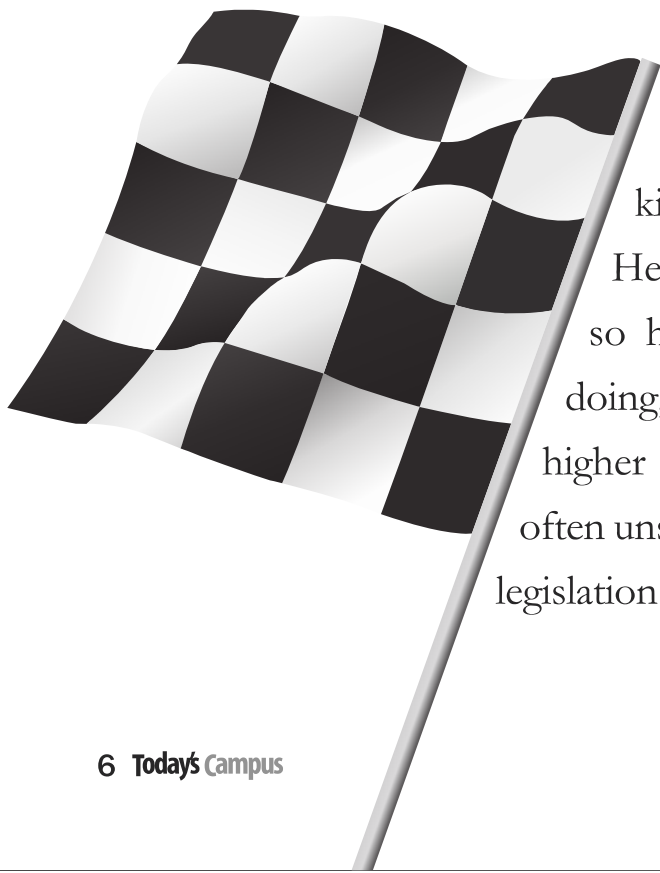




BOB SHIREMAN



Bob Shireman wanted to be a high school civics teacher so he could get kids involved in their communities. He couldn't land a teaching position, so he became a policy wonk. In so doing, he's reshaped chunks of the U.S. higher education industry. He's also involved millions of often unsuspecting people in civics. Define civics as: passing legislation and regulations to protect citizens and taxpayers.



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ANDREW CUOMO



Andrew Cuomo rose to prominence surrounded by powerful people. From an early age, he was accustomed to power and not afraid to use it. Some say adroitly; others say ruthlessly.

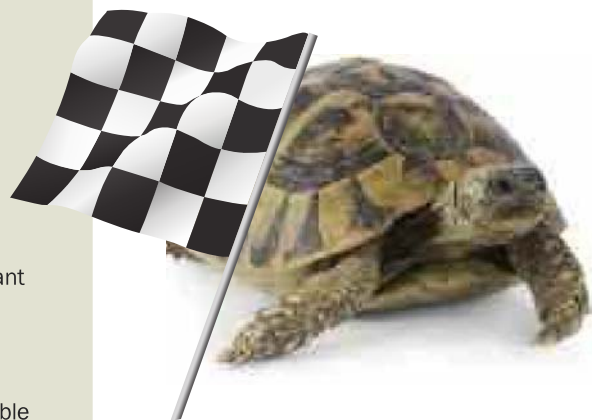
Like Robert Shireman, he works for what he believes is in the best interest of citizens. But while Shireman's interests are focused on education reform, Cuomo's are more varied: low-cost housing, predators on Facebook; study-abroad reform; mortgage swindles, to name a few.

