



UNIVERSITY OF LOUISVILLE
Student Financial Aid Office (SFAO)
Conflict of Interest (CoI) & Code of Conduct (CoC) Policies and Procedures
(P&P)

Created Date: July, 17 2007
Revised Date: March 29, 2010
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Staff Member Name: _____

Scope

The Higher Education Opportunity Act (HEOA) of 2008 adds to the University of Louisville's (UofL) Program Participation Agreement (PPA) that all institutions that participate in Title IV loan programs are required to develop, publish, administer, and enforce a SFAO CoC.

The standards outlined within the SFAO CoC are in addition to the University of Louisville CoC. Compliance with the SFAO CoC does not replace the requirement to comply with the UofL CoC found at:
<http://louisville.edu/compliance>

As defined by the UofL CoC, the following members of the University Community are:

- members of the Board of Trustees;
- faculty, staff, and administration;
- any individual employed by the University, using University resources or facilities, or receiving funds administered by the University;
- any individual not employed by the University but covered under the University of Louisville Health Sciences Center Compliance Plan; and
- volunteers and other representatives when speaking or acting on behalf of the University.

The Board of Trustees is governed by BOT 1.0 Policy Statement, Article 1.1. Ethics Statement. In addition to the UofL governance, the SFAO is also governed by the HEOA 2008.

Students taking courses, attending classes, or enrolled in academic programs are governed by the Code of Student Rights and Responsibilities and Code of Student Conduct. The Code reflects Board and University policies and procedures. It does not create additional or different rights or duties.

It will be the duty of the Unit Business Manager (UBM) to ensure that all new student employee(s), temporary, Graduate Peer Counselors (GPC) and regular staff hired, sign the required SFAO Ethical Principles Code of Conduct and Conflict of Interest statement.

It will be the duty of each supervisor in the SFAO to make sure that at the time of current continuing employee(s) as stated above, annual performance appraisal(s) or by July 1st sign the required SFAO Ethical Principles Code of Conduct and Conflict of Interest statement.

The signature on the SFAO CoC will signify that the employee(s) understand their responsibility for disclosing conflict of interest in processing financial aid for the staff member themselves, immediate family members or friends. The original statement can be signed and dated each year to comply with paper reduction efforts.

This statement describes how the SFAO relationships with outside organizations, lenders and others will be managed. Also, the awarding of aid to staff will be directed and will describe how the processing of financial aid will be controlled when it is known the applicant is a staff member, immediate family member or friend of a staff member.

For the purpose of this policy, immediate family member or friend is defined as:

1. Immediate family member shall mean the SFAO staff member's biological, foster or adoptive parent, a stepparent, spouse, qualifying adult, a biological, adoptive or foster child, a step child, a legal ward or a person whom the SFAO staff member has (or had during the person's youth) daily responsibility and financial support, mother, father, brother, sister, son, daughter, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandparents, and grandchildren of both the SFAO staff member and spouse and / or qualifying adult. A qualifying adult must be over 18 years of age, and, if a blood relative (or relative by adoption or marriage) must be of the same or younger generation of the SFAO staff member (as used in KRS 391.010), and, must be residing in the SFAO staff member's household and have done so for a period of at least 12 months, and, must be financially interdependent (for example, have joint checking account or joint mortgage) for 12 months or longer, and, must be unmarried.
2. For the purpose of this document a "friend" is defined as someone with whom you live or have a close relationship, or would be comfortable discussing a problem or change, thus being too close to ensure no conflict

of interest exist. These cases will be considered potential conflicts of interest.

For the purpose of this policy, lender organizations are defined as:

Guaranty agency: A State or private nonprofit organization that has an agreement with the Secretary under which it will administer a loan guarantee program under the HEA.

Holder: An eligible lender in possession of a Federal Family Education Loan (FFEL) program loan note or the federal government Direct Loan (DL) program loan note that is payable to or has been assigned to the lender or the Department of Education (DOE), including a Federal or State agency or an organization or corporation acting on behalf of such an agency and acting as a conservator, liquidator, or receiver of an eligible lender.

Lender: National or State chartered bank, a mutual savings bank, a savings and loan association, a stock savings bank, a credit union or the federal government.

Third-Party Servicer: As described in 34 CFR part 668 of statute, any State or private, profit or nonprofit organization or any individual that enters into a contract with a lender or guaranty agency to administer any aspect of the lender's or guaranty agency's FFEL or Direct programs including but not limited to; originating, guaranteeing, monitoring, processing, servicing, or collecting loans; claims submission; or billing for interest benefits and special allowance.

Policies and Procedures

1. Awards, Revisions and Professional Judgment Reviews, Seeking Institutional Scholarships, Other Gift Aid for Staff/Immediate family member and Friends.

All manual award changes, professional judgment adjustments, budget adjustments, appeals, seeking general scholarships or other gift aid sources must be reviewed and approved by the Director of the SFAO before being finalized.

Awards and/or revised awards are to be processed by the appropriate staff member unless there is a potential conflict of interest. Also, if a potential conflict of interest is noted when staff are posting awards through normal processing, queries and/or appropriate computer generated list, this must be reported to a supervisor. All exceptions are to be forwarded to the Director.

1. A staff member should never process aid for themselves, immediate family member or friends.
2. If a staff member has knowledge they have or another person has processed aid for their supervisor's immediate family member or friend as defined on previous page, and this knowledge is outside the

normal business practices, they should submit that case to the Director. In the event she is not available, submit the case to any other Director level staff for review and approval.

3. A supervisor will review the financial aid information for all employees who are students prior to disbursement each semester.
2. ***Disclose to the proper authority of the university that may prescribe any involvement with or interest in any entity involved in any aspect of student financial aid.***

The principle of transparency or avoiding the appearance of conflict of interest drives this element of the SFAO CoC. The obligation of the financial aid staff is to strictly abide by the requirements of the institution's conflict of interest policy and the SFAO CoC in particular 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, our staff should avoid any investment in or financial relationships with lenders and similar entities.

