funds of the
34 authority, including the proceeds of bonds, bond anticipation notes,
35 and other obligations issued by the authority, which it determines to
36 deposit therein. Moneys in the NJCLASS Loan Fund shall be held and
37 applied to make loans pursuant to this article and to pay for the costs
38 of administering the NJCLASS Loan Program.

39 b. The sum total of all funds on deposit in the NJCLASS Loan Fund
40 shall be maintained in the amount determined by the authority to be
41 necessary to fulfill its responsibilities as set forth in this article.

42 c. Moneys in the NJCLASS Loan Fund at any time in excess of the
43 NJCLASS Loan Program requirements, whether by reason of
44 investment or otherwise, may be withdrawn at any time by the
45 authority and transferred to any other fund or account of the authority.

46 d. Moneys at any time in the NJCLASS Loan Fund may be invested

1 in any direct obligations of, or obligations as to which the principal
2 and interest thereof is guaranteed by, the United States of America or
3 such other obligations as the authority may approve.

4
5 18A: 71C-23. Eligible Borrower.

6 Loans under the NJCLASS Loan Program may be made to eligible
7 borrowers. An eligible borrower is an eligible student or any parent,
8 spouse, legal guardian or other relative providing financial support for
9 a dependent eligible student. The authority shall set maximum loan
10 amounts for each participant based on such factors as the cost of
11 attending the particular institution, family income, value of family
12 assets or other factors the authority may consider relevant. The loans
13 may be secured by such endorsement, co-maker's collateral or other
14 security as may be required by rules and regulations established by the
15 authority.

16
17 18A: 71C-24. Eligible Institution.

18 Unless restricted by the authority by regulations, "eligible
19 institution" means, for the purposes of this article only, an institution
20 of higher education licensed by the appropriate agency or department
21 and accredited or preaccredited by a nationally recognized accrediting
22 association. Eligible institutions shall also include certain proprietary
23 institutions but only for degree granting programs approved by the
24 commission or for other proprietary institutions as determined by the
25 authority.

26
27 18A: 71C-25. Maximum Loan Amounts.

28 The authority shall establish maximum annual loan amounts and
29 maximum total loan amounts which may be made under the NJCLASS
30 Loan Program; however, the amount of a NJCLASS Loan Program
31 loan may not exceed, in combination with other financial aid, the total
32 education costs of attending an eligible institution as determined by
33 that institution plus the amount of interest payments which may be
34 deferred pursuant to N.J.S.18A:71C-26.

35
36 18A: 71C-26. Accrual of Interest; Payment.

37 Interest on each NJCLASS Loan Program loan shall accrue from the
38 date of the making of the loan; however, the payment of the principal
39 or the interest or both may be deferred until a time or times
40 determined by the authority. The rate of interest on each loan shall be
41 determined by the authority.

42
43 18A: 71C-27. Student Eligibility.

44 a. Unless otherwise restricted by the authority by regulation, an
45 eligible student under the NJCLASS Loan Program shall:

46 (1) be a New Jersey resident enrolled on at least a part-time basis as

1 an undergraduate or graduate student in an eligible institution in New
2 Jersey; or

3 (2) be a New Jersey resident enrolled on at least a part-time basis as
4 an undergraduate or graduate student in an eligible institution outside
5 of New Jersey; or

6 (3) reside outside the State and be enrolled on at least a part-time
7 basis as an undergraduate or graduate student in an eligible institution
8 in New Jersey.

9 b. To be eligible for a NJCLASS loan financed in whole or in part
10 by qualified student loan bonds, as described under section 144(b) of
11 the Federal Internal Revenue Code of 1986, 26 U.S.C. s.144(b), the
12 student in addition to meeting the requirements of subsection a. of this
13 section, shall meet the eligibilty criteria described in section 144(b) of
14 the Federal Internal Revenue Code of 1986, 26 U.S.C. s.144(b), or not
15 be in violation of any other criteria which would result in the bonds no
16 longer to be qualified under section 144(b) of the Federal Internal
17 Revenue Code of 1986, 26 U.S.C. s.144(b).

18

19 18A: 71C-28. Limitations on Program; Fees.

20 a. The authority may limit the number of students who receive
21 NJCLASS Loan Program loans for attendance at any educational
22 institution with a default rate exceeding the standard which will be set
23 by the authority.

24 b. The authority may place a limitation upon the number of
25 NJCLASS Loan Program loans made pursuant to this article, if, in its
26 judgment, a limitation is necessary to preserve the fiscal viability of the
27 fund.

28 c. The authority may establish and collect a fee, to be paid by each
29 eligible borrower under the NJCLASS Loan Program to assist in the
30 support of the administration of the NJCLASS Loan Program by the
31 authority and to assist in covering the cost of loan defaults.

32

33 18A: 71C-29. Applicability of Information Exchange, Collection
34 Procedures, Repayment Determinations and Other Federal Provisions.

35 Unless expressly limited to federal programs, the information
36 exchange, wage withholding, collection procedures, repayment
37 determinations, and other provisions set forth under article 1 of this
38 part shall apply to the NJCLASS Loan Program.

39

40 18A:71C-30. Act Not to Affect Higher Education Student
41 Assistance Fund.

42 Nothing in this article shall be construed to limit the power of the
43 authority to establish and maintain the Higher Education Student
44 Assistance Fund or to alter the terms and conditions of loans made to
45 students under that fund.

1 18A:71C-31. Falsely Securing State Loan a Misdemeanor; Penalty.
2 Any person who, having obtained a State loan under this act, solicits,
3 applies for, or accepts another such loan, except as specifically
4 authorized in this act, and any person who knowingly or willfully
5 furnishes any false or misleading information for the purpose of
6 obtaining a loan, or of enabling another to obtain a loan, under this
7 act, shall be guilty of a crime of the fourth degree.

8

9 Article 3. Loan Redemption Program

10

11 18A:71C-32. Definitions.

12 As used in N.J.S.18A:71C-32 through N.J.S.18A:71C-48:

13 “Eligible student loan expenses” means the cumulative total of the
14 annual student loans covering the cost of attendance at an
15 undergraduate institution of medical, dental, or other primary care
16 professional education. Interest paid or due on student loans that an
17 applicant has taken out for use in paying the costs of undergraduate
18 medical, dental, or other primary care professional education shall be
19 considered eligible for reimbursement under the program. The
20 authority may establish a limit on the total amount of student loans
21 which may be redeemed for participants under the program, provided
22 that the total redemption of student loans does not exceed \$120,000
23 either in State funds or the sum of federal, State, and other non-federal
24 matching funds, pursuant to section 338I of the Public Health Service
25 Act (42 U.S.C. s.254q-1), whichever is applicable.

26 “Health professional shortage area” (HPSA) means an urban or rural
27 area, a population group or a public or non-profit private medical
28 facility or other public facility which the Secretary of Health and
29 Human Services determines has a health professional shortage
30 pursuant to section 332 of the Public Health Service Act (42 U.S.C.
31 s.254e).

32 “Primary care” means the practice of family medicine, general
33 internal medicine, general pediatrics, general obstetrics, gynecology,
34 and any other areas of medicine which the Commissioner of Health and
35 Senior Services may define as primary care. Primary care also includes
36 the practice of general dentistry and pedodontics, as well as the
37 professions of nurse-practitioner, certified nurse-midwife, and
38 physician assistant.

39 “Primary Care Physician and Dentist Loan Redemption Program”
40 means a program which provides for the redemption of the eligible
41 student loan expenses of its participants.

42 “State designated underserved area” means a geographic area in this
43 State which has been ranked by the Commissioner of Health and
44 Senior Services on the basis of health status and economic indicators
45 as reflecting a medical or dental health professional shortage.

46 “Undergraduate medical, dental, or other professional primary care

1 professional education” means the period of time between entry into
2 medical school, dental school, or other primary care professional
3 training program and the award of the medical (M.D., D.O.) degree,
4 the dental (D.M.D., D.D.S.) degree, or other primary care professional
5 degree respectively.

6
7 18A:71C-33. Primary Care Physician and Dentist Loan Redemption
8 Program Established.

9 There is established a Primary Care Physician and Dentist Loan
10 Redemption Program within the Higher Education Student Assistance
11 Authority. The program shall provide for the redemption of a portion
12 of the eligible student loan expenses of program participants for each
13 year of service in a State designated underserved area.

14
15 18A:71C-34. Eligibility for Participation in Program.

16 To be eligible to participate in the Primary Care Physician and
17 Dentist Loan Redemption Program, an applicant shall:

18 a. be a resident of the State;

19 b. be a graduate of a medical school approved by the State Board
20 of Medical Examiners for the purpose of licensure and receive a
21 recommendation from the school’s medical staff concerning
22 participation in the loan redemption program in the case of a physician;
23 be a graduate of a dental school approved by the New Jersey State
24 Board of Dentistry for the purpose of licensure and receive a
25 recommendation from the school’s dental staff concerning
26 participation in the loan redemption program in the case of a dentist;
27 or be a graduate of another state-approved primary care professional
28 training program for the purpose of licensure or certification and
29 receive a recommendation from the program's professional staff
30 concerning participation in the loan redemption program in the case of
31 another primary care provider;

32 c. in the case of a physician, have completed an accredited residency
33 training program and received a recommendation from the director of
34 the training program concerning participation in the loan redemption
35 program; and

36 d. agree to practice primary care, as appropriate, in a State
37 designated underserved area.

38
39 18A:71C-35. Ranking of State Designated Underserved Areas.

40 The Commissioner of Health and Senior Services, after consultation
41 with the Commissioner of Corrections and the Commissioner of
42 Human Services, shall designate and establish a ranking of State
43 designated underserved areas. The criteria used by the Commissioner
44 of Health and Senior Services in designating areas shall include, but
45 not be limited to:

46 a. the financial resources of the population under consideration;

- 1 b. the population's access to primary care services; and
- 2 c. appropriate physician, dentist, or other primary care staffing in
- 3 State, county, municipal and private nonprofit health care facilities.

4 The Commissioner of Health and Senior Services shall transmit the
5 list of State designated underserved areas and the number of positions
6 needed in each area to the executive director or designee.

7

8 18A:71C-36. Entry into Program; Agreements.

9 A medical, dental, nursing, or other primary care student who is
10 eligible and interested in participating in the loan redemption program
11 shall sign a nonbinding agreement with the Higher Education Student
12 Assistance Authority or its designated agent upon completion of the
13 final year of undergraduate medical, dental, or other primary care
14 training, as appropriate. At the end of the final year or residency
15 training in the case of a physician; at the end of the final year of
16 undergraduate dental training or residency training if the training is
17 required in a primary care dental speciality in the case of a dentist; and
18 at the end of the final year of other primary care training in the case of
19 another primary care provider, the applicant shall sign a contractual
20 agreement with the authority or its designated agent. The agreement
21 shall specify the applicant's dates of required service, the initial period
22 to cover a minimum of two years, and the total amount of eligible
23 student loan expenses to be redeemed by the State in return for
24 service. The agreement shall also stipulate that the applicant has
25 knowledge of and agrees to the six-month probationary period
26 required prior to final acceptance into the program pursuant to
27 N.J.S.18A:71C-38.

28

29 18A:71C-37. Redemption Limits; Start of Service.

30 a. Maximum redemption of loans under the loan redemption
31 program shall amount to 18% of principal and interest of eligible
32 student loan expenses in return for one full year of service in a State
33 designated medically underserved area, an additional 26% for a second
34 full year of service, an additional 28% for a third full year of service
35 and an additional 28% for a fourth full year of service for a total
36 redemption of eligible student loan expenses of up to, but not to
37 exceed, \$120,000 either (1) in State funds or (2) the sum of federal,
38 State, and other non-federal funds pursuant to section 338I of the
39 Public Health Service Act (42 U.S.C. s.254q-1), whichever is
40 applicable. Service in a State designated underserved area shall begin
41 within two years of completion of the medical residency training
42 program in the case of a physician; within two years of completion of
43 undergraduate dental training or residency training if the training is
44 required in a primary care dental specialty in the case of a dentist; and
45 within two years of completion of other primary care professional
46 training if the training is required in the case of another primary care

1 provider.

2 b. A participant who enters an agreement to fulfill service in a State
3 designated underserved area that is also a federal HPSA shall be
4 permitted a total redemption of eligible student loan expenses for four
5 years of service up to, but not to exceed, the sum of federal, State and
6 other non-federal matching funds provided pursuant to section 338I of
7 the Public Health Service Act (42 U.S.C. s.254q-1).

8

9 18A:71C-38. Probationary Period.

10 Each program participant shall serve a six-month probationary
11 period upon initial placement in a service site within the State
12 designated underserved area. During that period, the medical or
13 dental staff of the service site, as appropriate, together with the
14 program participant, shall evaluate the suitability of the placement for
15 the participant. At the end of the probationary period, the medical or
16 dental staff shall recommend the continuation of the program
17 participant's present placement, a change in placement, or its
18 determination that the participant is an unsuitable candidate for the
19 loan redemption program. If the medical or dental staff of the service
20 site recommends a change in placement, the executive director or a
21 designee shall place the program participant in an alternate placement
22 within a State designated underserved area. If the medical or dental
23 staff determines that the program participant is not a suitable candidate
24 for the program, the executive director shall take this recommendation
25 into consideration in regard to the participant's final acceptance into
26 the program. No loan redemption payment shall be made during the
27 six-month probationary period; however, a program participant shall
28 receive credit for the six-month period in calculating the first year of
29 required service under the loan redemption contract.

30

31 18A:71C-39. Matching of Participants with Areas.

32 The executive director or designee, in consultation with the
33 Commissioner of Health and Senior Services, shall match program
34 participants to State designated underserved areas based upon the
35 ranking of the underserved areas established by the commissioner and
36 on the basis of participant preference.

37

38 18A:71C-40. Determination of Number of Positions; Selection of
39 Participants.

40 The executive director or designee shall annually determine the
41 number of program positions available on the basis of the need for
42 primary care physicians, dentists, and other primary care providers in
43 State designated underserved areas as determined by the
44 Commissioner of Health and Senior Services and the State and federal
45 funds available for the program. Once the number of program
46 positions has been determined, the executive director or designee shall

1 select the program participants from among those students who have
2 applied to the program and who meet the criteria established pursuant
3 to N.J.S.18A:71C-34. In selecting program participants, the executive
4 director shall accord priority to applicants in the following manner:

5 a. first, to any applicant who is completing a fourth, third or second
6 year of a loan redemption contract;

7 b. second, to any applicant whose residence in the State at the time
8 of entry into postsecondary education was within a State designated
9 underserved area; and

10 c. third, to any applicant according to the severity of the physician,
11 dentist, or other primary care provider shortage in the area selected by
12 the applicant.

13 In the event that there are more applicants who have the same
14 priority than there are program positions, the executive director shall
15 select participants by means of a lottery or other form of random
16 selection.

17

18 18A:71C-41. Nullification of Agreement.

19 A physician, dentist, or other primary care provider who has
20 previously entered into a contract with the authority may nullify the
21 agreement by notifying the authority in writing and reassuming full
22 responsibility for the remaining outstanding balance of the loan debt.
23 In no event shall service in a State designated underserved area for less
24 than the full calendar year of each period of service entitle the
25 participant to any benefits under the loan redemption program. A
26 participant seeking to nullify the contract before completing a second
27 full year of service shall be required to pay 50% of the redeemed
28 portion of indebtedness in not more than one year following
29 nullification of the agreement.