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SHIREMAN TIMELINE

- July 1, 2010** *Resigns ED post to return to California*
- 2009-2010** **Deputy Undersecretary, U.S. Department of Education**
Appointed deputy undersecretary April 2009 focused on student loan reform
- 2008-2009** **Education Advisor, Obama Transition Team**
Joined transition team as education consultant
- 2004-2008** **President, Institute for College Access & Success**
Founded nonprofit focused on ways to make higher education more available and affordable for people of all backgrounds by conducting and supporting nonpartisan research, analysis, and advocacy.
- 2003- 2004** **Senior Fellow, Aspen Institute, Education in a Changing Society**
Worked with state and local policymakers to identify strategies for transforming high schools nationwide and improving the transition for students from high school to college, work and citizenship.
- 1998- 2002** **Program Director, James Irvine Foundation**
Worked to improve college campus diversity in California through direct grants and advocacy and proposed rewarding colleges for enrolling students from lower-income families.
- 1997-1998** **Senior Policy Advisor, White House National Economic Council**
During Clinton administration, addressed issues such as access to higher education, investment in school construction and Latino/a education. His work there included leading the effort to create the GEAR UP college preparation program, and coordinating the “America Reads” program, interagency efforts to implement the HOPE scholarship and Lifetime Learning tax credits.
- 1989-1996** **Legislative Director and Chief Education Advisor, Paul Simon, (D-Illinois)**
Led efforts to protect and increase federal education funding and aided in the reformation of the complex student loan system, promoted adult literacy, foreign language learning, and school-to-work programs; and improved civil rights enforcement in education.
- 1989** *M. Ed., Harvard Graduate School of Education*
- 1986-1988** **Policy analyst, Consumers Union, West Coast Regional Office**
Conducted research on campaign finance reform and effectiveness of state consumer protection and insurance regulatory agencies
- 1986** *M.P.A., University of San Francisco*
- 1984-1986** **California Public Interest Research Group**
Advocated beverage container recycling and removal of toxic art supplies from schools
- 1983** *B.A., Economics, University of California, Berkeley*



Shireman’s most notable policy success is the recent repeal of Federal Family (bank-based) Education Loans and its replacement with an exclusively Direct (federal) Lending Program. One might think that was an overnight success. Actually, it took Shireman two decades. One might think it was his crowning achievement. Actually, he doesn’t think so.

Armed with a degree in economics from U C Berkeley, Shireman began his career at the nonprofit California Public Interest Research Group. He was an advocate for beverage container recycling and the identification of and removal of toxic substances in school art supplies. His interest in public service grew. After he earned a master’s in public administration at the University of San Francisco, he shifted his focus to election finance reform and insurance regulation.

The Democrat Days

Back to school again—this time earning a master’s in education from Harvard. But the demand for teachers had ebbed. So he harnessed his civic-mindedness and his interest in education to work for then Senator Paul Simon, an Illinois democrat. He rose to become the popular senator’s legislative director and chief education advisor. On Capitol Hill, Shireman led efforts to protect and increase federal education funding, promote adult literacy and advocate foreign language instruction. He helped Simon improve college aid for low-income students, and successfully negotiated assistance for victims of fly-by-night trade schools—a harbinger of things to come. Shireman also began “dissecting the complex student loan system, leading to reforms that have saved billions of dollars for students and taxpayers,” he recalls.

In October 1996 he joined the Clinton administration as senior policy advisor on the White House National Economic Council. According to his account, he:

- Helped create the GEAR UP program, engaging colleges in long-term, intensive college prep efforts in high-poverty middle and high schools
- Proposed a regulatory waiver of work-study matching requirements, leading more than

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Unlike the patient and plodding Shireman, Cuomo zig zags swiftly, strikes hard and is gone... leaving victims trembling from the concussive nature of his fury.

In one of those furious strikes, Andrew Cuomo dealt a blow to the staid student loan industry, knocking heads in banks and college financial aid offices across the country. Within two years of Cuomo's arrival on the scene, 45 years of bank participation in the Federal Family Education Loan (FFEL) program was gone. Poof.

Early Signs of Power

With an undergrad degree from Fordham and a law degree from the Albany School of Law, twenty-something Cuomo ran his father Mario's successful campaign for governor of New York. As a \$1-a-year "special advisor" Cuomo the younger proved to be a highly efficient force working behind the scenes in New York state government. His style wowed some people and made enemies of others. "When you do it right, you are by definition a lightning rod." Although Andrew went on to other jobs, he remained a force in Albany off and on for the 12 years of Mario Cuomo's reign as governor.

Cuomo was assistant district attorney in Manhattan for several years and later practiced law at a private firm for several more. During that time, he founded the Housing Enterprise for the Less Privileged (HELP), a nonprofit that provides transitional housing for the homeless. His interest in urban affairs became a badge he wore, and a pivot point to further influence.