These principles do apply throughout the administration of the programs for which our office is responsible, including DL, FFELP loans and any other aid programs.

3. Ethical Principles and Code of Conduct Statement

The UofL SFAO adopts the National Association of Student Financial Aid Administrators' (NASFAA) Statement of Ethical Principles that state 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, the staff at the University of Louisville shall:

- Be committed to removing financial barriers for those who wish to pursue postsecondary learning.
- Make every effort to assist students with or without financial need.
- Be aware of the issues affecting students and advocate their interests at the institutional, state, and federal levels.
- Support efforts to encourage students, to aspire to and plan for education beyond high school.
- Educate students and families through quality consumer information.
- Respect the dignity and protect the privacy of students, and ensure the confidentiality of student records and personal circumstances.
- Ensure equity by applying all need analysis formulas consistently across the institution's full population of student financial aid

applicants. We accept and use the Federal Methodology needs analysis calculations as prescribed under the HEA).

- Provide services that do not discriminate on the basis of race, gender, ethnicity, sexual orientation, religion, disability, age, or economic status.
- Recognize the need for professional development and continuing education opportunities.
- Promote the free expression of ideas and opinions, and foster respect for diverse viewpoints within the office, institution and the profession.
- Commit to the highest level of ethical behavior and refrain from real or perceived conflict of interest.
- Maintain the highest level of professionalism, reflecting a commitment to the goals of the NASFAA and the UofL.

The SFAO staff at the UofL will adhere to and does adopt the strict code of conduct set forth by the HEOA. The HEOA requires that there is:

- A ban on revenue-sharing arrangements with any lender. The HEOA defines “revenue-sharing arrangement” as any arrangement between an institution and a lender under which the lender makes Title IV loans to students attending the institution (or to the families of those students), the institution recommends the lender or the loan products of the lender and, in exchange, the lender pays a fee or provides other material benefits, including revenue or profit-sharing, to the institution or to its officers, employees, or agents;
- A ban on employees of the UofL SFAO receiving gifts from a lender, guaranty agency or loan servicer. No employee of the SFAO (or an employee or agent who otherwise has responsibilities with respect to educational loans) may solicit or accept any gift from a lender, guarantor, or servicer of education loans. A “gift” is defined as any gratuity, favor, discount, entertainment, hospitality, loan, or other item having monetary value of more than a nominal amount. 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. However, a gift does not include:
 - (1) A brochure, workshop, or training using standard materials relating to a loan, default aversion, or financial literacy;
 - (2) Food, training, or informational material provided as part of a training session designed to improve the service of a lender, guarantor, or servicer if the training contributes to the professional development of the institution’s officer, employee or agent;
 - (3) Favorable terms and benefits on an education loan provided to a student employed by the UofL if those terms and benefits are comparable to those provided to all students at UofL;

- (4) Entrance and exit counseling as long as the UofL SFAO staff are in control of the counseling and the counseling does not promote the services of a specific lender;
 - (5) Philanthropic contributions from a lender, guarantor, or servicer that are unrelated to education loans or any contribution that is not made in exchange for advantage related to education loans, and;
 - (6) State education grants, scholarships, or financial aid funds administered by or on behalf of a State;
- A ban on contracting arrangements. No officer or employee of the UofL SFAO (or employee or agent who otherwise has responsibilities with respect to education loans) may accept from a lender, or an affiliate of any lender, any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or contract to provide services to or on behalf of a lender relating to education loans;
 - A prohibition on offers of funds for private loans. The UofL SFAO will not request or accept from any lender any offer of funds for private loans, including funds for an opportunity pool loan, to students in exchange for providing concessions or promises to the lender for a specific number of Title IV loans made, insured, or guaranteed, a specified loan volume, or a preferred lender arrangement. An “opportunity pool loan” is defined as a private education loan made by a lender to a student (or the student’s family) that involves a payment by the institution to the lender for extending credit to the student; and
 - A ban on staffing assistance. The UofL SFAO will not request or accept from any lender any assistance with call center staffing or financial aid office staffing, except that a lender may provide professional development training, educational counseling materials (as long as the materials identify the lender that assisted in preparing the materials), or staffing services on a short-term, nonrecurring basis during emergencies or disasters;
 - This component of this Code deals with reimbursement for travel and expenses incurred when serving on lender advisory boards. Also, attending lender-sponsored training activities by any of our staff is included in this section. 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 the UofL, even in the form of reimbursement for expenses, creates the same impermissible appearance of conflict of interest, and must be avoided.

It is understood that the UofL SFAO staff do not function in a vacuum. First and foremost, we accept the obligation to the UofL, and especially our students and families, to manage and interpret the complexities of the student financial assistance process. We understand that we must also work collaboratively with state and federal agencies and with private entities such as student loan providers to promote college access and improve service to our students. Finally, we will continually be involved in training and professional development to ensure that we can provide efficient service that is in strict compliance with all applicable laws and regulations.

Although there are many complexities of the tasks confronting the UofL SFAO employees, we voluntarily accept this statement of Ethical Principals and Code of Conduct. This SFAO CoC is intended to help guide us in carrying out our obligations, particularly with regard to ensuring transparency in the administration of the student financial aid programs, and to avoid the harm that may arise from actual, potential, or perceived conflicts of interest.

There should never be any difference between “ethical” and “best” practices. The ethical practice is to support 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 SFAO staff to bring this to the attention of those responsible within the institution, and to seek a resolution consistent with these principles.

I agree to and will uphold the ethical principals and code of conduct described above.

Signature

Date

Signature

Date