30

31 18A:71C-42. Death or Permanent Disability of Participant.

32 In case of a program participant's death or total and permanent
33 disability, the authority shall nullify the service obligation of the
34 student. The nullification shall terminate the authority's obligations
35 under the loan redemption contract, except in the event that a
36 participant's death or total and permanent disability occurs after the
37 second year of service, the authority shall redeem the current year of
38 service. When continued enforcement of the contract may result in
39 extreme hardship, the authority may nullify or suspend the service
40 obligation of the student.

41

42 18A:71C-43. Conviction of Crime; Gross Negligence; License
43 Suspension or Revocation.

44 In case of a program participant's conviction of a crime or an act of
45 gross negligence in the performance of service obligations or when the
46 license to practice has been suspended or revoked, the executive

1 director or designee shall have the authority to terminate the
2 participant's service in the program and require forfeiture of the
3 amount redeemed for the current year of service.

4
5 18A:71C-44. National Health Service Corps Loan Repayment
6 Program Participants Not Eligible.

7 A student who is participating in the federally administered National
8 Health Service Corps Loan Repayment Program, section 338B of the
9 Public Health Service Act (42 U.S.C. s.254 1-1), shall not be eligible
10 to participate simultaneously in the Primary Care Physician and Dentist
11 Loan Redemption Program.

12
13 18A:71C-45. Report on Performance.

14 Prior to repayment of the annual amount eligible for redemption,
15 each program participant shall report to the authority or its designated
16 agent, in such manner and form as it shall prescribe, information on the
17 participant's performance of service in the State designated
18 underserved area as required under the contract.

19
20 18A:71C-46. Recruitment.

21 The executive director or designee and the Commissioner of Health
22 and Senior Services, in cooperation with their designated agent, shall
23 together establish a procedure for the recruitment of program
24 applicants at medical and dental schools and health centers. The
25 procedure shall provide for the participation of the medical and dental
26 staff, as appropriate, of those facilities in the selection of appropriate
27 applicants for the program.

28
29 18A:71C-47. Federal Funds.

30 The authority shall annually apply for any federal funds which may
31 be available to implement the provisions of this act.

32
33 18A:71C-48. Rules and Regulations.

34 The authority shall adopt rules and regulations pursuant to the
35 "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1 et seq.)
36 necessary to implement the provisions of N.J.S.18A:71C-32 through
37 N.J.S.18A:71C-47.

38
39 ¹[2. (New section) Whenever any civil action has been or shall be
40 brought against any professor, associate professor, assistant professor,
41 instructor, supervisor, registrar, teacher, or any other person employed
42 in a teaching capacity by the State Board of Education or the
43 Commissioner of Education, or in the Marie H. Katzenbach school
44 for the deaf or any other educational institution under the control of
45 the State board, or by the board of trustees of any public institution of
46 higher education, for any act or omission arising out of and in the

1 course of the performance of the duties of the office, position or
2 employment, the State shall defray all costs of defending the action,
3 including reasonable counsel fees and expenses, together with costs of
4 appeal, if any, and shall save harmless and protect the person from any
5 financial loss resulting therefrom. The State may arrange for and
6 maintain appropriate insurance to cover all damages, losses and
7 expenses.]¹

8
9 ¹[3.] 2.¹ (New section) Any board of education may accept,
10 receive, add to and hold in trust real or personal property, heretofore
11 or hereafter acquired by inter vivos or testamentary gift, for the
12 purpose of awarding scholarships to students for higher education in
13 colleges, universities and graduate schools, whether located within or
14 without this State, upon such terms and conditions, not inconsistent
15 with this section, as may be imposed by the donor of the property.
16 The board shall, by resolution, provide for the acceptance, application,
17 custody and management of property donated to it for higher
18 education scholarship purposes.

19
20 ¹[4.] 3.¹ (New section) a. Any dependent of a prisoner of war or
21 a person missing in action, upon his being accepted to pursue a course
22 of undergraduate study in any private institution of higher education
23 in this State or in any public institution of higher education of this
24 State as enumerated in N.J.S.18A:62-1, shall be allowed to obtain a
25 bachelors degree, or certificate of completion, for so long as he is
26 eligible, free of tuition. Once a person qualifies as a dependent under
27 this act there shall be no situation such as the return of the parent or
28 the reported death of the parent that will terminate the eligibility of the
29 dependent to the benefits under this act.

30 b. As used in this section:

31 "Dependent" means any child born before, during or after the period
32 of time the child's parent was a prisoner of war or a person missing in
33 action, or any child legally adopted or in the legal custody of the
34 parent prior to, during or after the time the parent was a prisoner of
35 war or a person missing in action.

36 "Prisoner of war" and "person missing in action" means any person
37 who was a resident of this State at the time he or she entered service
38 of the United States Armed Forces, or whose official residence is
39 within this State, and who, while serving in said United States Armed
40 Forces, has been declared to be a prisoner of war, or to be a person
41 missing in action as established by the Secretary of Defense after
42 January 1, 1960.

43
44 ¹[5.] 4.¹ (New section) As used in sections ¹[5.] 4.¹ through
45 ¹[12.] 11.¹ of this act:

46 a. "Approved course of study" means any curriculum or any

1 combination of unit courses or subjects pursued at an educational
2 institution which is accepted for Veteran's Educational Assistance
3 pursuant to federal law.

4 b. "Approved educational institution" means (1) any academic,
5 professional or vocational school operating within this State or (2) any
6 graduate level school operating within the United States or (3) any
7 academic, professional or vocational school operating outside of this
8 State; provided that the institution shall have made a prior written
9 agreement to accept the tuition credit and reimbursement provided for
10 in sections ¹[9.] 8.¹ and ¹[10.] 9.¹ of this act; provided further, that
11 no more than 20% of the eligible veterans under paragraphs (1) and
12 (3) of this subsection shall attend an approved educational institution
13 operating outside of this State. To qualify as an "approved
14 educational institution" under this act, an institution must have been
15 approved for Veteran's Educational Assistance pursuant to federal law.

16 c. "Department" means the Department of Military and Veterans'
17 Affairs and includes any deputies or employees of the department
18 designated to administer and enforce this act.

19 d. "Eligible veteran" means any veteran of the Armed Forces of the
20 United States residing in New Jersey who is or was eligible for
21 Veteran's Educational Assistance pursuant to federal law and who (1)
22 was domiciled in New Jersey at the time of his induction into the
23 armed forces, or (2) has been domiciled in New Jersey for a period of
24 not less than 12 consecutive months prior to the date of application,
25 exclusive of any time spent on active duty.

26

27 ¹[6.] 5.¹ (New section) For the purposes of sections ¹[5.] 4.¹
28 through ¹[12.] 11.¹ of this act:

29 a. (1) an institutional trade or technical course offered at a
30 nonaccredited school on a clock-hour basis involving shop practice as
31 an integral part thereof shall be considered a full-time course when a
32 minimum of 30 hours per week of attendance is required with no more
33 than two and one-half hours of rest periods per week and no more
34 than three hours of supervised study per week allowed;

35 (2) an institutional course offered at a nonaccredited school on a
36 clock-hour basis in which theoretical or classroom instruction
37 predominates shall be considered a full-time course when a minimum
38 of 25 hours per week net of instruction, which may include customary
39 intervals not to exceed 10 minutes between hours of instruction, is
40 required and no more than three hours of supervised study per week
41 is allowed;

42 b. (1) an institutional trade or technical course offered at an
43 accredited school on a clock-hour basis which leads to a standard
44 trade or technical degree and involves shop practice as an integral part
45 thereof shall be considered a full-time course when a minimum of
46 22 hours per week of attendance is required with no more than two

1 and one-half hours of rest periods per week and no more than three
2 hours of supervised study per week allowed;

3 (2) an institutional course offered at an accredited school on a
4 clock-hour basis which leads to a standard trade or technical degree
5 in which theoretical or classroom instruction predominates shall be
6 considered a full-time course when a minimum of 18 hours per week
7 of instruction, which may include customary intervals not to exceed
8 10 minutes between hours of instruction, is required and no more than
9 two and one-half hours of supervised study is allowed;

10 c. an academic high school course requiring 16 units for a full
11 course shall be considered a full-time course when a minimum of four
12 units per year is required. For the purpose of this subsection, a unit
13 is defined to be not less than 120 60-minute hours or their equivalent
14 of study in any subject in one academic year; and

15 d. an institutional undergraduate course offered by a college or
16 university on a quarter- or semester-hour basis shall be considered a
17 full-time course when a minimum of 14 semester hours or the
18 equivalent thereof, for which credit is granted toward a standard
19 college degree, including those for which no credit is granted but
20 which are required to be taken to correct an educational deficiency, is
21 required, except that when the college or university certifies, upon the
22 request of the department, that (a) full-time tuition is charged to all
23 undergraduate students carrying a minimum of less than 14 semester
24 hours or the equivalent thereof or (b) all undergraduate students
25 carrying a minimum of less than 14 semester hours or the equivalent
26 thereof are considered to be pursuing a full-time course for other
27 administrative purposes, then such an institutional undergraduate
28 course offered by the college or university with the minimum number
29 of semester hours shall be considered a full-time course, but in the
30 event the minimum number of semester hours is less than 12 semester
31 hours or the equivalent thereof, then 12 semester hours or the
32 equivalent thereof shall be considered a full-time course.

33 Each eligible veteran may select an approved course of study at any
34 approved educational institution selected by him, which will accept
35 and retain him as a student or trainee in any field or branch of
36 knowledge which the institution finds him qualified to undertake or
37 pursue.

38

39 ¹ **[7.] 6.** ¹ (New section) Any eligible veteran who desires tuition
40 credit pursuant to this act, within eight years from the date of (a) his
41 separation from active duty or (b) March 3, 1976, whichever is later,
42 shall submit an application to the department which shall be in a form
43 and contain information as the department shall prescribe. The
44 department shall approve the application unless it finds that the
45 veteran is ineligible for or not entitled to tuition credit or that his
46 course of study is not approved pursuant to this act, or that he has

1 already been approved. The department shall notify the veteran and
2 his selected educational institution of the approval of his application.

3
4 ¹[8.] 7.¹ (New section) a. Each eligible veteran shall be entitled
5 to tuition credit pursuant to this act in accordance with the following
6 schedule:

7 (1) For a period of one semester, or the equivalent thereof in
8 part-time tuition credit, in the case of educational institutions regularly
9 operated on the semester system, for each three months or fraction
10 thereof of the veteran's service on active duty after December 31, 1960
11 and before May 7, 1975. If an eligible veteran has served a period of
12 18 months or more on active duty during such period of time, he shall
13 be entitled to tuition credit pursuant to this act for a period of eight
14 semesters, or the equivalent thereof in part-time tuition credit. The
15 maximum credit hereunder shall be for a period of eight semesters; or

16 (2) For a period of one-quarter, or the equivalent thereof in
17 part-time tuition credit, in the case of educational institutions regularly
18 operated on the quarter system, for each two months or fraction
19 thereof of the veteran's service on active duty after December 31, 1960
20 and before May 7, 1975. If an eligible veteran has served a period of
21 18 months or more on active duty during that period of time, he shall
22 be entitled to tuition credit pursuant to this act for a period of
23 12 quarters. The maximum credit hereunder shall be for a period of
24 12 quarters; or

25 (3) For a period of one and one-half months of any tuition period,
26 or the equivalent thereof in part-time tuition credit, in the case of
27 educational institutions not operated on the quarter or semester
28 system, for each month or fraction thereof of the veteran's service on
29 active duty after December 31, 1960 and before May 7, 1975. If an
30 eligible veteran has served a period of 18 months or more on active
31 duty during that period of time, he shall be entitled to tuition credit
32 pursuant to this act for 36 months of tuition credit, or the equivalent
33 thereof in part-time tuition credit. The maximum credit hereunder
34 shall be for a period of 36 months.

35 b. If an eligible veteran shall change his program of study from an
36 educational institution regularly operated on the quarter or semester
37 system or otherwise to an educational institution regularly operated on
38 a different system, the remainder of his credit shall accordingly be
39 redistributed by the department in such manner as to carry out the
40 intent of this act.

41
42 ¹[9.] 8.¹ (New section) Benefits hereunder shall be in the form of
43 tuition credits limited by the lesser of full tuition or:

44 a. for educational institutions regularly operated on the semester
45 system, \$200 per semester.

46 b. for educational institutions regularly operated on the quarter

1 system, \$100 per quarter.

2 c. for educational institutions not regularly operated on the semester
3 or quarter system, \$400 per full school year prorated on an equal basis
4 as the department shall determine.

5 d. for veterans pursuing a program of part-time education, the
6 tuition credit shall be in such amounts as the department shall
7 determine. These veterans shall be eligible to receive awards during
8 summer terms, provided that the total award during the period from
9 September 1 to August 31 of any academic year does not exceed the
10 amount of assistance a full-time student at the same institution would
11 receive.

12

13 ¹~~10.~~ 9.¹ (New section) Reimbursement for tuition credit shall be
14 made by the State Treasurer to the approved educational institution
15 upon certification by the institution that the veteran is enrolled for the
16 current period and upon certification by the department that the
17 veteran is both eligible and entitled to tuition credit hereunder subject
18 to the provisions of section ¹~~12.~~ 11.¹ of this act. Reimbursement
19 for tuition credit shall be made out of funds accumulated from the
20 State Lottery.

21

22 ¹~~11.~~ 10.¹ (New section) Any benefits granted to eligible veterans
23 pursuant to this act shall not be considered income or an asset in
24 determining financial need for any financial assistance for higher
25 education provided pursuant to Title 18A of the New Jersey Statutes.

26

27 ¹~~12.~~ 11.¹ (New section) In the event that the amount
28 appropriated in any fiscal year is insufficient to carry out in full the
29 provisions of sections ¹~~5.~~ 4.¹ through ¹~~12.~~ 11.¹ of this act, the
30 department shall apportion the amount among the eligible veterans
31 applying for tuition credit in proportion to the amount each veteran
32 would be allocated if the full amount were appropriated.

33

34 ¹~~13.~~ 12.¹ (New section) As used in sections ¹~~13.~~ 12.¹ through
35 ¹~~17.~~ 16.¹ of this act:

36 "Vietnam veteran" means a resident of this State who:

37 a. served in the Armed Forces of the United States in Southeast
38 Asia in the Vietnam conflict and received a Vietnam Service Ribbon
39 or an Armed Forces Expeditionary Medal;

40 b. was honorably discharged or generally discharged under
41 honorable conditions; and

42 c. has been domiciled in New Jersey on April 9, 1985, for a period
43 of not less than two consecutive years, exclusive of any time spent on
44 active duty.

1 ¹**[14.] 13.**¹ (New section) A Vietnam veteran, upon being accepted
2 to pursue a course of study for an initial undergraduate degree in a
3 public institution of higher education of this State as enumerated in
4 N.J.S.18A:62-1, shall be entitled to tuition assistance, while enrolled
5 as a student in good standing at that college, in an amount up to the
6 full tuition cost as determined by the Department of Military and
7 Veterans' Affairs pursuant to section ¹**[18] 17**¹ of this act.

