

## Financial Aid Administrator Code of Conduct | Office of Financial Aid

### Conduct and Behaviors Expected of All William Peace University Financial Aid Administrators

William Peace University is a member of the National Association of Student Financial Aid Administrators (NASFAA). As a member of NASFAA, William Peace University and the Financial Aid Office employees abide by the Statement of Ethical Principles. NASFAA has developed a Code of Conduct in response to changing business practices in the student loan industry.

NASFAA institutional members will ensure that:

1. No action will be taken by financial aid staff that is for their personal benefit or could be perceived to be a conflict of interest.
  - a. Employees within the financial aid office will not award aid to themselves or their immediate family members. Staff will reserve this task to an institutionally designated person, to avoid the appearance of a conflict of interest.
  - b. If a preferred lender list is provided, it will be compiled without prejudice and for the sole benefit of the students attending the institution. The information included about lenders and loan terms will be transparent, complete, and accurate. The complete process through which preferred lenders are selected will be fully and publicly disclosed. Borrowers will not be auto-assigned to any particular lender.
  - c. A borrower's choice of a lender will not be denied, impeded, or unnecessarily delayed by the institution, even if that lender is not included on the institution's preferred lender list.
  - d. No amount of cash, gift, or benefit in excess of a de minimis amount shall be accepted by a financial aid staff member from any financial aid applicant (or his/her family), or from any entity doing business with or seeking to do business with the institution (including service on advisory committees or boards beyond reimbursement for reasonable expenses directly associated with such service).
2. Information provided by the financial aid office is accurate, unbiased, and does not reflect preference arising from actual or potential personal gain.
3. Institutional financial aid offers and/or other institutionally provided materials shall include the following:
  - a. A breakdown of individual components of the institution's Cost of Attendance, designating all potential billable charges.
  - b. Clear identification of each aid being offered, indicating type of aid, i.e. gift aid (grant, scholarship), work, or loan.
  - c. Standard terminology and definitions, using NASFAA's [glossary of terms](#).
  - d. Renewal requirements for each aid being offered.
4. All required consumer information is displayed in a prominent location on the institutional web site(s) and in any printed materials, easily identified and found, and labeled as "Consumer Information."
5. Financial aid professionals will disclose to their institution any involvement, interest in, or potential conflict of interest with any entity with which the institution has a business relationship.

Refer to NASFAA's [Statement of Ethical Principles](#), [Enforcement Procedures](#), as well as the [Ethical Principles, Code of Conduct and Enforcement Procedures Q&A](#) for more information about NASFAA's ethical guidelines and how they are enforced. To report a potential violation of NASFAA's Code of Conduct, refer to the [Ethics Complaint Submission Form](#).

# Statement of Ethical Principles and Code of Conduct for Institutional Financial Aid Professionals

## NASFAA Statement of Ethical Principles

NASFAA's Statement of Ethical Principles states that the primary goal of the institutional financial aid professional is to help students achieve their educational potential by providing appropriate financial resources. To this end, this Statement provides that the financial aid professional shall:

### Advocate for students

- Remain aware of issues affecting students and continually advocate for their interests at the institutional, state and federal levels.
- Support federal, state and institutional efforts to encourage students, as early as the elementary grades, to aspire to and plan for education beyond high school.

### Manifest the highest level of integrity

- Commit to the highest level of ethical behavior and refrain from conflict of interest or the perception thereof.
- Deal with others honestly and fairly, abiding by our commitments and always acting in a manner that merits the trust and confidence others have placed in us.
- Protect the privacy of individual student financial records.
- Promote the free expression of ideas and opinions, and foster respect for diverse viewpoints within the profession.

### Support student access and success

- Commit to removing financial barriers for those who want to pursue postsecondary learning and support each student admitted to our institution.
- Without charge, assist students in applying for financial aid funds.
- Provide services and apply principles that do not discriminate on the basis of race, gender, ethnicity, sexual orientation, religion, disability, age, or economic status.
- Understand the need for financial education and commit to educate students and families on how to responsibly manage expenses and debt.

### Comply with federal and state laws

- Adhere to all applicable laws and regulations governing federal, state, and institutional financial aid programs.
- Actively participate in ongoing professional development and continuing education programs to ensure ample understanding of statutes, regulations, and best practices governing the financial aid programs.
- Encourage colleagues to participate in the financial aid professional associations available to them at the state, regional, or national level and offer assistance to other aid professionals as needed.

