

COSFA UPDATE

Volume 18 Issue 1

March 2008

Western Regional Report

Professionalism and Ethics: Achieving Clarity, Moving Forward

“Business as usual? I don’t think so.”

The program description of the session began with these astute words: “take a deep breath...” Attendees were given the opportunity to respond to the state of this industry, “the perfect storm” plenary and other presentations. In addition, they were invited to react to recent regulatory and legislative changes, as well as reduced lender staffing and program revisions. And react they did.

There was an overall shared sense of dis-ease with current conditions in the industry, on every level. Some financial aid officers said they suffered low morale, noting that their new challenges and increased workload enjoyed little or no institutional support, while staff size remained the same or, in some cases, decreased. Others have looked to groups and associations to gain regulatory clarity, moving tactically through “just another set of hoops.”

Other more seasoned financial aid officers reflected that they have seen a number of regulatory and legislative changes over the years which they were certain would issue a TKO to our industry, but pointed out that regardless, we’re still here. “So what!” they said. “We’ll make adjustments and move on...”

The group moderator referenced the annual address of AAMC president Dr. Darrell Kirch, entitled “Culture and the Courage to Change,” in which Dr. Kirch spoke to the current disillusion and loss of morale among medical faculty, acknowledging the challenge to remain pro-active and forward-thinking in the face of change.

Many responded that as a result of new legislation

and uncoupling from Sallie Mae, an opportunity has developed for the AAMC to take the lead in this “brave new world,” and develop new and exciting ways to empower the medical school financial services community.

Issues discussed included:

- 1) Lack of clarity in Dept of Ed’s expectations and interpretation of new legislation;
- 2) Disappointment with restrictions placed on lenders’ ability to support and participate in activities dedicated to student learning and debt management. The medical financial aid community concurred they regard lenders as partners in educating students;
- 3) Lender response to legislation. Lenders have revealed that they, too, are overwhelmed. They have noted that they work evenings and weekends to respond to the overwhelming volume and complexity of the RFIs they’ve received. Senior Management at banks continues to focus on the bottom line, attempting to keep student loan programs viable and their stockholders satisfied with their return on investment. They shared that they are moving quickly to overhaul their business models, staffing, pricing and services. We have been told to expect delayed communications (this, at a time when FAOs yearn for timely communication with clarity). As a whole, we expressed our regret regarding the drastic workforce cuts some lenders have made. Those of us left to counsel students collectively shared our bewildered dismay and concern as to what the impact of lenders’ laying off hundreds of employees will be in real terms on medical schools and their students;
- 4) FAO and lender reps alike have increased federal and institutional accountability and expectations for transparency;
- 5) FAO administrators expressed the need

for a centralized AAMC-sponsored electronic communication vehicle to share information and new policy development, as well as responses to a wide range of issues. In the near term, this format could be a simple blog. Postings could be organized by topic and year. The first topics suggested were: Codes of Conduct and RFI questions;

- 6) In reviewing the responses to RFIs, determining what type of service a lender can provide schools and students in the future may prove difficult because past service may no longer be an indicator of future performance;
- 7) Transparency in policy development and in the selection of preferred lenders is more difficult than ever. With little guidance, we in the group gathered pledged to do our best in the face of our high level of discomfort. Overall, we concluded that while 2008-2009 appears to be a transition year at the same time we find ourselves in a holding pattern which will require future clarification. We also shared our uncertainty as to whether current new guidelines are clear and strong enough to carry us through "the void";
- 8) What students want: It was reported that at the AAMC's Western Regional Meeting at Asilomar last year students were polled to find out who they would like to assist them with critical financial decisions and what steps could be taken to help FAOs regain their trusted advisor status. Students requested the following: 1) that FAOs sign an annual code of conduct, 2) more transparency in policy formation and the selection of preferred lenders and 3) for the continuation of FAOs serving as their primary financial aid advisors-- not lenders or direct-to-consumer information and/or counseling.

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