8

9 ¹**[15.] 14.**¹ (New section) A Vietnam veteran upon being accepted
10 to pursue a course of study for an initial undergraduate degree at an
11 independent college or university located in the State shall be entitled
12 to tuition assistance, while enrolled as a student in good standing at
13 that college or university, in an amount as determined by the
14 Department of Military and Veterans' Affairs pursuant to section
15 ¹**[18] 17**¹ of this act, but in an amount not more than the tuition
16 charged at Rutgers, The State University.

17

18 ¹**[16.] 15.**¹ (New section) A tuition award shall not be granted
19 pursuant to sections ¹**[14] 13**¹ and ¹**[15] 14**¹ of this act, unless the
20 Vietnam veteran has applied for all other available State or federal
21 student financial aid.

22

23 ¹**[17.] 16.**¹ (New section) Eligibility for this program shall be
24 limited to a period of five years from April 9, 1985. A Vietnam
25 veteran shall be eligible for a tuition award for four academic years,
26 unless he is enrolled in an undergraduate program regularly requiring
27 five academic years for completion, in which case he shall be entitled
28 to a tuition award for a fifth year.

29

30 ¹**[18.] 17.**¹ (New section) The Department of Military and
31 Veterans' Affairs shall, pursuant to the "Administrative Procedure
32 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt the rules and
33 regulations necessary to effectuate the purposes of sections ¹**[4] 3**¹
34 through ¹**[17] 16**¹ of this act.

35

36 ¹**[19.] 18.**¹ (New section) In any fiscal year, the Commission on
37 Higher Education shall include in its proposed budget for that year the
38 amount identified by the authority needed to fund its responsibilities
39 under the "Minority Faculty Advancement Program Act," as well as
40 any amounts needed to fund commission responsibilities under the
41 "Minority Faculty Advancement Program Act." Funding shall be
42 subject to the amount of appropriations available therefor.

43

44 ¹**[20.] 19.**¹ (New section) If the Congress of the United States
45 enacts legislation that exempts educational savings accounts from

1 federal income taxation, N.J.S.18A:71B-42 and N.J.S.18A:71B-43
2 shall apply with respect to such educational savings accounts as if they
3 were accounts established under this article and the beneficiaries of the
4 accounts were designated beneficiaries subject to the approval of the
5 New Jersey Higher Education Student Assistance Authority.

6
7 ¹[21.] 20.¹ (New section) As used in sections ¹[21-26] 20-25¹ of
8 this act, "Initial Active Duty Training" means Basic Military Training,
9 for members of the New Jersey Air National Guard, and Basic Combat
10 Training and Advanced Individual Training, for members of the New
11 Jersey Army National Guard.

12
13 ¹[22.] 21.¹ (New section) Any member of the New Jersey National
14 Guard shall be permitted to attend regularly-scheduled courses at any
15 public institution of higher education in this State enumerated in
16 N.J.S.18A:62-1 and receive up to 12 credits per semester tuition-free
17 provided that:

- 18 a. the member has completed Initial Active Duty Training and is in
19 good standing as an active member of the New Jersey National Guard;
20 b. the member has been accepted to pursue a course of
21 undergraduate study and is enrolled as an undergraduate student in
22 good standing at that institution;
23 c. the member has applied for all available State student grants and
24 scholarships and all available federal student grants and scholarships
25 for which the member is eligible; and
26 d. available classroom space permits and tuition-paying students
27 constitute the minimum number required for the course.

28
29 ¹[23.] 22.¹ (New section) Any child or surviving spouse of a
30 member of the New Jersey National Guard who heretofore completed
31 Initial Active Duty Training and was killed in the performance of his
32 duties while on active duty with the New Jersey National Guard, or
33 who hereafter completes Initial Active Duty Training and is killed in
34 the performance of his duties while a member of the New Jersey
35 National Guard, shall be permitted to attend regularly-scheduled
36 courses at any public institution of higher education in this State
37 enumerated in N.J.S.18A:62-1 and receive up to 12 credits per
38 semester tuition-free provided that:

- 39 a. the child or spouse has been accepted to pursue a course of
40 undergraduate study and is enrolled as an undergraduate student in
41 good standing at that institution;
42 b. the child or spouse has applied for all available State student
43 grants and scholarships and all available federal student grants and
44 scholarships for which the child or spouse is eligible; and
45 c. available classroom space permits and tuition-paying students
46 constitute the minimum number required for the course.

1 ¹[24.] 23.¹ (New section) The financial aid office of the public
2 institution shall advise the member, or surviving spouse or child of a
3 member, of any available State and federal student grants and
4 scholarships for which the member, or surviving spouse or child of a
5 member, may be eligible.

6

7 ¹[25.] 24.¹ (New section) Nothing in sections ¹[21] 20¹ through
8 ¹[26] 25¹ of this act shall preclude a public institution of higher
9 education from requiring the payment of other fees, subject to
10 approval by the State Treasurer, for individuals attending courses
11 pursuant to the provisions of sections ¹[21] 20¹ through ¹[26] 25¹ of
12 this act.

13

14 ¹[26.] 25.¹ (New section) The State Treasurer shall adopt,
15 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
16 (C.52:14B-1 et seq.), rules and regulations necessary to implement the
17 provisions of sections ¹[21] 20¹ through ¹[26] 25¹ of this act.

18

19 ¹[27.] 26.¹ Section 4 of P.L.1986, c.87 (C.18A:3-15.4) is amended
20 to read as follows:

21 4. An in-State university, college, business, trade or vocational
22 school may not offer, advertise, or by agreement with an out-of-State
23 institution, offer or advertise any academic degree from any
24 out-of-State university, college, business, trade or vocational school
25 when three-quarters or more of the degree requirements are obtained
26 by course work completed at the institution in New Jersey unless the
27 degree program **[is consistent with the programmatic mission of the**
28 **institution or has been approved by the Commission on Higher**
29 **Education]** was approved by the Board of Higher Education prior to
30 July, 1994, or has been reviewed by the New Jersey Presidents'
31 Council pursuant to section 8 of P.L.1994, c.48 (C.18A:3B-8) or is
32 a degree program at an institution specifically exempted from the
33 provisions of N.J.S.18A:68-6. No in-State university, college,
34 business, trade or vocational school may deliver such a degree
35 program unless licensed by the Commission on Higher Education,
36 following review by the council.

37 (cf: P.L.1994, c.48, s.37)

38

39 ¹[28.] 27.¹ Section 3 of P.L.1994, c.48 (C.18A:3B-3) is amended
40 to read as follows:

41 3. For the purposes of this act, unless the context clearly requires
42 a different meaning:

43 "Authority" means the Higher Education Student Assistance
44 Authority established pursuant to N.J.S.18A:71A-3;

45 "Commission" means the New Jersey Commission on Higher

1 Education established by this act;

2 "Council" means the New Jersey Presidents' Council established by
3 this act;

4 "Programmatic Mission" means all program offerings consistent
5 within those levels of academic degrees or certificates that the
6 institution has been authorized to grant by the State Board of Higher
7 Education prior to the effective date of this act or approved thereafter
8 by the commission;

9 "Public Research University" means Rutgers, The State University
10 of New Jersey, the University of Medicine and Dentistry of New
11 Jersey and the New Jersey Institute of Technology;

12 "State college" means any of the State colleges ¹or universities ¹
13 established pursuant to chapter 64 of Title 18A of the New Jersey
14 Statutes including any State college designated as a teaching
15 university.

16 (cf: P.L.1994, c.48, s.3)

17

18 ¹~~[29.]~~ 28. ¹ Section 6 of P.L.1994, c.48 (C.18A:3B-6) is amended
19 to read as follows:

20 6. The governing board of each public institution of higher
21 education shall have the following general powers and duties to fulfill
22 its mission and the Statewide goals in cooperation with other
23 institutions and the State coordinating structures:

24 a. To develop an institutional plan and to determine the programs
25 and degree levels to be offered by the institution consistent with this
26 plan and the institution's programmatic mission;

27 b. To have authority over all matters concerning the supervision and
28 operations of the institution including fiscal affairs, the employment
29 and compensation of staff not classified under Title 11A of the New
30 Jersey Statutes, and capital improvements in accordance with law;

31 c. To set tuition and fees; however, prior to the date of the adoption
32 of a tuition or fee schedule or an overall institutional budget, and with
33 reasonable notice thereof, the governing board shall conduct a public
34 hearing at such times and places as will provide those members of the
35 college community who wish to testify with an opportunity to be
36 heard;

37 d. To establish admission standards and requirements and standards
38 for granting diplomas, certificates and degrees;

39 e. To recommend for appointment by the Governor, members to the
40 institution's governing board. The recommendation shall be made with
41 regard to the mission of the institution and the diversity of the
42 community to be served;

43 f. To have final authority to determine controversies and disputes
44 concerning tenure, personnel matters of employees not classified under
45 Title 11A of the New Jersey Statutes, and other issues arising under
46 Title 18A of the New Jersey Statutes involving higher education

1 except as otherwise provided herein. Any matter arising under this
2 subsection may be assigned to an administrative law judge, an
3 independent hearing officer or to a subcommittee of the governing
4 board for hearing and initial decision by the board, except for tenure
5 hearings under N.J.S.18A:6-18. Any hearings conducted pursuant to
6 this section shall conform to the requirements of the "Administrative
7 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The final
8 administrative decision of a governing board of a public institution of
9 higher education is appealable to the Superior Court, Appellate
10 Division;

11 g. To invest and reinvest the funds of the institution; however,
12 institutions which invest the funds of the institution through the
13 Director of the Division of Investment in the Department of the
14 Treasury on or before the effective date of this act shall continue to do
15 so, unless this requirement is waived by the State Treasurer on an
16 annual basis, which waiver shall not be unreasonably withheld;

17 h. To retain legal counsel of the institution's choosing. State entities
18 may choose representation by the Attorney General; however, as to
19 claims of a tortious nature, the institution shall elect within 75 days of
20 the effective date of this act whether it, and its employees, shall be
21 represented in all such matters by the Attorney General. If the
22 institution elects not to be represented by the Attorney General, it shall
23 be considered and its employees considered employees of a sue and be
24 sued entity for the purposes of the "New Jersey Tort Claims Act" only.
25 The institution shall be required in that circumstance to provide its
26 employees with defense and indemnification consistent with the terms
27 and conditions of the Tort Claims Act in lieu of the defense and
28 indemnification that such employees would otherwise seek and be
29 entitled to from the Attorney General pursuant to N.J.S.59:10-1 et
30 seq. and P.L.1972, c.48 (C.59:10A-1 et seq.);

31 i. To be accountable to the public for fulfillment of the institution's
32 mission and Statewide goals and for effective management of the
33 institution;

34 j. To submit a request for State support to the Division of Budget
35 and Accounting in the Department of the Treasury and to the
36 commission in accordance with the provisions of this act;

37 k. To have prepared and made available to the public an annual
38 financial statement, and a statement setting forth generally the moneys
39 expended for government relations, public relations and legal costs;

40 l. To have prepared an annual independent financial audit, which
41 audit and any management letters regarding that audit shall be deemed
42 public documents.

43 These powers and duties are in addition to and not a limitation of the
44 specific powers and duties provided for the governing board of each
45 public institution under chapters 64, 64A, 64G or 64E of Title 18A of
46 the New Jersey Statutes. If the provisions of this section are

1 inconsistent with these specific powers and duties, the specific powers
2 and duties shall govern.

3 (cf: P.L.1994, c.48, s.6)

4

5 ¹~~[30.]~~ 29.¹ Section 8 of P.L.1994, c.48 (C.18A:3B-8) is amended
6 to read as follows:

7 8. The council shall have the responsibility, consistent with State
8 and federal law, to:

9 a. provide public information and research on higher education
10 issues;

11 b. review and make recommendations to the commission concerning
12 proposals for new programs that exceed the programmatic mission of
13 an institution or that change the programmatic mission of an
14 institution;

15 c. review and comment on proposals for new programs that demand
16 significant added resources or raise significant issues of duplication but
17 do not exceed the programmatic mission of the institution or require
18 a change in the programmatic mission. If the council determines that
19 a proposed new program is unduly expensive or unduly duplicative,
20 the council shall refer that proposal to the commission for review;
21 however, unless the commission disapproves of that program within
22 60 days of its referral, the program shall be deemed approved;

23 d. encourage the formation of regional or other alliances among
24 institutions including interinstitutional transfers, program articulation,
25 cooperative programs and shared resources and develop criteria for
26 "full faith and credit" transfer agreements between county colleges and
27 other institutions of higher education. The council shall also keep
28 institutions apprised of the discontinuance of programs at other
29 institutions and each president shall notify the council of any such
30 action;

31 e. advise and assist the commission in developing and updating a
32 plan for higher education in the State including, but not limited to, the
33 establishment of new institutions, closure of existing institutions and
34 consolidation of institutions;

35 f. provide policy recommendations on Statewide higher education
36 issues;

37 g. recommend to the Governor, Legislature and commission on
38 policy and overall levels of funding for student aid programs necessary
39 to ensure accessibility to higher education;

40 h. transmit to the Governor, Legislature and commission a general
41 budget policy statement regarding overall State funding levels;

42 i. upon referral from the commission pursuant to this act provide
43 recommendations concerning institutional licensure and university
44 status; **[and]**

45 j. appoint subcommittees consisting of the presidents of the
46 institutions of the various higher education sectors to decide matters,

1 within the authority of the council. The presidents of the independent
 2 institutions shall develop a unified request for State support under
 3 chapter 72B of Title 18A of the New Jersey Statutes. The presidents
 4 of the county college sector shall develop a unified request for State
 5 support under chapter 64A of Title 18A of the New Jersey Statutes;
 6 and

7 k. consult with the Higher Education Student Assistance Authority
 8 concerning student assistance matters.
 9 (cf: P.L.1995, c.268, s.2)

10

11 ¹~~[31.]~~ 30.¹ Section 12 of P.L.1994, c.48 (C.18A:3B-12) is
 12 amended to read as follows:

13 12. a. There shall be established an executive board which performs
 14 such duties as determined by the council. The executive board shall
 15 be composed of 14 members as follows:

16 The president of Rutgers, The State University;

17 The president of the University of Medicine and Dentistry of New
 18 Jersey;

19 The president of New Jersey Institute of Technology;

20 Three presidents of State Colleges who shall be selected by the
 21 presidents of this sector;

22 Five presidents of county colleges who shall be selected by the
 23 presidents of this sector;

24 Three presidents of independent institutions who shall be selected by
 25 the presidents of this sector.

26 b. The chair of the executive board shall be rotated among the
 27 following: one of the presidents of Rutgers, The State University of
 28 New Jersey, the president of the University of Medicine and Dentistry
 29 of New Jersey, and the president of New Jersey Institute of
 30 Technology; a president selected by the presidents of the State
 31 Colleges; a president selected by the presidents of the county colleges;
 32 and a president selected by the presidents of the independent
 33 institutions. The chair of the executive board shall serve for a
 34 two-year period. Biennially, the executive board shall select the chair
 35 in the manner provided above, but not necessarily in the order
 36 provided above.