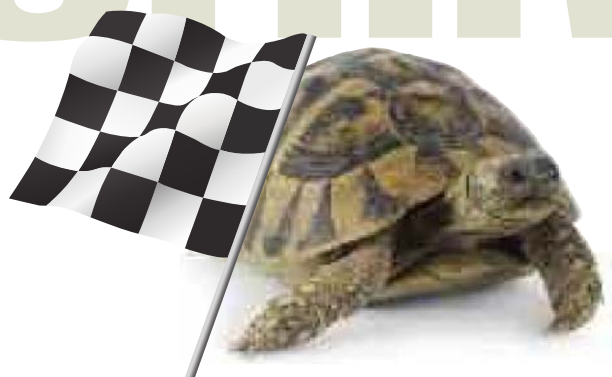
In 1982, New York mayor David Dinkins appointed Cuomo Chairman of the New York City Homeless Commission with assignments that he accomplished successfully. That led to a Washington appointment as Undersecretary of Housing and Urban Development in the Clinton administration. When Henry Cisneros resigned under fire at the beginning of the second Clinton term, Cuomo was given the top job.

A Man of Action and Speed

At HUD, Cuomo proved himself to be a man of action in a city of hot air. He negotiated an agreement with Smith & Wesson to change the design, distribution and marketing of guns in order to help keep them out of the

Continued on page 13

Today	<i>A candidate for Governor of New York</i>
2006-2010	Attorney General of New York Decided not to run for Governor, but opted for AG when then AG Eliot Spitzer ran for Governor
2003-2006	Consultant, Island Capital Group Unspecified duties at a company that develops marinas.
2002	Unsuccessful run for New York Governor Also decided against running for Senator, and endorsed Hillary Clinton
1997-2000	Secretary, Department of Housing and Urban Development Negotiated an agreement with Smith & Wesson to change the design, distribution and marketing of guns to help keep them out of the hands of children and criminals. Other initiatives: new rental assistance subsidies; reforms to integrate public housing; higher limits on mortgages insured by the Federal Housing Administration; a crackdown on housing discrimination; expanded programs to help homeless people get housing and jobs; and created new Empowerment Zones.
1993-1996	Secretary, Department of Housing and Urban Development Named under secretary in Clinton Administration; appointed to top job when Henry Cisneros resigned
1990-1993	Chairman of the New York City Homeless Commission Ran commission for Mayor David Dinkins developing policies to address the homeless issue in the city and to develop more housing options.
1989-1993	Attorney Partner in private law firm. Refused to have Cuomo name added to firm's name.
1986	Founded the Housing Enterprise for the Less Privileged (HELP) , a non-profit that provides transitional housing for the homeless.
1984-1985	Assistant Attorney General Manhattan Served under Robert Morgenthau
1986-1984	Senior advisor to Governor Mario Cuomo Took \$1 a year job as senior advisor and earned reputation as the enforcer for his father; continued off and on for the 12 years of senior Cuomo's tenure
1982	Mario Cuomo Campaign Director Successfully ran his father's gubernatorial campaign
1982	<i>J.D., Albany Law School of Union University</i>
1979	<i>B. A., Fordham University</i>



Shireman founded his own organization... TICAS is less a “think” tank and more of a “do” tank.



With Senator Simon at a field hearing in Springfield, Illinois during the reauthorization of the Higher Education Act, circa 1991.

Preparing President Clinton for a speech, with Domestic Policy Advisor Bruce Reed (left), National Economic Advisor Gene Sperling (right), and deputy chief of staff Rahm Emanuel (far right).



1,000 colleges to engage their students as reading tutors (America Reads)

- Stimulated a half-billion dollar federal program to address the education needs of Hispanic families
- Helped blueprint the HOPE Scholarship and Lifetime Learning tax credits
- Increased Pell Grants for low-income college students
- Designed federal assistance for K-12 school construction and renovation
- Helped OMB review spending and regulatory activities at the Department of Education and other agencies

During his service in the Clinton administration, Shireman broadened his policy interests and became skilled working with interdepartmental teams to get results.