### Strive for transparency and clarity

- Provide our students and parents with the information they need to make good decisions about attending and paying for college.
- Educate students and families through quality information that is consumer-tested when possible. This includes (but is not limited to) transparency and full disclosure on award notices.
- Ensure equity by applying all need-analysis formulas consistently across the institution's full population of student financial aid applicants.

- Inform institutions, students, and parents of any changes in financial aid programs that could affect their student aid eligibility.
- Strive to ensure that cost of attendance components are developed using resources that represent realistic expenses.

### Protect the privacy of financial aid applicants

- Ensure that student and parent private information provided to the financial aid office by financial aid applicants is protected in accordance with all state and federal statutes and regulations, including FERPA and the Higher Education Act, Section 483(a)(3)(E) (20 U.S.C. 1090).
- Protect the information on the FAFSA from inappropriate use by ensuring that this information is only used for the application, award, and administration of aid awarded under Title IV of the Higher Education Act, state aid, or aid awarded by eligible institutions.

## Core Principles

Our advocacy efforts are guided by the following principles:

We believe that the purpose of student financial aid is to ensure everyone has equal access to postsecondary education. NASFAA adheres to the following core principles, originally created by the NASFAA Reauthorization Taskforce and updated during the National Conversation Initiative to reflect our current goals for college access and success. NASFAA affirms that student financial aid should:

- Promote fairness and equity for students across all sectors of postsecondary education, with a particular emphasis on low-income, underrepresented and underserved students;
- Stress the primacy of need-based aid;
- Support policies that address the needs of disadvantaged students;
- Advocate accountability;
- Encourage simplicity and predictability;
- Empower student financial aid professionals and their schools with the flexibility to respond to the specific needs of their students;
- Recommend policies that accommodate the diversity of academic delivery models;
- Encourage the use of technology wherever possible;
- Eliminate statutory requirements that use financial aid to enforce unrelated social policies; and
- Validate proposed recommendations with research and data analysis wherever possible.

## Explanation of the code of conduct

As previously noted, financial aid professionals work within vastly differing institutional environments and share decision-making authority regarding financial aid policy, practices, and procedures. NASFAA strongly encourages each financial aid professional to engage his or her institutional colleagues so that there is common understanding regarding the conduct of their respective obligations. To facilitate this exchange, NASFAA has provided the following explanation of the elements of the Code of Conduct:

### 1. “Refrain from taking any action for his or her personal benefit.”

While performing one’s work in an exemplary fashion should result in “personal benefit” in the form of professional advancement and recognition, this provision obviously relates to actions that are contrary to the obligations the individual has to the institution and its students and their parents. This includes the individual, or a member of their family, never accepting cash payments, stocks, club memberships, gifts, entertainment, expense-paid trips, or other forms of inappropriate remuneration from any business entity involved in any aspect of student financial aid. It also relates to actions which, while on balance may be supportive of the financial aid professional’s work, are chosen from among alternatives because they also benefit the financial aid professional.

**2. “Refrain from taking any action he or she believes is contrary to law, regulation, or the best interests of the students and parents he or she serves.”**

The statement – never taking action contrary to law or regulation – should be self-evident. However, note the use of the term “believes to be contrary to law [or] regulation.” The financial aid professional works in a complex legal environment. Any doubts as to whether a course of conduct is legally proper should be resolved by referring the matter to the institution’s legal advisors for guidance. In addition, the individual should understand and adhere to all institutional policies as well as other local, state or federal requirements that are applicable to his or her conduct or job performance.

**3. “Ensure that the information he or she provides is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.”**

When providing information, at all times the key should be transparency. Students and parents should be able to fully understand their rights, obligations, and – of paramount importance – their alternatives. Applying these principles to the use of “preferred lender” lists is instructive. If an institution elects to provide such a list, a financial aid professional is expected to demonstrate transparency, completeness, and accuracy of information by ensuring that:

- Students and their parents understand they are not required to use any of the lenders on a “preferred lender” list, are free to select the lender of their choice, and understand the process for selecting a lender and applying for a loan
- The school will promptly certify any loan from any lender selected by a borrower
- The process through which “preferred lenders” are selected is fully disclosed
- Borrowers are provided with consumer information about the loan products offered by entities on a school’s “preferred lender” list. Such information must include the disclosure of competitive interest rates, terms, and conditions of federal loans; high quality loan servicing; or additional benefits beyond the standard terms and conditions for such loans
- The process through which students execute Master Promissory Notes preserves a student’s right to select the lender of his or her choice
- Lenders who are included in a “preferred lender” list disclose agreements to sell their loans to other entities
- The selection of lenders for inclusion on a “preferred lender” list is based solely on the best interests of the students and parents who may rely on such a list