37 c. The chair of the executive board shall also serve as the chair of
 38 the council.

39 (cf: P.L.1994, c.48, s.12)

40

41 ¹~~[32.]~~ 31.¹ Section 13 of P.L.1994, c.48 (C.18A:3B-13) is
 42 amended to read as follows:

43 13. a. There is established the New Jersey Commission on Higher
 44 Education which shall consist of ~~[nine]~~ ¹~~[12]~~ 11¹ members: six public
 45 members, to be appointed by the Governor with the advice and
 46 consent of the Senate without regard for political affiliation ~~[,];~~ two

1 public members to be appointed by the Governor, one upon the
2 recommendation of the President of the Senate and one upon the
3 recommendation of the Speaker of the General Assembly[, and]; the
4 chairperson of the New Jersey Presidents' Council, ex officio¹; one
5 faculty member from an institution of higher education to be appointed
6 by the Governor with the advice and consent of the Senate¹; and the
7 chairperson of the Board of the Higher Education Student Assistance
8 Authority, ex officio, or a designee from the public members of the
9 authority. The public members shall reflect the diversity of the State.
10 Notwithstanding the above, for a period of four years from July 1,
11 1994 the commission shall consist of ~~15~~ 16 members, as follows: 10
12 public members, appointed by the Governor with the advice and
13 consent of the Senate without regard for political affiliation, six of
14 whom shall have experience as a current member of the governing
15 board of an institution of higher education[,]; four public members to
16 be appointed by the Governor, two upon the recommendation of the
17 President of the Senate and two upon the recommendation of the
18 Speaker of the General Assembly [, and]; the chairperson of the New
19 Jersey Presidents' Council, ex officio; and the chairperson of the Board
20 of the Higher Education Student Assistance Authority, ex officio, or
21 a designee from the public members of the authority. The executive
22 director of the commission shall be an ex officio, non-voting member
23 of the commission. In addition, the Governor shall appoint two
24 students in attendance at public or independent institutions of higher
25 education in the State from recommendations submitted by student
26 government associations of New Jersey colleges and universities, who
27 shall serve for a one year term on the commission as non-voting
28 members.

29 b. Public members who are not experienced as governing board
30 members shall serve for a term of six years from the date of their
31 appointment and until their successors are appointed and qualified;
32 except that of the initial appointees who are not serving on the
33 governing board of an institution: one shall serve a term of one year;
34 one shall serve a term of two years; one shall serve a term of three
35 years; one shall serve a term of four years; two shall serve a term of
36 five years; and two shall serve a term of six years. A public member
37 who does not have experience as a current member of a governing
38 board shall serve until the member's successor is appointed and
39 qualified.

40 ¹The faculty member of the commission shall serve for a term of one
41 year from the date of appointment and the selection of that member
42 shall be rotated among the following higher education sectors although
43 not necessarily in the order listed: the senior public research
44 universities, the State colleges/universities, the county colleges, and
45 the independent institutions. The faculty member shall serve until his
46 successor is appointed and qualified.¹

1 Any vacancy shall be filled in the same manner as the original
2 appointment but only for the balance of the unexpired term. The
3 commission members shall serve without compensation but shall be
4 reimbursed for necessary expenses incurred in the performance of their
5 duties. No commission member shall be appointed for more than two
6 consecutive six-year terms.

7 c. The Governor shall make the necessary appointments within 15
8 days of the effective date of this act. The commission shall hold its
9 first meeting within 30 days of the appointment and qualification in
10 office of its members, at which time the Governor shall appoint, for a
11 two-year term, the chairman of the commission from among those
12 public members not serving on the board of trustees of an institution.
13 Upon the completion of the chairman's term, and every two years
14 thereafter, the commission shall elect, from among those public
15 members who are not serving on the board of trustees of an institution,
16 a chairman who shall serve a two-year term. The chairman may be
17 removed by the Governor for cause after an opportunity to be heard.

18 d. The commission shall be established in the Executive Branch of
19 the State Government and for the purposes of complying with the
20 provisions of Article V, Section IV, paragraph 1 of the New Jersey
21 Constitution, the commission is allocated in but not of the Department
22 of State, but notwithstanding this allocation, the commission shall be
23 independent of any supervision or control by the department or by any
24 board or officer thereof. The commission shall submit its budget
25 request directly to the Division of Budget and Accounting in the
26 Department of the Treasury.

27 e. The commission shall appoint an executive director and such
28 other personnel as may be deemed necessary. The executive director
29 and professional staff shall serve at the commission's pleasure and shall
30 receive such compensation as provided by law.

31 f. The Attorney General shall provide legal representation to the
32 commission.

33 (cf: P.L.1994, c.48, s.13)

34

35 ¹[33.] 32. ¹ Section 14 of P.L.1994, c.48 (C.18A:3B-14) is
36 amended to read as follows:

37 14. The commission shall be responsible for:

38 a. Statewide planning for higher education including research on
39 higher education issues and the development of a comprehensive
40 master plan, including, but not limited to, the establishment of new
41 institutions, closure of existing institutions, and consolidation of
42 institutions, which plan shall be long-range in nature and regularly
43 revised and updated. The council may request the commission to
44 conduct a study of a particular issue. The commission may require
45 from institutions of higher education such reports or other information
46 as may be necessary to enable the commission to perform its duties;

- 1 b. advocacy on behalf of higher education including informing the
2 public of the needs and accomplishments of higher education in New
3 Jersey;
- 4 c. making recommendations to the Governor and Legislature on
5 higher education initiatives and incentive programs of Statewide
6 significance;
- 7 d. final administrative decisions over institutional licensure and
8 university status giving due consideration to the accreditation status
9 of the institution. The commission shall furnish the Presidents' Council
10 with any pertinent information compiled on behalf of the subject
11 institution and the council shall then make recommendations to the
12 commission concerning the licensure of the institution or university
13 status within sixty days of receipt of the information;
- 14 e. adopting a code of ethics applicable to institutions of higher
15 education;
- 16 f. final administrative decisions over new academic programs that
17 go beyond the programmatic mission of the institution and final
18 administrative decisions over a change in the programmatic mission of
19 an institution. In addition, within 60 days of referral of a proposed
20 new program determined to be unduly expensive or duplicative by the
21 council, the commission may deny approval of programs which do not
22 exceed the programmatic mission of the institution, but which are
23 determined by the New Jersey Presidents' Council to be unduly
24 duplicative or expensive;
- 25 g. reviewing requests for State support from the institutions in
26 relation to the mission of the institution and Statewide goals and
27 proposing a coordinated budget policy statement to the Governor and
28 Legislature;
- 29 h. communicating with the State Board of Education and
30 Commissioner of Education to advance public education at all levels
31 including articulation between the public schools and higher education
32 community;
- 33 i. applying for and accepting grants from the federal government, or
34 any agency thereof, or grants, gifts or other contributions from any
35 foundation, corporation, association or individual, and complying with
36 the terms, conditions and limitations thereof, for the purpose of
37 advancing higher education. Any money so received may be expended
38 by the commission upon warrant of the director of the Office of
39 Management and Budget in the Department of the Treasury on
40 vouchers certified by the executive director of the commission;
- 41 j. acting as the lead agency of communication with the federal
42 government concerning higher education issues, except that the Higher
43 Education Student Assistance Authority shall act, in cooperation with
44 the commission, as the lead agency on issues of student assistance;
- 45 k. exercising all of the powers and duties previously exercised by
46 the Board of Higher Education, the Department of Higher Education,

1 and the Chancellor of Higher Education, under the "New Jersey
 2 Higher Education Building Construction Bond Act of 1971,"
 3 P.L.1971, c.164, the "New Jersey Medical Education Facilities Bond
 4 Act of 1977," P.L.1977, c.235, the "Jobs, Science and Technology
 5 Bond Act of 1984," P.L.1984, c.99 and the "Jobs, Education and
 6 Competitiveness Bond Act of 1988," P.L.1988, c.78, the "Higher
 7 Education Equipment Leasing Fund Act," P.L.1993, c.136, and the
 8 "Higher Education Facilities Trust Fund Act," P.L.1993, c.375 [and
 9 the "N.J. CLASS Loan Program," P.L.1991, c.268]; [and]

10 l. exercising any other power or responsibility necessary in order to
 11 carry out the provisions of this act; and

12 m. consulting with the Higher Education Student Assistance
 13 Authority on student assistance matters.

14 (cf: P.L.1994, c.48, s.14)

15

16 ¹[34.] 33.¹ N.J.S.18A:60-1 is amended to read as follows:

17 18A:60-1. The services of all professors, associate professors,
 18 assistant professors, instructors, supervisors, registrars, teachers, and
 19 other persons employed in a teaching capacity, who are or shall
 20 hereafter be employed by the commissioner in the Marie H.
 21 Katzenbach School for the Deaf or in any other educational
 22 institution[, or employed in any State college or in any county
 23 college,]¹, or employed in any State college or in any county college.¹
 24 and teachers and other certified persons employed in State institutions
 25 within the Department of Corrections or the Department of Human
 26 Services, with the exception of the Director of Educational Services,
 27 shall be under tenure during good behavior and efficiency:

28 a. after the expiration of a period of employment of three
 29 consecutive calendar years in any such institution or institutions; or

30 b. after employment for three consecutive academic years together
 31 with employment at the beginning of the next succeeding academic
 32 year in any such institution or institutions; or

33 c. after employment in any such institution or institutions, within a
 34 period of any four consecutive academic years, for the equivalent of
 35 more than three academic years.

36 An academic year, for the purpose of this section, means the period
 37 between the time school opens in the institution after the general
 38 summer vacation until the next succeeding summer vacation.

39 ¹The provisions of this section shall not apply to any faculty member
 40 employed by a State or county college who begins employment after
 41 the 1973-74 school year.¹

42 (cf: P.L.1986, c.158, s.2)

43

44 ¹[35.] 34.¹ Section 6 of P.L.1992, c.49 (C.18A:62-21) is amended
 45 to read as follows:

46 6. The [Presidents' Council] Commission on Higher Education shall

1 review the guidelines and procedures developed by the institutions, in
2 conjunction with the agencies or organizations sponsoring literacy
3 tutoring programs, to provide assistance in making the guidelines and
4 procedures the same for all participating institutions.

5 (cf: P.L.1994, c.48, s.88)

6

7 ¹**[36.] 35.**¹ Section 1 of P.L.1985, c.161 (C.18A:64-45) is amended
8 to read as follows:

9 1. There is established a body corporate and politic, with corporate
10 succession, to be known as the New Jersey **[State College Governing**
11 **Boards]** Association of State Colleges and Universities. **[The State**
12 **colleges]** ¹New ¹Jersey City **[State College]** University, Kean
13 University, Montclair State University, Ramapo College of New
14 Jersey, Richard Stockton College of New Jersey, Rowan University,
15 Thomas Edison State College, The College of New Jersey and The
16 William Paterson University of New Jersey shall **[be members]**
17 constitute the membership of the association.

18 (cf: P.L.1985, c.161, s.1)

19

20 ¹**[37.] 36.**¹ Section 2 of P.L.1985, c.161 (C.18A:64-46) is amended
21 to read as follows:

22 2. The association shall consist of nine voting members to be
23 appointed as follows: one member from each **[of the State college]**
24 member institution's boards of trustees, appointed by the members
25 thereof. In addition the presidents of the **[State colleges]** member
26 institutions shall serve as ex officio, nonvoting members.

27 Members shall serve without compensation but shall be entitled to
28 be reimbursed for all reasonable and necessary expenses.

29 (cf: P.L.1994, c.48, s.108)

30

31 ¹**[38.] 37.**¹ Section 4 of P.L.1985, c.161 (C.18A:64-48) is amended
32 to read as follows:

33 4. The association shall have perpetual succession and shall have the
34 following powers and responsibilities:

35 a. To make, amend and repeal rules, regulations and bylaws for its
36 own **[government]** governance and guidance, not inconsistent with the
37 purposes of the association;

38 b. To adopt an official seal and alter the same at pleasure;

39 c. To maintain an office at such place or places in the State as it may
40 designate;

41 d. To sue and be sued in its own name;

42 e. To borrow money, to issue bonds or notes therefor, and to secure
43 the same by pledge or mortgage of its real and personal property, but
44 it shall not in any manner, directly or indirectly, pledge the credit of
45 the State; and

1 f. To acquire, hold and dispose of real and personal property in the
2 exercise of its powers and the performance of its duties under this
3 article. All this property shall be exempt from taxation under chapter
4 4 of Title 54 of the Revised Statutes.

5 (cf: P.L.1985, c.161, s.4)

6

7 ¹~~39.~~ 38.¹ Section 5 of P.L.1985, c.161 (C.18A:64-49) is amended
8 to read as follows:

9 5. The association shall employ an executive director, who shall be
10 responsible for the administration of all the activities of the association
11 including staff services. The executive director shall serve at the
12 pleasure of the association. ~~Within the limits of funds appropriated~~
13 ~~or otherwise made available for this purpose, the~~ The salary of the
14 executive director and all other personnel shall be determined by the
15 association.

16 (cf: P.L.1985, c.161, s.5)

17

18 ¹~~40.~~ 39.¹ Section 6 of P.L.1985, c.161 (C.18A:64-50) is amended
19 to read as follows:

20 6. The association shall encourage and aid all movements for the
21 improvement of ~~State college~~ education at the member institutions
22 and shall~~, from time to time,~~ make recommendations to the
23 Governor, Legislature, Commission on Higher Education and
24 Presidents' Council regarding the coordination of the ~~State colleges~~
25 member institutions on matters of mutual interest and concern.

26 (cf: P.L.1994, c.48, s.109)

27

28 ¹~~41.~~ 40.¹ Section 7 of P.L.1985, c.161 (C.18A:64-51) is amended
29 to read as follows:

30 7. For purposes of defraying the expenses of the association, the
31 ~~State colleges~~ member institutions shall pay the necessary expenses
32 incurred by the members and shall appropriate annually such sums for
33 dues as may be assessed by the association. The assessment shall be
34 made only upon a two-thirds vote of the membership present at the
35 meeting, after notice of the taking of that vote shall have been given
36 to each ~~State college~~ member institution in writing at least 60 days
37 before the meeting of the association. Dues shall be assessed upon a
38 graduated scale according to the size of ~~the State college~~ each
39 member institution.

