

## Shawnee State's Approach to Financial Aid

The financial aid practices of a number of universities have come under considerable scrutiny in recent weeks. In particular, investigations into relationships with student loan companies have revealed behavior that benefited the universities and individual financial aid officers at the expense of students who were directed to lenders that in a number of instances charged higher interest rates and provided inferior services.

Much of the attention has focused on "preferred lender lists," which typically are created by colleges and universities as a service to students who ask for help choosing a student loan company. The problem comes in how lenders are chosen for the list. It appears that some of the companies influenced the selection process by making payments to the universities or by offering perks or compensation to financial aid officers in return for favorable treatment.

Shawnee State maintains a lender list, which comprises the student loan companies our financial aid staff has concluded offer the best terms. Shawnee State financial aid staff chose these lenders by comparing borrower benefits as listed on their web sites. No lenders were aware the research was being conducted, and no university staff spoke to lenders before informing them that they would be included on our lender list.

Our lender list is provided at students' request. Students may choose any lender and are not restricted to the lenders on the list.

Unlike what may have happened at other universities, Shawnee State does not receive any monetary benefits from lenders selected for our list, no staff members receive any kind of compensation from loan companies, nor are they permitted to accept individual gifts. Additionally, state ethics laws are continually reviewed to help ensure staff members never engage in inappropriate activities.

Shawnee State has only one agreement with a lender, Sallie Mae, a loan servicing agency which handles repayment and administration of student loans. There is no monetary gain for the university or any staff member resulting from this agreement, which creates a pool of \$100,000 per year for emergency loans to students. Sallie Mae holds the money for these "Opportunity Loans" which are available to students who have exhausted all other means of financial assistance and do not have the credit rating or a co-borrower to assist with obtaining a loan.

Shawnee State can recommend a student to receive this loan of last resort, but it carries a high interest rate – we do not advertise the loan because of the high cost to students. The university has awarded a few opportunity loans, but has never come close to tapping the full \$100,000. While the agreement requires that Shawnee State not endorse another loan consolidation program for students who have loans with Sallie Mae, the university does not endorse any loan consolidation program, including that of Sallie Mae.