**4. “Be objective in making decisions and advising his or her institution regarding relationships with any entity involved in any aspect of student financial aid.”**

Financial aid professionals must always be fair-handed when recommending or entering into a business relationship with any entity offering a product or service related to financial aid. A lender may not be placed on a school’s “preferred lender” list in exchange for a prohibited inducement. Placement on a “preferred lender” list, therefore, must not be based on benefits provided to the institution, an employee of the institution, or its students in connection with loans not covered by such list. In the same light, financial aid professionals should not arrange for alternative (i.e., non-federal or “opportunity”) loan programs that disadvantage students or parents who do not receive such loans.

Transparency also requires that when a student or parent has communication with what he or she believes to be the institution’s financial aid office that is precisely what should occur; no employee or agent of a lender should ever be identified, either directly or by implication, as an employee or agent of the institution.

**5. “Refrain from soliciting or accepting anything of other than nominal value from any entity (other than an institution of higher education or a governmental entity such as the U. S. Department of Education) involved in the making, holding, consolidating or processing of any student loans, including anything of value (including reimbursement of expenses) for serving on an advisory body or as part of a training activity of or sponsored by any such entity.”**

The first element in the *Code of Conduct* prohibits the conflict of interest that arises when one acts for personal gain. This fifth element is intended to avoid the *appearance* of conflict of interest that arises when a financial aid professional accepts benefits from a lending institution or similar entity. The fact that the financial aid professional may have no intention to provide an advantage to the lender as a result of the benefit he or she receives, and indeed does not provide any such advantage, is not the point. The benefit received by the financial aid professional creates an *appearance* that he or she may not be impartial, and may not be acting solely in the best interests of the students and parents he or she serves. In our profession such an appearance can do great harm, and it must be strictly avoided.

The term “nominal value” leaves some room for interpretation. This is intentional: many states and institutions have laws and policies that regulate such activities, and it is common for such laws and policies to define with specificity what is meant here by

“nominal value.” As a general guide, and subject to more restrictive laws and policies, a total retail value of not more than \$10 should be considered reasonable.

The last component of this element of the *Code* deals with reimbursement for travel and expenses incurred when serving on lender advisory boards or attending lender-sponsored training activities. There is certainly value in providing lenders with the unique expertise and perspective that only financial aid professionals can provide, but receiving any remuneration for such service, even if only in the form of reimbursement for expenses, creates the *appearance* of conflict that must be avoided. The same principle applies to reimbursement for lender-sponsored training activities. Professional development is a key component of being an effective financial aid professional, and attending lender-sponsored training programs can be a valuable way of obtaining the most current information. Again, however, receiving any remuneration for such attendance from a source other than his or her institution, even in the form of reimbursement for expenses, creates the same impermissible *appearance* of conflict of interest, and must be avoided.

**6. “Disclose to his or her institution in such manner as his or her institution may prescribe any involvement with or interest in any entity involved in any aspect of student financial aid.”**

The same principle of transparency, or avoiding the appearance of conflict of interest, drives this element of the *Code*. Every institution has a written policy on disclosure of potential conflicts of interest, and a process of determining whether an employee’s involvement creates an actual conflict of interest or the appearance of a conflict. It is the obligation of the financial aid professional to strictly abide by the requirements of his or her institution’s conflict of interest policy, particularly with regard to any activities, involvement, investment, or interest in any financial aid-related entity. Institutional conflict of interest policies typically describe the nature of investments that require disclosure and review, generally excluding interests held by mutual funds or below a certain minimum value. As a practical matter, financial aid professionals should avoid any investment in or financial relationships with lenders and similar entities.

These principles should apply throughout the administration of the programs for which the financial aid professional is responsible, including Direct Loans, FFELP, and loans originated under the School as Lender program.

There should never be any difference between “ethical” and “best” practices. The ethical practice is the best practice. As an organization, NASFAA unequivocally supports the principles and practices described in this Statement. When a practice or policy arises that appears in conflict with these principles, it is the obligation of the financial aid professional to bring this to the attention of those responsible within his or her institution, and to seek a resolution consistent with these principles.