40 (cf: P.L.1985, c.161, s.7)

41

42 ¹~~42.~~ 41.¹ N.J.S.18A:64A-12 is amended to read as follows:

43 18A:64A-12. For the effectuation of the purposes of this chapter,
44 the board of trustees of a county college in addition to such other
45 powers expressly granted to it by law, is hereby granted the following

- 1 powers:
- 2 a. To adopt or change the name of the county college;
- 3 b. To adopt and use a corporate seal;
- 4 c. To sue and be sued;
- 5 d. To determine the educational curriculum and program of the
- 6 college consistent with the programmatic mission of the institution or
- 7 approved by the Commission on Higher Education;
- 8 e. To appoint and fix the compensation and term of office of a
- 9 president of the college who shall be the executive officer of the
- 10 college and an ex officio member of the board of trustees;
- 11 f. To appoint, upon nomination of the president, members of the
- 12 administrative and teaching staffs and fix their compensation and terms
- 13 of employment subject to the provisions of N.J.S.18A:64A-13;
- 14 g. To appoint or employ, upon nomination of the president, such
- 15 other officers, agents and employees as may be required to carry out
- 16 the provisions of this chapter and to fix and determine their
- 17 qualifications, duties, compensation, terms of office and all other
- 18 conditions and terms of employment and retention;
- 19 h. To fix and determine tuition rates and other fees to be paid by
- 20 students;
- 21 i. To grant diplomas, certificates or degrees;
- 22 j. To enter into contracts and agreements with the State or any of
- 23 its political subdivisions or with the United States, or with any public
- 24 body, department or other agency of the State or the United States or
- 25 with any individual, firm or corporation which are deemed necessary
- 26 or advisable by the board for carrying out the provisions of this
- 27 chapter;
- 28 k. To accept from any government or governmental department,
- 29 agency or other public or private body or from any other source grants
- 30 or contributions of money or property which the board may use for or
- 31 in aid of any of its purposes;
- 32 l. To acquire (by gift, purchase, condemnation or otherwise), own,
- 33 lease, use and operate property, whether real, personal or mixed, or
- 34 any interest therein, which is necessary or desirable for college
- 35 purposes;
- 36 m. To determine that any property owned by the county college is
- 37 no longer necessary for college purposes and to sell the same at such
- 38 price and in such manner and upon such terms and conditions as shall
- 39 be established by the board;
- 40 n. To exercise the right of eminent domain, pursuant to the
- 41 provisions of Title 20, Eminent Domain, of the Revised Statutes, to
- 42 acquire any property or interest therein;
- 43 o. To make and promulgate such rules and regulations, not
- 44 inconsistent with the provisions of this chapter or with the rules and
- 45 regulations promulgated hereunder that are necessary and proper for
- 46 the administration and operation of a county college and to implement

1 the provisions of this chapter;

2 p. To exercise all other powers, not inconsistent with the provisions
3 of this chapter or with the rules and regulations promulgated
4 hereunder which may be reasonably necessary or incidental to the
5 establishment, maintenance and operation of a county college; and

6 q. To establish and maintain a dedicated reserve fund for minor
7 capital needs which in any given year shall not exceed 3% of the
8 replacement value of the college's physical plant.

9 (cf: P.L.1994, c.48, s.128)

10

11 ¹[43.] 42.¹ N.J.S.18A:64A-29 is amended to read as follows:

12 18A:64A-29. The council will seek to ensure acceptable and
13 effective lines of development in admissions policy, academic
14 standards, programs, financing, including recommending to the State
15 Treasurer a formula for the allocation of annual appropriations among
16 the county colleges and making recommendations for capital funding,
17 and community relations in the several county colleges.

18 The council will serve as a means of communication between the
19 county colleges, and act as a resource center to aid them in planning,
20 act as a clearing house of information, and provide continuing field
21 services.

22 The council will act as an advisory body to the Governor,
23 Legislature, Commission on Higher Education and Presidents' Council
24 in the carrying out of their respective duties and responsibilities
25 deriving from this chapter.

26 (cf: P.L.1994, c.48, s.149)

27

28 ¹[44.] 43.¹ Section 6 of P.L.1970, c.102 (C.18A:64G-6) is
29 amended to read as follows:

30 6. The board of trustees of the university shall have the general
31 supervision over and be vested with the conduct of the university,
32 including its health care facilities regardless of the source of funding.
33 It shall have the power and duty to:

34 (a) Adopt and use a corporate seal;

35 (b) Determine the educational curriculum and program of the
36 university;

37 (c) Determine policies for the organization, administration, and
38 development of the university;

39 (d) Study the educational and financial needs of the university,
40 annually acquaint the Governor and Legislature with the condition of
41 the university, and prepare and submit an annual request for
42 appropriation to the Division of Budget and Accounting in the
43 Department of the Treasury in accordance with law;

44 (e) Disburse all moneys appropriated to the university by the
45 Legislature and all moneys received from tuition, fees, auxiliary
46 services and other sources;

1 (f) Direct and control expenditures and transfers of funds
2 appropriated to the university in accordance with the provisions of the
3 State budget and appropriation acts of the Legislature, and, as to funds
4 received from other sources, direct and control expenditures and
5 transfers in accordance with the terms of any applicable trusts, gifts,
6 bequests, or other special provisions, reporting changes and additions
7 thereto and transfers thereof to the Director of the Division of Budget
8 and Accounting in the Department of the Treasury. All accounts of the
9 university shall be subject to audit by the State at any time;

10 (g) In accordance with the provisions of the State budget and
11 appropriation acts of the Legislature, appoint and fix the compensation
12 and term of office of a president of the university who shall be the
13 executive officer of the university;

14 (h) In accordance with the provisions of the State budget and
15 appropriation acts of the Legislature, appoint, upon nomination of the
16 president, such deans and other members of the academic,
17 administrative and teaching staffs as shall be required and fix their
18 compensation and terms of employment;

19 (i) In accordance with the provisions of the State budget and
20 appropriation acts of the Legislature, appoint, remove, promote and
21 transfer such other officers, agents, or employees as may be required
22 to carry out the provisions of this act and assign their duties,
23 determine their salaries, and prescribe qualifications for all positions
24 and in accordance with the salary schedules of the Civil Service
25 Commission wherever possible;

26 (j) Fix and determine tuition rates, and other fees to be paid by
27 students;

28 (k) Grant diplomas, certificates or degrees;

29 (l) Enter into contracts and agreements with the State or any of its
30 political subdivisions or with the United States, or with any public
31 body, department or other agency of the State or the United States or
32 with any individual, firm or corporation which are deemed necessary
33 or advisable by the board for carrying out the provisions of this act.
34 A contract or agreement pursuant to this subsection may require a
35 municipality to undertake obligations and duties to be performed
36 subsequent to the expiration of the term of office of the elected
37 governing body of such municipality which initially entered into or
38 approved said contract or agreement, and the obligations and duties so
39 incurred by such municipality shall be binding and of full force and
40 effect, notwithstanding that the term of office of the elected governing
41 body of such municipality which initially entered into or approved said
42 contract or agreement, shall have expired;

43 (m) Accept from any government or governmental department,
44 agency or other public or private body or from any other source grants
45 or contributions of money or property which the board may use for or
46 in aid of any of its purposes;

1 (n) (1) Acquire (by gift, purchase, condemnation or otherwise),
2 own, lease, dispose of, use and operate property, whether real,
3 personal or mixed, or any interest therein, which is necessary or
4 desirable for university purposes;

5 (2) Adopt standing operating rules and procedures for the purchase
6 of all equipment, materials, supplies and services; however, no
7 contract on behalf of the university shall be entered into for the
8 purchase of services, materials, equipment and supplies, for doing of
9 any work, or for the hiring of equipment or vehicles, where the sum to
10 be expended exceeds \$12,500.00 or the amount determined by the
11 Governor as provided herein, unless the university shall first publicly
12 advertise for bids and shall award the contract to that responsible
13 bidder whose bid, conforming to the invitation for bids, will be most
14 advantageous to the university, price and other factors considered.
15 Such advertising shall not be required in those exceptions created by
16 the board of trustees of the university, which shall be in substance
17 those exceptions contained in sections 4 and 5 of P.L.1954, c.48
18 (C.52:34-9 and 10) or for the supplying of any product or the
19 rendering of any service by a public utility subject to the jurisdiction
20 of the Board of Public Utilities of this State and tariffs and schedules
21 of the charges, made, charged, or exacted by the public utility for any
22 such products to be supplied or services to be rendered are filed with
23 the said board. Commencing January 1, 1985 and every two years
24 thereafter, the Governor, in consultation with the Department of the
25 Treasury, shall adjust the threshold amount set forth in this paragraph
26 in direct proportion to the rise or fall of the consumer price index for
27 all urban consumers in the New York City and the Philadelphia areas
28 as reported by the United States Department of Labor. The Governor
29 shall notify the university of the adjustment. The adjustment shall
30 become effective on July 1 of the year in which it is reported.

31 This subsection shall not prevent the university from having any
32 work done by its own employees, nor shall it apply to repairs, or to the
33 furnishing of materials, supplies or labor, or the hiring of equipment or
34 vehicles, when the safety or protection of its or other public property
35 or the public convenience requires or the exigency of the university's
36 service will not admit of such advertisement. In such case, the
37 university shall, by resolution passed by the affirmative vote of its
38 board of trustees, declare the exigency or emergency to exist, and set
39 forth in the resolution the nature and approximate amount to be
40 expended; shall maintain appropriate records as to the reason for such
41 awards; and shall report regularly to its board of trustees on all such
42 purchases, the amounts and the reasons therefor;

43 (3) Employ architects to plan buildings; secure bids for the
44 construction of buildings and for the equipment thereof; make
45 contracts for the construction of buildings and for equipment; and
46 supervise the construction of buildings;

1 (4) Manage and maintain, and provide for the payment of all charges
2 on and expenses in respect of, all properties utilized by the university;
3 and

4 (5) Invest certain moneys in such obligations, securities and other
5 investments as the board shall deem prudent, consistent with the
6 purposes and provisions of this act and in accordance with State and
7 federal law, as follows:

8 **【In not for profit corporations utilizing income realized from the sale**
9 **or licensing of intellectual property, as well as the reinvestment of**
10 **earnings on intellectual property; income realized from the operation**
11 **of faculty practice plans of the university; and income from overhead**
12 **grant fund recovery as permitted by federal law;**

13 **In for profit corporations utilizing income realized from the sale or**
14 **licensing of intellectual property, as well as the reinvestment of**
15 **earnings on intellectual property】**

16 Investment in not for profit corporations or for profit corporations
17 organized and operated pursuant to the provisions of subsection v. of
18 this section may utilize income realized from the sale or licensing of
19 intellectual property as well as the reinvestment of earnings on
20 intellectual property. Investment in not for profit corporations may
21 also utilize income from ¹the operation of faculty practice plans of the
22 university and income from¹ overhead grant fund recovery as
23 permitted by federal law as well as other university funds except those
24 specified in paragraph 5 of subsection v. of this section.

25 (o) Borrow money and to secure the same by a mortgage on its
26 property or any part thereof, and to enter into any credit agreement for
27 the needs of the university, as deemed requisite by the board, in such
28 amounts and for such time and upon such terms as may be determined
29 by the board, provided that no such borrowing shall be deemed or
30 construed to create or constitute a debt, liability, or a loan or pledge
31 of the credit or be payable out of property or funds, other than moneys
32 appropriated for that purpose, of the State;

33 (p) Exercise the right of eminent domain, pursuant to the provisions
34 of the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et
35 seq.), to acquire any property or interest therein;

36 (q) Adopt bylaws and make and promulgate such rules, regulations
37 and orders, not inconsistent with the provisions of this act as are
38 necessary and proper for the administration and operation of the
39 university and to implement the provisions of this act;

40 (r) Authorize any new program, educational department or school
41 not inconsistent with the programmatic mission of the institution or
42 approved by the Commission on Higher Education which will require,
43 at the time of establishment or thereafter, an additional expenditure of
44 money, if provision is made therefor by law;

45 (s) Function as a public employer under the "New Jersey
46 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et

1 seq.) and conduct all labor negotiations, and with the participation of
2 the Governor's Office of Employee Relations act as the chief
3 spokesperson with respect to all matters under negotiation;

4 (t) Sue and be sued in its own name;

5 (u) Retain independent counsel including representation by the
6 Attorney General in accordance with subsection h. of section 6 of
7 P.L.1994, c.48 (C.18A:3B-6);

8 (v) (1) Participate as the general partner or as a limited partner,
9 either directly or through a subsidiary corporation created by the
10 university, in limited partnerships, general partnerships, or joint
11 ventures engaged in the development, manufacture, or marketing of
12 products, technology, scientific information or health care services and
13 create or form for profit or not for profit corporations to engage in
14 such activities; provided that any such participation shall be consistent
15 with the mission of the university and the board shall have determined
16 that such participation is prudent. Nothing herein shall be construed
17 to authorize any change in the legal status of University Hospital;

18 (2) The decision to participate in any activity described in paragraph
19 (1) of subsection (v) of section 6 of P.L.1970, c.102 (C.18A:64G-6),
20 including the creation or formation of for profit or not for profit
21 corporations, shall be articulated in the minutes of the Board of
22 Trustees meeting in which the action was approved. A true copy of
23 the minutes shall be delivered to the Governor. No such action shall
24 have affect until 30 days, Saturdays, Sundays and public holidays
25 excepted, after the copy of the minutes shall have been delivered to the
26 Governor. If, within the 30-day period, the Governor returns the
27 minutes of the meeting with a veto of the action taken by the board,
28 the action taken by the board shall be null and void and of no effect;

29 (3) The provisions of P.L.1971, c.182 (C.52:13D-12 et seq.) shall
30 continue to apply to the university, its employees and officers;

31 (4) Nothing herein shall be deemed or construed to create or
32 constitute a debt, liability, or a loan or pledge of the credit or be
33 payable out of property or funds of the State;

34 (5) Funds directly appropriated to the university from the State or
35 derived from the university's academic programs or derived from
36 payment for coverage provided by the self insurance fund for claims
37 accruing prior to the effective date of this act ¹by the profit or not for
38 profit corporations organized and operated pursuant to this
39 subsection¹ shall not be utilized ¹by the profit or not for profit
40 corporations organized and operated pursuant to this subsection¹ in
41 the development, manufacture or marketing of products, technology
42 or scientific information;

43 (6) Employees of any joint venture, subsidiary corporation,
44 partnership or other jural entity entered into or owned wholly or in
45 part by the university shall not be deemed public employees;

46 (7) A joint venture, subsidiary corporation, partnership or other

1 jural entity entered into or owned wholly or in part by the university
2 shall not be deemed an instrumentality of the State of New Jersey;

3 (8) Income realized by the university as a result of participation in
4 the development, manufacture or marketing of products, technology,
5 or scientific information may be invested or reinvested pursuant to
6 paragraph (5) of subsection (n) of section 6 of P.L.1970, c.102
7 (C.18A:64G-6) or any other provision of this act or State or federal
8 law or retained by the board for use in furtherance of any of the
9 purposes of this act or of other applicable statutes;

10 (9) The board shall annually report to the State Treasurer on the
11 operation of all joint ventures, subsidiary corporations, partnerships or
12 such other jural entities entered into or owned wholly or in part by the
13 university;

14 (w) (1) Procure and enter into contracts for any type of insurance
15 and indemnify against loss or damage to property from any cause,
16 including loss of use and occupancy, against death or injury of any
17 person, against employees' liability, against any act of any member,
18 officer, employee or servant of the university, whether part-time,
19 full-time, compensated or non-compensated in the performance of the
20 duties of his office or employment or any other insurable risk. In
21 addition, the university shall carry its own liability insurance or
22 maintain an actuarially sound program of self insurance. Any joint
23 venture, subsidiary corporation, or partnership or such other jural
24 entity entered into or owned wholly or in part by the university shall
25 carry insurance or maintain reserves in such amounts as are determined
26 by an actuary to be sufficient to meet its actual or accrued claims;

27 (2) Moneys in the fund known as the Self-Insurance Trust Fund
28 administered by the State Treasurer shall continue to be available to
29 the university solely to indemnify and defend claims against the
30 university and its employees, officers and servants but only to the
31 extent that the University has elected on behalf of itself and its
32 employees to obtain representation from the Attorney General
33 pursuant to subsection h. of section 6 of P.L.1994, c.48 (C.18A:3B-6)
34 and such entity or individuals would have been entitled to defense and
35 indemnification pursuant to the "New Jersey Tort Claims Act,"
36 N.J.S.59:1-1 et seq., as a State entity or State employee but for the
37 provision of subsection (t) of section 6 of P.L.1970, c.102
38 (C.18A:64G-6). Any expenditure of such funds shall be made only in
39 accordance with the provisions of the "New Jersey Tort Claims Act,"
40 N.J.S.59:1-1 et seq., including but not limited to the provisions of
41 chapters 10, 10A and 11 of Title 59 of the New Jersey Statutes.
42 Nothing herein shall be construed to authorize the use of the
43 Self-Insurance Trust Fund to indemnify or insure in any way, directly
44 or indirectly the activities of any joint venture, partnership or
45 corporation entered into or created by the university pursuant to
46 paragraphs (1) and (2) of subsection (v) of section 6 of P.L.1970,

1 c.102 (C.18A:64G-6); and

2 (x) Create auxiliary organizations subject to the provisions of
3 P.L.1982, c.16 (C.18A:64-26 et seq.).