The Republican Exile

When the Bush Republicans took over, Shireman returned to his roots in several nonprofit organizations and think tanks. He managed a \$15 million grant portfolio as program director at the James Irvine Foundation. He used his team building skills to engineer a summit of 50 presidents and chancellors of UC, CSU and independent California institutions on the topic of teacher preparation and low-income student enrollment.

He later joined The Aspen Institute as a senior fellow. But returning to his roots as an activist, he founded his own organization—The Institute for College Access & Success. TICAS was less a “think” tank and more of a “do” tank.

Student Loan Watch—TICAS began work early on ways to make the federal student loan programs more cost-efficient.

College Access Marketing—Working for the Pathways to College Network, TICAS developed a website to help agencies and

Continued on page 14

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Unafraid of controversy, Cuomo took on a number of powerful entities, not the least of which was his own governor's office.



hands of children and criminals. Other initiatives included new rental assistance subsidies, reforms to integrate public housing, higher limits on mortgages insured by the Federal Housing Administration and a crackdown on housing discrimination.

He also expanded programs to help homeless people get housing and jobs. He helped create Empowerment Zones, highly distressed urban and rural communities that are eligible for a combination of grants, business tax credits, bonding authority and other benefits. By the end of his term in office he had managed to turn a bloated HUD from a high risk agency (as noted by the General Accounting Office) into a more streamlined, efficient operation.

For these accomplishments, on three separate occasions, HUD received the prestigious "Innovations in American Government Award" from the Ford Foundation and the Kennedy School of Government at Harvard University.

Cuomo had an interest in running for elected office in New York, but timing was not always on his side. While at HUD as undersecretary, he considered running against Alfonse D'Amato for a Senate seat, but Clinton offered him the secretary position. His name was mentioned later in 2000 for another vacant New York Senate seat, but he deferred to his boss's wife, Hillary Clinton.

In 2002, Cuomo ran a failed attempt to capture his father's old job as Governor. His opponents made the case that he had been away from New York too long, and his experience as HUD Secretary was not relevant to the executive office.

In 2006, he once again considered running for governor, but opted for the attorney general position when then AG Eliot Spitzer announced for governor. Spitzer won, and so did Cuomo.

The Power of the AG's Office

Unafraid of controversy, Cuomo took on a number of powerful entities, not the least of which was his own executive office. It appeared that Democratic Governor Spitzer was having Republican state senate majority leader Joseph Bruno followed with the intent of smearing him. Cuomo's investigation resulted in felony charges against administration officials and a very contrite Spitzer exposed for his abuse of power.

A number of other Cuomo-esque hammers reigned down, several of which are reported in his Wikipedia profile. AG Cuomo sued First American Corporation and its eAppraiseIT unit for allegedly col-

luding with Washington Mutual to use a list of select appraisers to inflate mortgage appraisals. Washington Mutual stock responded with a sharp decline. CNBC's Jim Cramer labeled Cuomo a "communist" who "wants to shut down the mortgage market." He also went after Facebook for not protecting children from sexual predators. He ordered Verizon, Time Warner and Sprint to cease hosting usenets that had pornographers in the groups. In the end, almost all usenets were shut down. Barry Steinhardt, director of the American Civil Liberties Union's technology and liberty program, compared the action to "taking a sledgehammer to an ant."

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National Student Bill of Rights

THE RIGHT to unbiased advice about loans and lenders from your financial aid office.

THE RIGHT to choose the lender that is best for you, even if that lender is not included on your school's preferred-lender lists.

THE RIGHT to know what criteria your school uses to select preferred lenders. And the right to know whether preferred lenders are paying the school or financial officials.

THE RIGHT to know what benefits or rate discounts lenders offer, and whether those benefits or discounts will be available immediately or only after a certain number of consecutive timely payments.

THE RIGHT to know if a lender has agreed to sell its loans to another lender.

THE RIGHT to know whether borrower benefits and discounts will continue if the loan is sold.

THE RIGHT to know what interest rate you will be paying for the loan before you borrow.

THE RIGHT to exhaust your federal borrowing options (Stafford, PLUS, and Perkins) before turning to higher-cost private loans.



