



Winter 2-15-1999

## IWU Financial Chief Named to U.S. Rulemaking Panel

Bob Aaron  
*Illinois Wesleyan University*

Follow this and additional works at: <https://digitalcommons.iwu.edu/news>

---

### Recommended Citation

Aaron, Bob, "IWU Financial Chief Named to U.S. Rulemaking Panel" (1999). *News and Events*. 706.

<https://digitalcommons.iwu.edu/news/706>

This Article is protected by copyright and/or related rights. It has been brought to you by Digital Commons @ IWU with permission from the rights-holder(s). You are free to use this material in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/ or on the work itself. This material has been accepted for inclusion by faculty at Illinois Wesleyan University. For more information, please contact [digitalcommons@iwu.edu](mailto:digitalcommons@iwu.edu).

©Copyright is owned by the author of this document.

Feb. 15, 1999

Contact: Bob Aaron, 309/556-3181

## **IWU Financial Chief Named to U.S. Rulemaking Panel**

BLOOMINGTON, Ill.--His work affects about six million college students and carried a hefty \$38 billion price tag last year.

Lynn Nicholson, Illinois Wesleyan University's veteran director of financial aid is working with the U.S. Department of Education to help write new rules guiding operations of federal loan programs for college students.

He will attend a half-dozen tie-down meetings in Washington, D.C., running through May, aimed at hammering out new student loan rules.

Nicholson serves on a 27-member committee made up mostly of representatives of Washington's high-powered, higher education lobbying groups like the American Council on Education, National Association of State Universities and Land-Grant Colleges, United Negro College Fund, and the Consumer Bankers Association - organizations whose members have a big stake in the federal student loan programs.

The group Nicholson is working with is called Negotiated Rulemaking Committee No. 2--Loan Issues.

### **One of Three Selected by the College Board**

Nicholson is one of only three campus-based financial aid professionals selected by the College Board to work on various Education Department panels writing rules to implement the new federal financial aid laws. Those laws, which will be in the statute books for five years, were reauthorized in 1998.

The goal is to publish the final regulations in October after a 60-day public comment period.

Nicholson is the only College Board representative on the committee dealing with federal loan programs. Other College Board representatives--from the University of Pennsylvania and Lehigh University--are assigned to other panels.

The New York City-based College Board is an association of schools, colleges, universities, and other educational organizations committed to putting college within the reach of all students. Its programs cover teaching and learning, assessment, guidance, placement, financial aid, admissions, and enrollment.

The New York City-based College Board is an association of schools, colleges, universities, and other educational organizations committed to putting college within the reach of all students. Its programs cover teaching and learning, assessment, guidance, placement, financial aid, admissions, and enrollment.

"I view my work on the rulemaking process as my chance to have some impact on federal legislation," Nicholson said. "Financial aid is where the action is. It gives people an opportunity to do something with their lives. Without financial aid they wouldn't have that opportunity."

### **Negotiated Rulemaking**

Nichelson is participating in a process dubbed, negotiated rulemaking.

This process according to the National Association of Student Financial Aid Administrators (NASFAA), "requires the Department of Education to seek community involvement and feedback before it drafts proposed regulations.

"The negotiated rulemaking process," NASFAA explains, "seeks to merge the needs of the higher education community--simplicity and reduction in regulatory burden--with the need of the Department to ensure accountability..."

According to the new financial aid law, the U.S. Secretary of Education must obtain advice and recommendations from individuals and representative of groups involved in the student financial assistance programs and provide for a discussion of the implementation of the new law.

Once feedback has been solicited, Education Department officials and selected community representatives meet to "negotiate" agreement on points of difference regarding proposed rules.

The Education Department then issues Notices of Proposed Rulemaking (NPRMs), which are subject to public comment, before implementation.

### **Principles of Negotiated Rulemaking**

The Education Department emphasized that negotiated rulemaking should follow these guidelines:

- Regulate only when necessary.
- Regulate to support students and provide good service.
- Simplify programs and make them easily understood.
- Cost effectiveness is important.
- Develop strong and viable loan programs and provide an even playing field between various loan programs.

### **Student Loan Statistics**

The student loan project is complicated and has far-reaching effects. The U.S. Education Department reported in January: "Student loan volume has more than doubled in this decade. In FY [fiscal year] 1998, some 5.9 million students borrowed \$38 billion in federal loans."

U.S. Education Secretary Richard W. Riley said: "Protecting the public's investment in all our federal student aid programs is a priority."

Riley also announced in January that the default rate on federal student loans has dipped below 10 percent for the first time. This fiscal 1996 default rate - the most recent data available - was 9.6 percent. The peak rate was 22.4 percent. The plummeting default rate, Riley said, is expected to net \$3 billion in taxpayer savings.