4 (cf: P.L.1994, c.48, s.169)

5

6 ¹[45.] 44.¹ N.J.S.18A:68-3 is amended to read as follows:

7 18A:68-3. a. No corporation shall furnish instruction or learning
8 in the arts, sciences, or professions for the purposes of admitting any
9 person to the grade of a degree, or shall confer or participate in
10 conferring a degree, giving to any person a diploma of graduation or
11 of proficiency in a course of study, in learning, or in scientific arts or
12 methods, within this State, until it shall have filed a certified copy of
13 its certificate of incorporation with the Commission on Higher
14 Education and obtained from the commission a license to carry on the
15 business under such rules as the commission may prescribe.

16 b. The cost for consultants utilized by the Commission on Higher
17 Education and other out-of-pocket expenses incurred by the
18 commission for licensure and related reviews shall be paid by the
19 institution seeking a license or license renewal.

20 (cf: P.L.1994, c.48, s.195)

21

22 ¹[46.] 45.¹ Section 4 of P.L.1968, c.142 (C.18A:71-31) is amended
23 to read as follows:

24 4. (a) There is hereby created and established under the Commission
25 on Higher Education, which is in but not of the Department of State,
26 an educational opportunity fund which shall be known as the "New
27 Jersey Educational Opportunity Fund." Notwithstanding this
28 allocation, the fund shall be independent of any supervision or control
29 by the department or by any officer thereof. The fund shall identify,
30 recruit and provide financial assistance to needy students who are
31 residents of this State in order that they may be able to attend
32 institutions of higher education.

33 (b) The business and operations of the fund shall be administered by
34 the board of directors created pursuant to section 5 of P.L.1968, c.142
35 (C.18A:71-32) subject to the general supervision of the Commission
36 on Higher Education.

37 (c) The commission in consultation with the board shall designate
38 an individual to serve as the chief executive officer of the fund **[and],**
39 who shall organize the work of the fund in such manner as **[the chief**
40 **executive officer]** he deems necessary to carry out the provisions of
41 this act. The commission may employ such persons, contract for such
42 services, make such expenditures and adopt such rules and regulations
43 as may be necessary or appropriate to carry out the provisions of this
44 act.

45 (cf: P.L.1994, c.48, s.213)

1 ¹[47.] 46.¹ Section 5 of P.L.1968, c.142 (C.18A:71-32) is amended
2 to read as follows:

3 5. (a) The board of directors of the fund shall consist of the
4 chairman of the Commission on Higher Education [or the chairman's
5 designee] and the chairperson of the Board of the Higher Education
6 Student Assistance Authority or their designees from among the public
7 members and eight citizens of this State appointed by the Governor.
8 Citizen members of the board shall be selected without regard to
9 political affiliation and, as far as may be practicable, on the basis of
10 their knowledge of, or interest in, the problems of needy students and
11 higher education. The board shall organize annually as established by
12 rule of the board to elect a chairman, vice chairman and other officers
13 as the board shall determine from among its members. The officers
14 shall serve for a one-year term and until their successors are elected
15 and qualified. Vacancies in the offices shall be filled in the same
16 manner for the unexpired term only.

17 (b) Each citizen member of the board shall serve for a term of four
18 years and until his successor shall have been appointed and qualified;
19 provided, that in the case of the first appointments to the board, two
20 members shall be appointed for terms expiring June 30, 1969; two
21 members shall be appointed for terms expiring June 30, 1970; two
22 members shall be appointed for terms expiring June 30, 1971; and two
23 members shall be appointed for terms expiring June 30, 1972. Any
24 vacancy in the membership of the board shall be filled in the same
25 manner as the original appointment for the remainder of the unexpired
26 term.

27 (c) The board shall develop and maintain a Statewide system for the
28 identification of potential college students from needy families; devise
29 methods for recruiting such students; advise the commission on the
30 organization, coordination and support, in cooperation with public and
31 private institutions of higher education of the State, of programs of
32 remedial education for such students; and provide financial assistance
33 as required by such students.

34 (d) Members of the board shall serve without compensation but
35 shall be entitled to be reimbursed for all reasonable and necessary
36 expenses incurred in the discharge of their duties.

37 (cf: P.L.1994, c.48, s.214)

38

39 ¹[48.] 47.¹ Section 7 of P.L.1968, c.142 (C.18A:71-34) is amended
40 to read as follows:

41 7. (a) The board is hereby authorized to award "opportunity grants"
42 from the fund to needy students for undergraduate study leading to a
43 baccalaureate degree, associate degree, or other approved certificate
44 and for graduate and professional study leading to approved master's
45 and doctor's degrees at institutions of higher education, public and
46 private, located in New Jersey; provided, that the board shall allow not

1 more than 10% of the needy students to be awarded opportunity
2 grants in any year to use their opportunity grants at institutions of
3 higher education located outside this State; and, provided further, that
4 no more than 10% of the funds appropriated and available for the
5 purposes of this act shall be awarded to students for use in graduate
6 study.

7 (b) Opportunity grants may be awarded annually, upon proper
8 application to the fund, to any needy student who qualifies under the
9 standards to be developed and promulgated by the board and who is
10 or will be attending an institution of collegiate grade located in New
11 Jersey and approved for this purpose by the Commission on Higher
12 Education, except that in cases where the student will be or is
13 attending an institution in another State, the accreditation procedures
14 of that State shall be accepted, subject to the approval of the board.

15 (c) The board may utilize the services of the [Office of Student
16 Assistance] Higher Education Student Assistance Authority to
17 administer the provisions of this section. The cost of these services
18 shall be paid by the Equal Opportunity Fund.

19 (cf: P.L.1994, c.48, s.216)

20

21 ¹48. N.J.S.18A:72A-4 is amended to read as follows:

22 18A:72A-4. (a) There is hereby established in but not of the
23 Department of the Treasury a public body corporate and politic, with
24 corporate succession to be known as the "New Jersey educational
25 facilities authority." Notwithstanding this allocation, the authority shall
26 be independent of any supervision or control by the department or any
27 officer thereof. The authority shall constitute a political subdivision of
28 the State established as an instrumentality exercising public and
29 essential governmental functions, and the exercise by the authority of
30 the powers conferred by this chapter shall be deemed and held to be
31 an essential governmental function of the State.

32 (b) The authority shall consist of seven members, two of whom shall
33 be the chairman of the Commission on Higher Education, ex officio,
34 and the State Treasurer, ex officio, or when so designated by them,
35 their deputies and five citizens of the State to be appointed by the
36 Governor with the advice and consent of the Senate for terms of five
37 years; provided that the terms of the members first appointed shall be
38 arranged by the Governor so that one of such terms shall expire on
39 April 30 in each successive year ensuing after such appointments. Each
40 member shall hold office for the term of his appointment and shall
41 continue to serve during the term of his successor unless and until his
42 successor shall have been appointed and qualified. Any vacancy
43 among the members appointed by the Governor shall be filled by
44 appointment for the unexpired term only. A member of the authority
45 shall be eligible for reappointment.

46 (c) Any member of the authority appointed by the Governor may be

1 removed from office by the Governor for cause after a public hearing.

2 (d) The members of the authority shall serve without compensation,
3 but the authority may reimburse its members for necessary expenses
4 incurred in the discharge of their duties.

5 (e) The authority, upon the first appointment of its members and
6 thereafter on or after April 30 in each year, shall annually elect from
7 among its members a chairman and a vice chairman who shall hold
8 office until April 30 next ensuing and shall continue to serve during the
9 terms of their respective successors unless and until their respective
10 successors shall have been appointed and qualified. The authority may
11 also appoint, retain and employ, without regard to the provisions of
12 Title 11, Civil Service, of the Revised Statutes, such officers, agents,
13 employees and experts as it may require, and it shall determine their
14 qualifications, terms of office, duties, services and compensation.

15 (f) The powers of the authority shall be vested in the members
16 thereof in office from time to time and a majority of the total
17 authorized membership of the authority shall constitute a quorum at
18 any meeting thereof. Action may be taken and motions and resolutions
19 adopted by the authority at any meeting thereof by the affirmative vote
20 of a majority of the members present, unless in any case the bylaws of
21 the authority shall require a larger number. No vacancy in the
22 membership of the authority shall impair the right of a quorum to
23 exercise all the rights and perform all the duties of the authority.

24 (g) Before the issuance of any bonds under the provisions of this
25 chapter, the members and the officer of the authority charged with the
26 handling of the authority's moneys shall be covered by a surety bond
27 or bonds in a penal sum of not less than \$25,000.00 per person
28 conditioned upon the faithful performance of the duties of their
29 respective offices, and executed by a surety company authorized to
30 transact business in the State of New Jersey as surety. Each such bond
31 shall be submitted to the attorney general for his approval and upon his
32 approval shall be filed in the Office of the Secretary of State prior to
33 the issuance of any bonds by the authority. At all times after the
34 issuance of any bonds by the authority the officer of the authority and
35 each member charged with the handling of the authority's moneys shall
36 maintain such surety bonds in full force and effect. All costs of such
37 surety bonds shall be borne by the authority.

38 (h) Notwithstanding any other law to the contrary, it shall not be or
39 constitute a conflict of interest for a trustee, director, officer or
40 employee of a participating college to serve as a member of the
41 authority; provided such trustee, director, officer or employee shall
42 abstain from discussion, deliberation, action and vote by the authority
43 under this chapter in specific respect to such participating college of
44 which such member is a trustee, director, officer or employee.

45 (i) A true copy of the minutes of every meeting of the authority shall
46 be forthwith delivered by and under the certification of the secretary

1 thereof, to the Governor. No action taken at such meeting by the
2 authority shall have force or effect until 10 days after such copy of the
3 minutes shall have been so delivered. If, in said 10-day period, the
4 Governor returns such copy of the minutes with veto of any action
5 taken by the authority or any member thereof at such meeting, such
6 action shall be null and of no effect. If the Governor shall not return
7 the minutes within said 10-day period, any action therein recited shall
8 have force and effect according to the wording thereof. At any time
9 prior to the expiration of the said 10-day period, the Governor may
10 sign a statement of approval of any such action of the authority, in
11 which case the action so approved shall not thereafter be disapproved.

12 Notwithstanding the foregoing provisions of this subsection (i), with
13 regard to the authorization or sale **[and award]** of bonds of the
14 authority, the authority shall furnish to the Governor a certified copy
15 of the minutes of the meeting at which **[said]** the bonds are authorized
16 or sold **[and awarded forthwith upon the taking of such action]** and
17 the Governor shall indicate **[his]** approval or disapproval of **[such]**
18 the action **[prior to the end of the business day upon which such**
19 **action of the authority was taken]** upon receipt of the certified copy
20 of the minutes.

21 The powers conferred in this subsection (i) upon the Governor shall
22 be exercised with due regard for the rights of the holders of bonds of
23 the authority at any time outstanding, and nothing in, or done pursuant
24 to, this subsection (i) shall in any way limit, restrict or alter the
25 obligation or powers of the authority or any representative or officer
26 of the authority to carry out and perform in every detail each and
27 every covenant, agreement or contract at any time made or entered
28 into by or on behalf of the authority with respect to its bonds or for
29 the benefit, protection or security of the holders thereof.¹

30 (cf: P.L.1994, c.48, s.236)

31

32 49. Section 2 of P.L.1988, c.159 (C.18A:72A-27.3) is amended to
33 read as follows:

34 2. **[a.** Following final approval by the board of trustees of a
35 proposed project for the acquisition, construction or financing of any
36 non-revenue producing educational facility, the board of trustees shall,
37 on a day when both houses of the Legislature are meeting, submit the
38 proposal to the President of the Senate and the Speaker of the General
39 Assembly, and submit informational copies of the proposal to the
40 members of the Senate Budget and Appropriations Committee and the
41 Assembly Appropriations Committee, or their successors and to the
42 Commission on Higher Education. The submission shall include all
43 appropriate supporting information, including, at a minimum, a
44 description of the project, its impact, cost and construction schedule,
45 and a detailed explanation of the sources of revenue which will be
46 dedicated to the financing of the project.

1 b. The proposal as submitted to the Legislature shall be deemed
2 approved after 60 days, as provided herein, of the date on which the
3 proposal and the supporting information were submitted to the
4 Legislature, unless between the date of submission and the end of the
5 60-day period, the Legislature passes a concurrent resolution
6 approving the proposal with modifications or rejecting the proposal.
7 The 60 days shall commence on the day of submission and expire on
8 the 60th day after submission or for a house not meeting on the 60th
9 day, on the next meeting day of that house.] The board of trustees of
10 the public institution of higher education shall submit a copy of a
11 resolution approving any non-revenue producing facility project to the
12 President of the Senate and the Speaker of the General Assembly and
13 shall submit informational copies of the proposal to the members of
14 the Senate Budget and Appropriations and the Assembly
15 Appropriations Committee and to the Commission on Higher
16 Education. The submission shall include all appropriate supporting
17 information including, but not limited to, a description of the project,
18 its impact, cost and construction schedule, and a detailed explanation
19 of the sources of revenue which will be dedicated to the financing of
20 the project. If the Legislature does not disapprove the proposal by the
21 adoption of a concurrent resolution within 60 days, the proposal shall
22 be deemed to be approved.

23 (cf: P.L.1994, c.48, s.240)

24

25 50. N.J.S.18A:72A-29 is amended to read as follows:

26 18A:72A-29. All lands and other assets real or personal presently
27 titled in the name of the State Board of Higher Education or the State
28 Department of Higher Education, which are occupied by a public
29 institution of higher education shall be titled in the name of the State
30 of New Jersey only. All conveyances, leases and subleases, pursuant
31 to this chapter shall be made, executed and delivered in the name of
32 the State and shall be signed by the State Treasurer and sealed with
33 the seal of the State [subject to the approval of the State House
34 Commission].

