PROTECT STUDENTS AND TAXPAYERS

April 21, 2021

Secretary Miguel Cardona
U.S. Department of Education
400 Maryland Ave SW
Washington, DC 20202

Dear Secretary Cardona:

As organizations working on behalf of students, consumers, veterans, faculty and staff, researchers, civil rights advocates, and others concerned about predatory practices and unaffordable debt in higher education, we congratulate you on your confirmation.

As Secretary, you have the responsibility to select the next Chief Operating Officer (COO) of Federal Student Aid (FSA). There may be no more important personnel decision that you make as Secretary when it comes to postsecondary education. Taxpayers invest billions of dollars in colleges each year via federal student financial aid programs overseen by FSA. Over 40 million citizens interact with FSA, day in and day out, as it manages one and a half trillion dollars of student loan debt.

FSA must be steadfast in its commitment to operate in the interest of students rather than lenders, servicers, and predatory institutions. Veterans, low-income students, and students of color have been specifically targeted and disproportionately harmed by predatory colleges, often without adequate oversight or action from FSA.

At the same time, FSA has an inadequate track record of serving student borrowers. Each program is designed to offer safety valves for borrowers — defense to repayment, closed school discharges, income-based repayment, Public Service Loan Forgiveness, TEACH Grants, and discharges for false certification or identity theft -- has been administered so poorly that in too many cases such protections might as well not have been enacted by Congress in the first place.

The challenges facing FSA will grow even larger: already, the for-profit sector has boosted enrollment amid the pandemic even as community college enrollment has fallen. History has shown that the growth in the for-profit sector may well be accompanied by an increase in predatory recruiting practices and a proliferation of high-cost, low-value offerings. History has also shown that defaults are guaranteed to spike following disruptions including natural disasters. There is no precedent for a disruption as widespread and severe as the COVID-19 pandemic and economic crisis. FSA faces an enormous challenge in the coming months and years.

Ensuring that borrowers are treated fairly, and refocusing FSA to ensure it places the requisite attention on these critical issues, must be your priority. The next COO of FSA must have a demonstrated and unwavering commitment to fairness and equity for borrowers, and both you and the new COO must prioritize consumer protection, transparency, and meaningful, timely, enforcement. These priorities must be clearly delineated in the COO's performance agreement, which should be made available to the public as a first step in moving FSA towards a student and borrower focused approach.

We are happy to share additional thoughts or provide any additional support we can as you make this important decision.

Sincerely,

American Association of University Women (AAUW)
American Federation of Teachers
David Halperin, Attorney
National Association for College Admission Counseling
National Consumer Law Center (on behalf of its low-income clients)
National Education Association
Project on Predatory Student Lending, Legal Services Center of Harvard Law School
Student Defense
The Education Trust
The Institute for College Access & Success
Yan Cao, Fellow, The Century Foundation
Young Invincibles

CC: Robin Minor, Acting Chief Operating Officer, Federal Student Aid