### **Nichelson's Perspective**

Nichelson, who has headed IWU's financial aid operation since 1962, attended his first Education Department meeting on Jan. 11, just two days after he was named to the group.

"The primary rules I am interested in," Nichelson said, "are those that benefit students in a

positive way while they are enrolled in college and during the loan repayment period.

"Borrowing for college," he explained, "is easier and more reasonable than borrowing to buy a house or a car. Interest rates are reasonable - for example, 7.46 percent on Stafford loans and 5 percent on Perkins and nursing loans. Mortgage and car loan rates are higher.

"Education," Nicholson added, "appreciates in value - a car is junk after driving it for five years. And, homes don't appreciate in value like your education does."

## **Key Areas**

Nicholson says there are several key issues his rule-making committee will work on:

- The new legislation allows for eligibility rehabilitation for student loans in certain circumstances by defaulters.

"Rehabilitation," he explained, "will remove the default from the borrower's credit history. This will allow sincere students - who get their act together - to get back into school. What they were trying to do is bring defaulted borrowers back into the mainstream as long as scheduled payments are made."

- Positive incentives have been built into the student loan program.

Nicholson explained, a school may establish an incentive program aimed at trimming student loan default rates. For example, a student loan interest rate might be cut by 1 percent, if a borrower makes 48 consecutive payments. However, there is a 5 percent limit on discounts for unpaid balances.

## **37,000 Illinois Wesleyan Students**

Over the years, Nicholson estimates that he has worked on student financial aid packages - involving federal, state, and IWU funds - for about 37,000 Illinois Wesleyan students.

About 64 percent of IWU student currently receive need-based financial aid; on average, student aid packages are valued at about \$15,500. Consequently, Nicholson says, "financial aid is about people."

## **Student Aid and Opportunity**

"Student financial aid," he adds, "provides the opportunity for bright kids to go to college who can't afford the price tag. The fact that we are able to provide this opportunity to bright students makes my job in the financial aid office fun."

Additionally, Nicholson says it's rewarding "to be able to give advice to families and show them how they can send their children to a private university

As he discusses the link between financial aid and educational opportunity, Nicholson is quick to point out, as an example, the tough financial circumstances faced by a 1993 IWU graduate, who grew up in Chicago's Polish community.

"Her parents were from Poland," he explained. Her mother couldn't speak English and her father died young, at 45 years old, from a heart attack. I worked with the family, trying to get the girl enough money to stay in school.

“When she graduated,” Nicholson continued, “her mother was in tears. When she spoke to me - she spoke in Polish - and her daughter interpreted. She feels IWU gave her a start in life. There are hundreds of stories like that. That is what financial aid is all about.”

Nicholson is passionate about student aid and the opportunity it gives people to better themselves. Before the various federal, state, and campus financial aid programs were put in place, Nicholson said, “higher education smacked of elitism,” noting, “neither of my parents went to college, but my brother is a professor and I’m working at Illinois Wesleyan.”

## **Nicholson’s Background**

Nicholson has served as IWU’s director of financial aid since 1963. Additionally, he was a consultant to the U.S. Department for Health and Human Services for a decade and a tax advisor with H&R Block for eight years.

He received a bachelor’s degree in economics in 1961 and a master’s degree in student personnel administration in 1962 - both from Indiana University. He also has done advanced graduate work in higher education at Illinois State University.

Nicholson manages IWU’s \$23 million-plus financial aid program, which includes federal, state, and IWU funds for grant, loan, and work-study programs. He counsels about 400 families annually. Additionally, he reviews about 2,000 student aid applications yearly.

Over the years, Nicholson has worked with The National Student Financial Aid Training Project, Nursing Student Loan Program, and the College Scholarship Service, an arm of the College Board.

He has presented numerous papers and presentations to professional groups, including: the National Association of Student Financial Aid Administrators, Illinois Association of Student Financial Aid Administrators, Midwest Association of Student Financial Aid Administrators, and the College Entrance Examination Board.

Nicholson has served as vice president for private colleges (two terms) and treasurer of the Illinois Association of Student Financial Aid Administrators. He also has been chair of the College Board’s Midwest Regional Assembly and a national representative for the College Scholarship Service Council. He is a member of the Midwest Association of Student Financial Administrators and the National Association of Student Financial Aid Administrators.

“I feel like I’m the luckiest man alive,” Nicholson said. “I’m doing what I want to do - and what I studied and trained to do - helping students make something of their lives.”

## **About IWU**

IWU, founded in 1850, enrolls about 2,000 students in a College of Liberal Arts, and individual schools of Music, Theatre Arts, Art, and Nursing. Since 1994, these facilities have been added to the IWU campus: a \$15 million athletics and recreation center, a \$25 million science center, a \$6.8 million residence hall, and a \$5.1 million Center for Liberal Arts.

| Top of Page |

---