35 To the extent not otherwise expressly provided under existing law,
36 all powers and duties conferred upon the university pursuant to this
37 chapter shall be exercised and performed by resolution of its board of
38 governors and all powers and duties conferred upon any of said
39 colleges pursuant to this chapter shall be exercised and performed by
40 resolution of its board of trustees.

41 All conveyances, leases and subleases made pursuant to this chapter,
42 when duly authorized by the university, shall be made, executed and
43 delivered in the name of the university and shall be signed by its
44 president or a vice president and sealed with the seal of the university
45 and all conveyances, leases and subleases made pursuant to this
46 chapter, when duly authorized by any of said colleges, shall be made,

1 executed and delivered in the name of the college and shall be signed
2 by the president or a vice president and sealed with the seal of the
3 college.

4 (cf: P.L.1994, c.48, s.241)

5

6 51. Section 5 of P.L.1979, c.132 (C.18A:72B-19) is amended to
7 read as follows:

8 5. Funds received by an institution pursuant to this act shall be
9 maintained in a separate ledger account. Each institution shall cause
10 an audit of such account and of enrollment figures to be made annually
11 by a certified public accountant and forwarded to the treasurer. The
12 treasurer shall have the right to audit institutional records pertaining
13 to this act. Each institution also shall furnish to the **[board]** treasurer
14 a copy of its audited annual financial statement.

15 (cf: P.L.1994, c.48, s.244)

16

17 52. Section 1 of P.L.1984, c.189 (C.18A:72F-1) is amended to read
18 as follows:

19 1. This act shall be known and may be cited as the "Minority Faculty
20 Advancement **[Loan and Loan Redemption]** Program Act."

21 (cf: P.L.1984, c.189, s.1)

22

23 53. Section 2 of P.L.1984, c.189 (C.18A:72F-2) is amended to read
24 as follows:

25 2. The Legislature finds and declares that:

26 a. Within **[the State]** New Jersey colleges and universities minority
27 faculty members with doctoral degrees in certain academic disciplines,
28 notably the physical and life sciences, engineering, mathematics,
29 management, computer science, environmental sciences, and statistics,
30 are underrepresented in comparison to nonminority faculty members
31 with doctorates.

32 b. There is in the United States a serious shortage of minority
33 doctoral degree graduates in the academic disciplines cited above from
34 which **[the State]** New Jersey colleges and universities can recruit
35 faculty members.

36 c. The **[State]** colleges and universities in New Jersey currently face
37 difficult problems in recruiting and retaining minority faculty members
38 with doctoral degrees in the academic disciplines cited above.

39 d. Rutgers, The State University and the State colleges have
40 cooperated in implementing a pilot program, the Minority
41 Advancement Program in Teaching and Research, whereby eligible
42 State college minority faculty members or other minorities admitted to
43 the State university in a doctoral degree program in certain academic
44 disciplines are provided grant, loan and other support opportunities to
45 assist them in completing the academic degree requirements and to

1 increase the pool of potential minority faculty members holding
2 doctoral degrees.

3 (cf: P.L.1994, c.48, s.271)

4

5 54. Section 3 of P.L.1984, c.189 (C.18A:72F-3) is amended to read
6 as follows:

7 3. As used in this act:

8 a. "Eligible discipline" means an academic discipline in which
9 minority individuals are underrepresented as determined by the
10 **【Executive Director of Student Assistance Programs in consultation**
11 **with the】** Commission on Higher Education **【and】** in consultation with
12 the Board of Directors of the Educational Opportunity Fund and the
13 New Jersey Presidents' Council.

14 b. "Faculty member" means any person employed full-time by a New
15 Jersey **【State】** college or university **【,】** to perform primarily teaching,
16 research, or administrative duties for 10 or more months per academic
17 year.

18 c. "Minority" means any person who is a member of a racial-ethnic
19 group that has been historically disadvantaged in obtaining access to
20 equal educational opportunities.

21 d. "Program" means the Minority Faculty Advancement **【Loan and**
22 **Loan Redemption】** Program created pursuant to this act.

23 e. **【"State college" means any institution created pursuant to chapter**
24 **64 of Title 18A of the New Jersey Statutes.】** ~~Deleted by amendment,~~
25 ~~P.L. , c. (C.)(now pending before the Legislature as this bill.)~~

26 f. "Eligible student participant" means a minority student enrolled
27 in a doctoral degree program in an eligible discipline, as defined in this
28 section, at any New Jersey college or university that qualifies for and
29 agrees to participate in the program.

30 g. "New Jersey college or university" means any public or
31 independent institution of higher education in the State licensed by the
32 New Jersey Commission on Higher Education.

33 (cf: P.L.1994, c.48, s.272)

34

35 55. Section 4 of P.L.1984, c.189 (C.18A:72F-4) is amended to read
36 as follows:

37 4. a. There is established within the **【Office of Student Assistance】**
38 New Jersey Commission on Higher Education a Minority Faculty
39 Advancement **【Loan and Loan Redemption】** Program **【for students at**
40 Rutgers, The State University, or the New Jersey Institute of
41 Technology, or at a private college or university which agrees to
42 participate in the program who are enrolled in an eligible discipline in
43 the Minority Advancement Program in Teaching and Research.

44 Eligible participants shall include:

45 a. State college faculty members who have been nominated by their

1 institution and granted up to a four-year leave of absence in order to
2 participate in the program. A nomination by a State college shall
3 include a commitment to reemploy the nominee in the same or in an
4 equivalent position at the college upon completion of the program; and
5 b. Individuals who otherwise qualify pursuant to procedures set
6 forth by the Executive Director of Student Assistance Programs in
7 consultation with the Commission on Higher Education and the Board
8 of Directors of the Educational Opportunity Fund, but who are not
9 State college faculty members, or who have not been nominated by a
10 college].

11 To increase the representation of doctorally trained minority faculty
12 and administrators at New Jersey colleges and universities, the loan
13 and loan redemption features of the Minority Faculty Advancement
14 Loan and Loan Redemption Program, established pursuant to
15 P.L.1984, c.189, shall be phased out and replaced by incentive hiring
16 grants. Support, other than loans, for students participating in the
17 program shall continue through campus assistance grants. The
18 commission may enter into an agreement with another agency or entity
19 to administer or provide services for this program.

20 b. To be eligible for a campus assistance grant, a New Jersey college
21 or university shall enter into an agreement with the commission to
22 provide support opportunities to eligible student participants. Support
23 opportunities may include, but are not limited to: advising; mentoring;
24 workshops and colloquia.

25 c. To be eligible for an incentive hiring grant, a New Jersey college
26 or university shall enter into an agreement with the commission to
27 provide loan redemption up to \$40,000 per individual as a benefit to
28 newly hired minority faculty or administrators with doctoral degrees,
29 regardless of whether the doctorate was earned at an institution of
30 higher education within or outside of the State. No more than
31 \$10,000 shall be redeemed for an individual for each year of service as
32 a faculty member or administrator.

33 d. No student loans shall be originated or guaranteed under this
34 program after the effective date of P.L. , c. (C.)(now pending
35 before the Legislature as this bill), to any person not already the
36 recipient of a student loan made or guaranteed under the Minority
37 Faculty Advancement Loan and Loan Redemption Program,
38 established pursuant to P.L.1984, c.189. The Higher Education
39 Student Assistance Authority shall administer the loan and loan
40 redemption components for persons participating prior to the effective
41 date of P.L. , c. (C.)(now pending before the Legislature as this
42 bill) until they have exhausted eligibility for such assistance.

43 (cf: P.L.1994, c.48, s.273)

44

45 56. Section 5 of P.L.1984, c.189 (C.18A:72F-5) is amended to read
46 as follows:

1 5. Eligible program participants who entered the program prior to
2 the effective date of P.L. , c. (C.)(now pending before the
3 Legislature as this bill), and who [seeking] seek loans to finance their
4 education shall [first] apply for loans under the [Guaranteed Student]
5 Federal Family Education Loan Program. In the event that these
6 participants have borrowed the maximum permitted under the terms
7 of this program [or are otherwise ineligible] but would otherwise be
8 eligible borrowers under this program, they may apply for nonfederal
9 direct loans in amounts not exceeding \$10,000.00 per student annually
10 which loans may be renewed for up to a maximum of four academic
11 years for a total loan indebtedness not exceeding \$40,000.00 per
12 student. [Direct] However, the amount of a nonfederal direct loan
13 shall not exceed, in combination with other financial aid, the total
14 educational costs of a participant attending a college or university
15 participating in this program. Nonfederal direct loans will be
16 evidenced by promissory notes and may be secured pursuant to
17 [regulations and] forms established by the [Executive Director of
18 Student Assistance Programs] Higher Education Student Assistance
19 Authority.

20 [Direct] Nonfederal direct loans shall not bear interest or finance
21 charges during the time a student is enrolled as a full-time student in
22 the program or is engaged in approved redemption service pursuant to
23 this act. [Direct] Nonfederal direct loans shall become due and payable
24 pursuant to section 8 of this act six months after graduation if no
25 redemption contract is in effect, or six months after change to
26 part-time student status, withdrawal from the program, or termination
27 from full-time employment either as a faculty member at a [State]
28 New Jersey college or university or other qualified employment.
29 (cf: P.L.1994, c.48, s.274)

30
31 57. Section 6 of P.L.1984, c.189 (C.18A:72F-6) is amended to read
32 as follows:

33 6. [Direct] Nonfederal direct loans obtained pursuant to section 5
34 of this act and [federally guaranteed student loans] Federal Family
35 Education Loans together with interest thereon secured after
36 admission to the Minority Advancement Program may be redeemed by
37 program participants who entered the program prior to the effective
38 date of P.L. , c. (C.)(now pending before the Legislature as this
39 bill), upon execution of a contract between the participant and the
40 [executive director] Higher Education Student Assistance Authority.
41 The maximum loan redemption for program participants shall amount
42 to cancellation of repayment for one-quarter of the eligible loan
43 indebtedness in return for each full academic year of service as a
44 faculty member in a [State] New Jersey college or university for total
45 cancellation of loan indebtedness for up to, but not to exceed, a

1 maximum of \$40,000.00 per student. In no event shall faculty service
2 for less than the full academic year of each period of service entitle the
3 participant to any benefits under the loan redemption conditions of the
4 program. Prior to the annual redemption of loan indebtedness,
5 participants in the program shall submit proof of faculty service to the
6 **【executive director】**Higher Education Student Assistance Authority.
7 (cf: P.L.1994, c.48, s.275)

8
9 58. Section 7 of P.L.1984, c.189 (C.18A:72F-7) is amended to read
10 as follows:

11 7. Faculty service requirements for loan redemption purposes
12 pursuant to section 6 of P.L.1984, c.189 (C.18A:72F-6) shall be
13 satisfied at **【the State】** any New Jersey college or university **【which**
14 **nominated the faculty member to participate in the program unless**
15 **otherwise agreed by the State college president. Program participants**
16 **not nominated by a State college may satisfy their faculty service**
17 **requirement at any New Jersey State college; except that any faculty**
18 **member participating in the program upon nomination by an institution**
19 **of higher education within New Jersey other than a State college shall**
20 **satisfy his faculty service requirements for loan redemption purposes**
21 **at his nominating institution unless otherwise agreed by the nominating**
22 **institution's president. However, if the executive director determines**
23 **that no appropriate faculty positions are available in the State colleges,**
24 **faculty service requirements may be satisfied at other public or private**
25 **colleges or universities in New Jersey which are licensed by the**
26 **Commission on Higher Education, or at any other agency of State**
27 **government】**.

28 (cf: P.L.1994, c.48, s.276)

29
30 59. Section 8 of P.L.1984, c.189 (C.18A:72F-8) is amended to read
31 as follows:

32 8. Program participants who entered the program prior to the
33 effective date of P.L. , c. (C.)(now pending before the Legislature
34 as this bill), and who have entered into redemption contracts with the
35 **【executive director】** Higher Education Student Assistance Authority
36 may nullify their contracts by submitting written notification to the
37 executive director of the authority and assuming full responsibility for
38 repayment of principal and interest on the full amount of their
39 nonfederal direct loans or that portion of the loans which has not been
40 redeemed by the State in return for partial fulfillment of the contracts.
41 The interest on the loans shall be at the prevailing rate established for
42 the **【federal Guaranteed Student】** Federal Family Education Loan
43 Program at the time the loans were made. The participant seeking to
44 nullify the contract shall be required to repay the loan or the
45 unredeemed portion thereof in not more than 10 years following the
46 termination of the contract minus the years of service already

1 performed under the contract. Repayments of nonfederal direct loans
2 by participants who do not perform faculty service for redemption
3 purposes may be used to provide future loans under the program, as
4 determined by the executive director of the authority.

5 (cf: P.L.1994, c.48, s.277)

6
7 60. Section 9 of P.L.1984, c.189 (C.18A:72F-9) is amended to read
8 as follows:

9 9. In case of a program participant's death or total or permanent
10 disability, the executive director of the Higher Education Student
11 Assistance Authority shall nullify the service obligation of the student,
12 thereby terminating the student's obligation to repay the unpaid
13 balance of the redeemable portion of the loan and the accrued interest
14 thereon, or where continued enforcement of the contract may result in
15 extreme hardship, the executive director of the authority may nullify
16 or suspend the service obligation of the student.

17 (cf: P.L.1994, c.48, s.278)

18
19 61. Section 10 of P.L.1984, c.189 (C.18A:72F-10) is amended to
20 read as follows:

21 10. The impact of the program on the representation of **[State]**
22 New Jersey college and university minority faculty members with
23 doctoral degrees in the designated disciplines shall be evaluated
24 periodically by the Commission on Higher Education in consultation
25 with the Board of Directors of the New Jersey Educational
26 Opportunity Fund and the New Jersey Presidents' Council.

27 (cf: P.L.1994, c.48, s.279)

28
29 62. Section 11 of P.L.1984, c.189 (C.18A:72F-11) is amended to
30 read as follows:

31 11. The **[executive director and the]** Commission on Higher
32 Education shall promulgate such rules and regulations in accordance
33 with the "Administrative Procedure Act," P.L.1968, c.410
34 (C.52:14B-1 et seq.) as are necessary to carry out the purposes of this
35 act. Rules pertaining to loans and loan redemption pursuant to
36 sections 5 through 9 of P.L.1984, c.189 (C.18A:72F-5 through
37 18A:72F-9) shall be promulgated by the Higher Education Student
38 Assistance Authority.

39 (cf: P.L.1994, c.48, s.280)

40
41 63. Section 1 of P.L.1991, c.485 (C.18A:72M-1) is amended to
42 read as follows:

43 1. As used in this act:

44 "Eligible discipline" means an academic discipline in which minority
45 individuals are underrepresented as determined by the **[Executive**
46 **Director of Student Assistance Programs]** Commission on Higher

1 Education in consultation with the Board of Directors of the
2 Educational Opportunity Fund and the New Jersey Presidents' Council.

3 "Minority" means any person who is a member of a racial-ethnic
4 group that has been historically disadvantaged in obtaining access to
5 equal educational opportunities.

6 "Program" means the Minority Undergraduate Fellowship Program
7 established pursuant to this act.