Shireman genuinely believes he looked out for the best interest of college students and families.

organizations use marketing techniques to help increase college participation. The site enables college access professionals the ability to share effective strategies and materials, avoid common mistakes, and find creative ideas.

The Project on Student Debt—The objective is to increase public understanding of rising student indebtedness and the implications for U.S. families, economy, and society.

Keeping California's Promise—California's Master Plan for higher education, adopted in 1960, guarantees a place in college for every state resident who can benefit. Today the Golden State needs to find new ways to keep that promise.

Simplifying the FAFSA—The lengthy and intimidating Free Application for Federal Student Aid is widely considered more of a barrier to college access than a gateway. TICAS would like applicants to be able to answer the income questions on the FAFSA with information the government already has.

College InSight—A new website for higher education data and research on affordability, student debt, economic and racial diversity and student success.

The Difficult Dialogues Initiative—promotes academic freedom and religious, cultural, and political pluralism on U.S. college and university campuses. Supported by the Ford Foundation, 43 campuses are implementing projects.

The Return of the Democrats

Shireman left TICAS in November 2008 when he was recruited by the Obama transition team on their way to the White House. He began working behind the scenes as the first higher education expert to join the Obama Administration's Education Department team under Secretary Arne Duncan. Shireman was appointed Deputy Undersecretary in April 2009.

After eight years of patient waiting he had unfinished business to attend to. He

led a successful effort to simplify the FAFSA and brokered an agreement between the Education Department and the IRS to allow applicants to import their tax information into the financial aid application form.

Shireman also developed a plan to boost Pell Grant funding through reforms that he claimed would "improve the reliability and efficiency of the student loan program."

The Cuomo Coincidence

Shireman genuinely believes he looked out for the best interest of college students and families. He was not alone in the mission during this period. New York Attorney General Andrew Cuomo was investigating many of the banks and other lenders participating in subsidized student lending. That investigation uncovered conflicts of interest in several campus financial aid offices.

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From a 2006 Q&A with Jeff Wendt

How many Americans have unpaid student debts, and how many are burdened by them?

More than 15 million households have education debt. By some estimates, a third to a half of them feel a real burden. Many have lengthened their repayment periods, which creates a new burden, because it raises the odds that they'll still be paying off their student loans when their children enter college, not to mention the added interest costs over time.

What should be done about it?

First, Congress and the states need to boost grant aid for lower income students. We also need a functional safety net for struggling borrowers. That can be achieved by revamping existing deferment, forbearance and income contingent rules so that borrowers have clear and reasonable ways to meet their obligations. In fact, we're one of several groups asking the U.S. Department of Education to take such action on its own. Schools where borrowing is increasing significantly should be monitored. The issue of protection from bankruptcy should be reviewed, especially as it relates to private loans.

What consumer issue is often overlooked by students and parents in college admissions?

It's what economists call foregone earnings. It pays to finish college as quickly as possible, even if it means attending a higher cost school and borrowing, so you can get started.

Is the rise in borrowing for college a tragedy or a generational lifestyle change?

It's a reality we have to accept. Young adults are being squeezed in ways previous generations were not. Housing costs are up, and good health care coverage is no longer a sure thing for a college graduate with a job. Higher college costs and student loans are added to that mix. At the same time, college provides a large financial benefit—on average.

Proposed federal legislation regarding the student loan industry also incorporates Cuomo's original Code of Conduct.



Student Lending in the Crosshairs

Cuomo has had an impact of great consequence on student lending. Just as interesting as the result is the *speed* with which he transformed a monolithic system galvanized by a seemingly impenetrable federal bureaucracy.

The probe into practices in student finance actually began in the waning days of Spitzer's term as AG. Early investigations in 2007 revealed a now-defunct Education Finance Partners had paid a portion of its fees back to schools that included the company on their "preferred lenders" list. The school practice of showcasing preferred lenders might have been beneficial when it favored ethical lenders who provided reliable services or offered better deals to students.

However, when "preferred lenders" were coupled with "revenue sharing," a street-wise Cuomo saw "kickbacks." In the special-case higher education industry, a mere appearance of impropriety was enough to bring on the law. And financial aid administrators en masse were reported to be accepting restaurant meals, junkets, event tickets, and even gratuities.

