

Regent Policy Documents

SECTION 13: CONTRACTS

13-5 UNIVERSITY OF WISCONSIN SYSTEM POLICY ON INSTITUTIONAL AND EMPLOYEE RELATIONSHIPS WITH EDUCATIONAL LOAN LENDERS

1.0 SUMMARY

Students and their families increasingly rely on loans to finance a college education. As a result, University of Wisconsin System (UW) employees and institutions have more frequent interactions with educational loan lenders, and--because of the increasing numbers and complexities of the loans--are often asked by students and their families to provide assistance with regard to their financial aid decisions.

UW institutions and employees are committed to providing that assistance in an objective, fair, clear, and understandable manner. UW institutions and employees have responsibilities to those students and their families who use their professional services, as well as a continuing obligation to maintain the public's confidence. In addition, all UW employees are bound by professional standards and applicable state codes of ethics for unclassified and classified staff (Wis. Stats. § 19.41, et seq., Code of Ethics for Public Officials and Employees; and Chapters UWS 8 and ER-MRS 24, Wis. Adm. Code) that prohibit conflicts of interest. UW employees and institutions support these standards and values, and are dedicated to serving students.

Nevertheless, concerns have been expressed regarding potential conflicts of interest and actions on the part of campuses and lenders of education loans nationally. In order to assure students, their families, and the public that UW institutions and employees continue serving the students' best interests, the following UW System Policy on Institutional and Employee Relationships with Educational Loan Lenders has been developed. This Policy should be viewed as supplemental to, rather than superseding, other applicable state or federal laws and regulations.

2.0 SCOPE

This Policy applies to all UW System institutions.

3.0 PURPOSE

3.1

Guided by the precept that the first priority in UW institutional dealings is the best interests of students and their families, UW institutions act with integrity, objectivity, due professional care, and transparency in their work with educational loan lenders.

3.2

UW employees are committed to the highest levels of ethical behavior and professionalism, following both professional standards and the ethical requirements of Wis. Stats. § 19.41, et seq., Code of Ethics for Public Officials and Employees; and Chapters UWS 8 and ER-MRS 24, Wis. Adm. Code.

3.3

In addition, UW institutions and employees involved in student lending or who interact with educational loan lenders are governed by the Policy set forth below.

4.0 OBLIGATIONS OF UW INSTITUTIONS

4.1

UW institutions may not solicit, accept, or enter into any agreement in which an educational loan lender provides fees, revenue sharing or material benefits to the UW institution in exchange for the institution or its employees recommending the lender or its loan products.

4.2

UW institutions:

- (a) May not enter into an agreement with a lender of education loans for, or solicit or accept from a lender of education loans, any funds that would be allocated or used for opportunity loan pools or any similar arrangements; and
- (b) May not solicit or accept assistance for call center or financial aid staffing from a lender of education loans.

4.3

UW institutions must inform students who apply for financial aid:

- (a) That students may use any lender who is eligible to make education loans; and
- (b) Of available federal loans and encourage students to explore and weigh the use of federal loans that are guaranteed, regulated, and may be more advantageous, before pursuing private or alternative loans.

4.4

UW institutions may maintain lender lists, either in print or other media, of educational loan lenders, subject to the following:

- (a) UW institutions must use an evaluative process for the inclusion of lenders on the list; information regarding the selection of lenders, the evaluative process used, and the criteria used for such selection must be available to the public upon request;
- (b) A lender list must be accompanied by a statement explaining that students are not limited to the lenders included on the list;
- (c) A lender list must include a minimum of three lenders; and
- (d) UW institutions should work with the educational loan lenders on the list to ensure that specific loan information and key details (including, but not limited by enumeration to, the terms, interest rate, and repayment requirements) are available from the lender in a clear and understandable manner.

4.5

Notwithstanding any other provisions of this Policy, UW institutions may accept from lenders of education loans:

- (a) Counseling and educational materials for use by students and their families regarding student lending laws, education loans, financial literacy, debt management and other topics relevant to providing students and their families with financial aid assistance; any such materials must clearly disclose the source of said materials and may not use trademarks, logos, mascots or other symbols associated with the UW institution that would suggest any UW institutional endorsement of the lender or product;
- (b) Training to UW employees regarding student lending laws, education loans, financial literacy, debt management and other topics relevant to student financial aid; and
- (c) Assistance in the same manner that the U.S. Department of Education may assist UW institutions and employees under the Department's Direct Loan Program.

4.6

Recognizing that separate support organizations, such as alumni associations or booster organizations, may have their own agreements with educational loan lenders, UW institutions will urge such organizations to adhere to appropriate standards of conduct for entering into such agreements, as developed by their professional associations.

5.0 OBLIGATIONS OF UW EMPLOYEES

5.1

UW employees may not solicit, accept, or enter into any agreement in violation of paras. 4.1 and 4.2 of this Policy, and may not engage in conduct that violates the conflict of interest and ethical standards of Wis. Stats. § 19.41, et seq., Code of Ethics for Public Officials and Employees; and UWS 8 or ER-MRS 24, Wis. Adm. Code.

5.2

UW employees may, in order to improve service to students, participate on an advisory council of an educational loan lender, but may not receive compensation or reimbursement from the lender for any costs incurred as part of such participation, consistent with UW Financial Administration Policy F-30.

5.3

UW employees will be regularly informed regarding the provisions of this Policy, as well as applicable state ethics codes and related state and federal laws and regulations.

6.0 RELATED REGENT POLICIES AND SOURCES OF LAW

Wis. Stats. § 19.41, et seq., Code of Ethics for Public Officials and Employees
UWS 8, Wis. Adm. Code
ER-MRS 24, Wis. Adm. Code.
UW Financial Administration Policy F-30

7.0 HISTORY

This Policy was adopted on June 8, 2007.