8 (cf: P.L.1994, c.48, s.289)

9

10 64. Section 2 of P.L.1991, c.485 (C.18A:72M-2) is amended to
11 read as follows:

12 2. **【The Executive Director of Student Assistance Programs shall**
13 **establish】** There is established a Minority Undergraduate Fellowship
14 Program within the **【Office of Student Assistance】** Commission on
15 Higher Education. The purpose of the program is to identify
16 academically talented minority undergraduate students who may be
17 interested in pursuing an academic career in an eligible discipline at a
18 public or independent institution of higher education within the State,
19 and to provide such students with the institutional and faculty support
20 necessary to assist them in reaching that goal. The commission may
21 enter into an agreement with another agency or entity to administer or
22 provide services for this program.

23 (cf: P.L.1994, c.48, s.290)

24

25 65. Section 3 of P.L.1991, c.485 (C.18A:72M-3) is amended to
26 read as follows:

27 3. The **【executive director, in consultation with the】** Commission
28 on Higher Education**【,】** shall establish policies and procedures for the
29 nomination and selection as program fellows of academically talented
30 minority undergraduate students who are in their junior year of study
31 at a public or independent college or university within the State. Upon
32 the selection of program fellows, the institution in which each student
33 who is selected is enrolled shall assign to the student a faculty advisor
34 who shall do the following:

35 a. Supervise a research project conducted by the fellow during the
36 junior year or actively involve the student in a project which the
37 advisor is conducting;

38 b. Supervise the fellow as an undergraduate teaching assistant in the
39 fellow's senior year of study;

40 c. Accompany the fellow to the annual meeting of the professional
41 association of the fellow's academic discipline; and

42 d. Assist the fellow in the selection of a graduate or professional
43 school.

44 (cf: P.L.1994, c.48, s.291)

1 66. Section 4 of P.L.1991, c.485 (C.18A:72M-4) is amended to
2 read as follows:

3 4. Each fellow shall receive a stipend in the amount of \$1,000 per
4 semester during the senior year of study and an amount not to exceed
5 \$500.00 for travel expenses. Each faculty advisor shall receive a
6 stipend in the amount of \$500.00 per semester for two semesters.
7 (cf: P.L.1991, c.485, s.4)

8
9 67. Section 5 of P.L.1991, c.485 (C.18A:72M-5) is amended to
10 read as follows:

11 5. The **【executive director, in consultation with the commission,】**
12 Commission on Higher Education in consultation with the Board of
13 Directors of the New Jersey Educational Opportunity Fund and the
14 New Jersey Presidents' Council shall periodically evaluate the impact
15 of the program **【on the representation of college and university**
16 **minority faculty members with graduate degrees in eligible**
17 **disciplines】**.

18 (cf: P.L.1994, c.48, s.292)

19

20 68. Section 6 of P.L.1991, c.485 (C.18A:72M-6) is amended to
21 read as follows:

22 6. The **【executive director and the】** Commission on Higher
23 Education**【, in consultation with the Board of Directors of the**
24 **Educational Opportunity Fund,】** shall adopt rules and regulations
25 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
26 (C.52:14B-1 et seq.), necessary to effectuate the purposes of this act.
27 (cf: P.L.1994, c.48, s.293)

28

29 69. Section 7 of P.L.1991, c.485 (C.18A:72M-7) is amended to
30 read as follows:

31 7. The **【executive director】** commission may utilize funding
32 received under the "Minority Faculty Advancement **【Loan and Loan**
33 **Redemption】** Program Act," P.L.1984, c.189 (C.18A:72F-1 et seq.)
34 in making payments under this act.

35 (cf: P.L.1994, c.48, s.294)

36

37 70. Section 13 of P.L.1997, c.237 (C.54A:6-25) is amended to read
38 as follows:

39 13. a. Gross income shall not include the earnings on or distribution
40 from an individual trust account or savings account established
41 pursuant to the "New Jersey Better Educational Savings Trust
42 Program" established pursuant to **【P.L.1997, c.237 (C.18A:72-43 et**
43 **seq.)】** N.J.S.18A:71B-38.

44 b. "Distribution" means a withdrawal which pays the designated
45 beneficiary's qualified higher education expenses described in section

1 529 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.529 or
2 which represents contributions net of earnings thereon.
3 (cf: P.L.1997, c.237, s.13)

4

5 71. The following acts and parts of acts are hereby repealed:

6 Sections 17, 18, and 20 of P.L.1994, c.48 (C.18A:3B-17, 18A:3B-
7 18 and 18A:3B-20);

8 P.L.1971, c.191 (C.18A:63A-1 et seq.);

9 Chapter 64F of Title 18A of the New Jersey Statutes;

10 Chapter 71 of Title 18A of the New Jersey Statutes;

11 Sections 1 and 2 of P.L.1969, c.117 (C:18A:71-7.2 and 18A:71-7.3);

12 Sections 1 through 4 of P.L.1977, c.330 (C.18A:71-15.1 through
13 18A:71-15.4);

14 Section 1 of P.L.1991, c.38 (C.18A:71-15.5);

15 Sections 1 through 11 of P.L.1977, c.345 (C.18A:71-26.1 through
16 18A:71-26.11);

17 Section 2 and 3 of P.L.1984, c.94 (C.18A:71-26.12 and 18A:71-
18 26.13);

19 P.L.1989, c.288 (C.18A:71-26.14 et seq.);

20 P.L.1968, c.429 (C.18A:71-41 et seq.);

21 Section 8 of P.L.1977, c.344 (C.18A:71-47.1);

22 P.L.1979, c.229 (C.18A:71-77 et seq.);

23 P.L.1991, c. 272 (C.18A:71-87 et seq.);

24 P.L.1997, c. 118 (C.18A:71-102 et seq.);

25 P.L.1997, c. 220 (C.18A:71-106 et seq.);

26 Chapter 72 of Title 18A of the New Jersey Statutes;

27 P.L.1974, c.157 (C. 18A:72-9.1 et seq.);

28 Sections 6 through 17 and 22 of P.L.1969, c.135 (C.18A:72-10.1
29 through 18A:72-10.13);

30 Section 23 of P.L.1969, c. 135 (C.18A:72-17.1);

31 Section 24 of P.L.1969, c.135 (C.18A:72-22);

32 P.L.1982, c. 117 (C.18A:72-23 et seq.);

33 P.L. 1986, c.12 (C.18A:72-25.1 et seq.);

34 P.L.1988, c.33 (C.18A:72-25.4 et seq.);

35 Sections 1 through 8 of P.L.1982, c. 135 (C.18A:72-26 through
36 18A:72-33);

37 Sections 1 through 9 of P.L.1991, c. 268 (C.18A:72-34 through
38 18A:72-42);

39 Sections 1 through 12 and section 14 of P.L.1997, c.237 (C.18A:72-
40 43 through C.18A:72-54);

41 Sections 60 through 76 of P.L.1991, c. 187 (C.18A:72D-12 through
42 18A:72D-28); and

43 Section 12 of P.L.1984, c.189 (C.18A:72F-12).

44

45 72. The following acts and parts of acts are hereby repealed:

46 ¹ [Section 12 of P.L.1986, c.42 (C.18A:64-21.1);]¹

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98

1 P.L.1975, c.331 (C.18A:71-61 et seq.);

2 P.L.1975, c. 356 (C.18A:71-64 et seq.);

3 P.L.1985, c. 114 (C.18A:71-76.1 et seq.); and

4 P.L.1991, c. 296 (C.18A:71-96 et seq.).

5

6 73. This act shall take effect immediately, except that sections 1,

7 ~~18, 19, 20, 28, 30,~~ ~~27, 29, 31,~~ 32, ~~33,~~ 46, 47, ~~48,~~ 52

8 through 62, and 71 shall take effect on the 45th day after enactment.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Gene Herman
609-777-2600

RELEASE: March 12, 1999

Gov. Christie Whitman today signed the following pieces of legislation:

A-161, sponsored by Assembly Members Christopher "Kip" Bateman (R-Morris/Somerset) and Neil M. Cohen (D-Union) and Senators Peter A. Inverso (R-Mercer/Middlesex) and Wayne R. Bryant (D-Camden/Gloucester), provides an alternative method of canceling residential mortgages of record after they have been paid off. If a mortgage has been paid in full and the lender has not submitted the mortgage to the county clerk to be canceled of record, an attorney licensed in New Jersey or a licensed title insurance producer may record a discharge of mortgage or a "satisfaction piece." The discharge or satisfaction piece must be accompanied by an affidavit setting forth circumstances of payment. The bill sets forth a sample affidavit. If the attorney or title producer has not received a notice of mortgage cancellation within 30 days after the payment was made, the attorney may send a notice to the lender. If another 15 days elapse without a response from the lender, the affidavit may be filed with the county clerk. This bill does not apply to real property with more than four dwelling units if the debtor or the debtor's family member occupies one of these units. The bill applies to all residential mortgages, whether executed or not, that use real property in New Jersey as security.

A-928, sponsored by Assembly Members Richard H. Bagger (R-Middlesex/Morris/ Somerset/ Union) and Alan M. Augustine (R-Middlesex/Morris/Somerset/Union) and Senators John O. Bennett (R-Monmouth) and Anthony R. Bucco (R-Morris), amends the criminal code to prohibit the operation of sexually-oriented businesses within 1,000 feet of a hospital or child care center. The Criminal Code defines a sexually-oriented business as a commercial establishment that, as one of its principal business purposes: (1) offers for sale, rental or display printed materials, photographs, movies or other visual representations that depict or describe a "specified sexual activity" or "specified anatomical area;" or (2) offers for sale, rental or display instruments, devices or paraphernalia that are designed for use in connection with specific sexual activity; or (3) is a commercial establishment that regularly features live performances characterized by the exposure of a "specified anatomical area" or by a "specified sexual activity," or that regularly shows movies or other similar photographic representations. Violation of the prohibitions is punishable as a crime of the fourth degree.

A-1631, sponsored by Assembly Members Neil M. Cohen (D-Union) and Christopher "Kip" Bateman (R-Morris/Somerset), makes it a disorderly persons offense for Division of Taxation employees to examine tax returns and records outside of the performance of their official duties or to permit another to do so. State law provides that the records of and files of the Division of Taxation are confidential and privileged. A disorderly person offense is punishable by a term of imprisonment of not more than six months.

A-1692, sponsored by Assembly Member Wilfredo Caraballo (D-Essex) and John S. Wisniewski (D-Middlesex), requires a cable television company to notify all subscribers in service areas when either the Board of Public Utilities or the Federal Communications Commission orders the company to provide a

rate reduction or refund. Such notice must occur within the next billing cycle following the approval of the order. The purpose of the bill is to allow customers of the same cable company in different towns to petition for the same rate decrease.

A-1931, sponsored by Assembly Members Joel M. Weingarten (R- Essex/Union) and Senator Peter A. Inverso (R-Mercer/Middlesex), regulates the purchase of collateral protection insurance by lenders. Collateral protection insurance is insurance purchased by a creditor to protect its interest in secured property when a debtor fails to maintain insurance on the secured property. The creditor is named as the loss payee or beneficiary on the policy. The legislation seeks to regulate the amount the creditor may bill the debtor for such insurance as well as other aspects of the transaction. If the term of the credit agreement requires the debtor to purchase collateral protection insurance and the debtor does not obtain the insurance, the creditor may purchase it on behalf of the debtor. Once the creditor purchases such insurance, it is allowed to bill the debtor for the insurance premiums and add these costs to the loan balance. If the debtor demonstrates that it already had collateral protection insurance coverage in place, the creditor must cancel its policy and refund the billed premiums to the debtor. The bill also permits the lender to obtain collateral protection insurance if the borrower does not comply with the borrower's obligations regarding the purchase of insurance. The bill requires the lender to inform the borrower that even if the lender purchases collateral protection insurance, it may not cover the value of the property, possibly resulting in the borrower being underinsured. The bill further provides that if the purchase of collateral protection insurance is due to the error of the lender, the borrower will not be liable to the lender for the cost of collateral protection insurance.

S-946, sponsored by Senators John O. Bennett (R-Monmouth) and Robert W. Singer (R-Burlington/Monmouth/Ocean), requires local contracting units to provide two additional documents with all plans, specifications and bid proposal documents for construction contracts which exceed the bid threshold amount which is currently \$12,300. The documents are: (1) a document for the bidder to acknowledge receipt of any notice or revisions to the advertisement or bid documents; and (2) a form listing those documents that the contracting agent requires each bidder to submit with the bid. Bidders are also subject to additional statutory requirements under the bill. The legislation requires bidders of construction contracts for more than \$100,000 to submit to the local contracting unit a bid guarantee and a certificate of surety. With regard to any other contracts, including construction contracts for \$100,000 or less and all non- construction contracts, it will remain within the discretion of the local contracting unit to determine whether to require a bid guarantee or a certificate of surety. The bill also clarifies which defects will render a bid unresponsive and incapable of being cured. The bill makes this clarification by listing five documents which are considered mandatory. These documents include a bid guarantee, a certificate of surety, a statement of corporate ownership, a listing of subcontractors and a document acknowledging the bidders receipt of any notice or revisions to the advertisement or bid documents. These documents will be considered mandatory only if the bid plans and specifications require their submission.

A-2217, sponsored by Assembly Members David W. Wolfe (R-Monmouth/Ocean) and Joseph V. Doria, Jr. (D-Hudson) and Senators Peter A. Inverso (R-Mercer/Middlesex) and John O. Bennett (R-Monmouth), consolidates higher education student assistance entities into one new authority. The bill consolidates the various student assistance functions of the Office of Student Assistance, the Student Assistance Board and the Higher Education Assistance Authority into one, new authority to be known

as the Higher Education Student Assistance Authority. The authority will be located in but not of the Department of State, consistent with the location of the Commission on Higher Education. The chief executive and administrative officer of the authority, which will administer, coordinate and implement student aid assistance in the state, will be the executive director who will be appointed by the Governor. The authority will have a board consisting of 18 members: the State Treasurer; chair of the Commission on Higher Education; the chair of the Board of Directors of the Educational Opportunity Fund; five representatives from state higher education institutions; two students from different collegiate institutional sectors; seven public members and the executive director of the authority. The seven public members will be appointed by the Governor with the advice and consent of the Senate. The institutional representatives shall be nominated by the institutions or sector associations and appointed by the Governor with the advice and consent of the Senate. The bill enlarges the membership on the Commission on Higher Education from nine to eleven members, adding a faculty member from an institution of higher education to be appointed by the Governor with the advice and consent of the Senate, and the chairperson of the Board of the Higher Education Student Assistance Authority, ex officio, or a designee from the public members on the authority. Regarding state colleges and universities, the bill changes the name of the New Jersey State College Governing Boards Association to the New Jersey Association of State Colleges and Universities to reflect the change in status of some of the state colleges.

In connection with county colleges, the bill clarifies that the board of trustees of a county college may not employ officers, agents and employees unless the president of the respective county college nominates such individuals. Under the bill, the University of Medicine and Dentistry of New Jersey may use income from the operation of faculty practice plans and income from overhead grant fund recovery as permitted by federal law. With respect to the New Jersey Educational Facilities Authority, the bill provides that the authority need not obtain same-day approval of bond authorizations or sales from the Governor. The authority will still be subject to other requirement of obtaining approval upon the Governor's receipt of the board minutes.