Cuomo's staff decided to dig deeper to find out the extent of these practices. They sent letters in February 2007 to college presidents asking for information. A flood of responses—in essence admitting guilt—surprised even the cynical assistant AGs. Believing that questionable practices were pervasive, Cuomo sent a second letter warning colleges to clean them up before another semester's worth of students began borrowing.

On March 22, Cuomo announced he would sue Education Finance Partners. By April 7, New York University and the University of Pennsylvania agreed to settle their disputes with Cuomo's office. The alarm was heard loud and clear. Colleges were

The Student Lending, Accountability, Transparency and Enforcement Act

Modeled after Attorney General Andrew Cuomo's College Loan Code of Conduct, SLATE (Ch. 41 of 2007) will help protect a student's finances by:

- Prohibiting gift-giving from lenders to colleges and universities in exchange for any advantage in loan activities.
- Imposing a complete gift ban from lenders to college employees.
- Barring college and university employees from receiving any compensation for serving on a lender's advisory board.
- Prohibiting lender employees and agents from posing as college or university employees.
- Banning lenders and schools from agreeing to certain quid-pro-quo, high-risk loans.
- Providing for civil penalties of up to \$50,000 for lending institutions and colleges and \$7,500 for employees.
- Requiring colleges to tell inquiring students about public loans—which may be a better option—before talking to them about private loans.

soon scrambling to comply with a Cuomo-scribed "Student Bill of Rights" and a "Code of Conduct," which was codified into New York State law as the Student Lending Accountability, Transparency, and Enforcement (SLATE) Act of 2007. Proposed federal legislation regarding the student loan industry also incorporates Cuomo's original Code of Conduct and has currently been passed by the U.S. House of Representatives and the U.S. Senate.

Financial Aid Administrators—Guilty or Not?

When Dallas Martin, then president of the National Association of Financial Aid Administrators (NASFAA), first got wind of Cuomo's investigation, he fired off a nasty letter defending his members. As revelations emerged, he progressively ate more

crow. "I want to apologize to him... we didn't have all of the facts. There were things occurring that we didn't know about," Martin later said. "We, as an association, do not condone that kind of behavior nor individuals that are accepting kickbacks or receiving money on the side."

NASFAA hired lawyers and adopted a "Code of Conduct for Institutional Financial Aid Professionals." The six-point Code goes beyond the general concepts found in NASFAA's existing Statement of Ethical Principles, which had been in place since 1999. For instance, it gives specific advice on "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."

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“I am particularly proud of the work on FAFSA, which involved pulling together a team that would never happen otherwise. And linking it with the IRS.”



A humorous look at Shireman's temporary office at the Senate Subcommittee on Employment and Productivity, circa 1994.

Did the Cuomo activity help advance Shireman's agenda? “At key moments he provided important air support,” Shireman acknowledges. “He helped create an atmosphere that Congress should do something.”

Has the money Cuomo extracted from certain lenders and universities been put to good use? “I am not sure of the parameters for spending those dollars,” Shireman says.

Many feel the Cuomo action sullied the reputations of all colleges and their financial aid administrators based on the misdeeds of a few. Was there too much collateral damage? Not for Shireman. “I don't see a lot of damage. It is important to remind campuses that the importance of the vendors to them is not the same financial interest to students and families.”

Meanwhile, the subsidized origination, administration and collection of Stafford and PLUS loans has been brought under complete federal control. After a rocky two-

year period of intense political, Congressional and White House activity, the banks and other lenders have been finessed out of the picture, replaced by computers on almost every U.S. college campus and a handful of fee-based servicers.

The Shireman Legacy

Has his mission been accomplished? What's next?

His answer to question one is no. “I hope I'm not dead yet,” Shireman responds. He indicates that the Shireman story is not over in the wake of some big wins on student loan reform.

As to what's next, he says “I have studiously avoided making a decision just now, and I am exploring a wide variety of options . . . looking to see where I can make a difference.”

He offers some Washington insight. “I am particularly proud of the work on

FAFSA, which involved pulling together a team that would never happen otherwise. And linking it with the IRS.”

However, it was not a high profile accomplishment. “It didn't involve banks, so it didn't catch the attention of the attention of lobbyists . . . and therefore politicians.” But FAFSA simplification is popular with students. “That's what I hear about when I talk with student groups. Students who have been through the FAFSA before and after, really appreciate the difference. I get a really great feeling.”

Regarding his critics

Critics say that the switch to Direct Lending was fault-filled on at least two fronts.

1. Colleges will bear unreasonable expenses to retool. Shireman's response is unequivocal: “There have been arguments that campuses would incur quarter million dollar expenses and have to hire staff to implement it. Zero. None of that. Hiccups, but no real problem.”
2. The banks that have been doing students and colleges a favor for years are being punished for playing by the rules ED set up. “I hear that now. It is a bogus argument that the industry has espoused for a decade.”

Are lenders victims? Naturally they wanted to stay in the game. But Shireman says, “Nobody would have built FFEL that way. Even from the lenders,” he offers, “there was no cry for maintaining it the way it was.”

One sage at a prominent DC law firm who is well connected in the higher education industry believes that the wisdom of the decision to go direct will not be known for decades.

Meanwhile, the patient and plodding Mr. Shireman has been working for decades to protect families. Why should the results be instantaneous? After all, unlike Mr. Cuomo, he is not running for office this fall. **TC**

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Many folks thought—perhaps feared—that Cuomo’s scrutiny would expand to other areas of campus operations. It did not, then. But it may be happening now.



Likewise, new business practices apply to conference sponsorship and exhibitor policies, which eliminated some embarrassing attendee perks. New provisions include bans on gift and prize drawings, limiting meals to snacks and non-alcoholic beverages.

In a high-ethics environment, it makes sense for FAAs to be sensitive to impropriety—even the appearance of it. Yet the five or so criminally liable FAAs who were eventually charged have sullied the reputations of 14,000 hard-working, ethical people. Was Cuomo right to have caused that? Did he even have the authority?

Sheldon Steinbach, an attorney at the Dow-Lohnes law firm that represented NASFAA during the investigations, says that the long-arm statute might have given the New York courts jurisdiction and Cuomo the legal right. Regardless, says the wily lawyer “He framed and publicized the issue with tremendous skill.”

If the financial aid administrators were the losers, who were there winners? Replies Steinbach, in defense of Cuomo, “He accomplished a lot. The issues raised brought about a significant scrutiny in colleges’ practices will all their vendors.”

Unfinished Business

Many folks thought—perhaps feared—that Cuomo’s scrutiny would expand to other areas of campus operations. It did not, then. But it may be happening now. Andrew Cuomo is running for governor. The AG’s office has started investigations into student health providers and credit card issuers.

One piece of business is unfinished. During just a few investigative months, according to his own official website, Cuomo collected \$17 million. Over \$3 million was refunded to student borrowers, and \$13.7 million was “allocated” by lenders and colleges to a National Education Fund dedicated to educating students and their



families about how to navigate the lending industry.

It has been three years since that money was excised from the lenders and schools. Where is it now, and what is being done with it? In a *Wall Street Journal* article, investigators Dionne Searcey and Jacob Gershanat quoted several people who want to

know the answer.

“I don’t think they’ve been transparent in how much they’ve collected and how the funds will be used,” said Curtis Gaume, president of the New York State Financial Aid Administrators Association. “What bothers me is that the financial aid community and the lending community were accused of not being transparent in disclosing information about lending practices.”

Assemblyman Al Stirpe, a Democratic member of the Higher Education Committee, said delays in Mr. Cuomo’s office left students and parents in a lurch. “What they didn’t think about well enough was what’s going to happen afterward,” Stirpe said. “They just didn’t focus on that. They went on to the next issue and it’s languished.”

That may well be a predictable downside when a speedy hare races from one high visibility milepost to another without an end game. Meanwhile, the \$80-billion-per-year student loan industry is now a wholly federal government enterprise. **TC**

Known contributions to the \$14 million Cuomo National Education Fund

\$3 million	CIT Group
\$2 million	Sallie Mae
\$2 million	Nelnet
\$1.1 million	Columbia University
\$562,500	Johns Hopkins University