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POLITICS

Trump Education Official to Resign and Call for Mass Student-Loan Forgiveness

A. Wayne Johnson, appointed by Education Secretary Betsy DeVos, calls the student-loan system 'fundamentally broken'



A. Wayne Johnson was a student-loan official with the Department of Education's Office of Federal Student Aid. Now he is proposing canceling billions of dollars in student-loan debt. PHOTO: ROBERT BERLIN/THE DAILY TIMES/ASSOCIATED PRESS

By *Josh Mitchell*

Oct. 24, 2019 5:30 am ET

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TEXT

WASHINGTON—A senior student-loan official in the Trump administration said he would resign Thursday and endorse canceling most of the nation's outstanding student debt, calling the student-loan system "fundamentally broken."

A. Wayne Johnson was appointed in 2017 by Education Secretary Betsy DeVos as chief operating officer of the Office of Federal Student Aid, overseeing the \$1.5 trillion student-loan portfolio. After seven months, he moved into a different role as chief strategy and

transformation officer, leading a revamp of how the agency deals with borrowers and the companies that service the debt.

Mr. Johnson said repayment trends suggest much of the debt will likely never be repaid, and he is calling for moving toward a system that gets the government out of student lending.

“We run through the process of putting this debt burden on somebody...but it rides on their credit files—it rides on their back—for decades,” he said, adding, “The time has come for us to end and stop the insanity.”

Mr. Johnson said he arrived at his position to cancel student debt after he joined the administration and had a firsthand look at problems, including the high level of defaults and the difficulties of administering [a program to erase loans for public-sector workers](#).



Former Trump Official Calls for Canceling Student Debt

Debt



00:00 / 15:57



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describes himself as a moderate Republican. He said he intends to run as a Republican.

Mr. Johnson proposes forgiving up to \$50,000 for anyone with federal student-loan debt, about \$925 billion, he said. Nearly 37 million borrowers would have their entire student-loan balances canceled under the plan, he said.

He would also advocate for a tax credit of up to \$50,000 for people who already repaid student debt, which he sees as key to attracting wider support for canceling student debt.

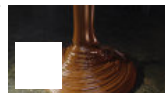
Mr. Johnson suggested paying for the plan largely with a 1% tax on corporate earnings. In late 2017, the Republican-controlled Congress passed a tax-cut package that included a cut in business tax rates. All of his proposals would require action from Congress.

Mr. Johnson plans a long-shot bid for the Senate seat being vacated by Sen. Johnny Isakson (R., Ga.), who has announced [he will retire](#) Dec. 31 for health reasons. Georgia Gov. Brian Kemp, a Republican, is set to appoint an interim senator until a special election next year for the remaining two years of Mr. Isakson's term.

Mr. Johnson, who has never run for elected office, has voted in Republican and Democratic primaries, records show, and

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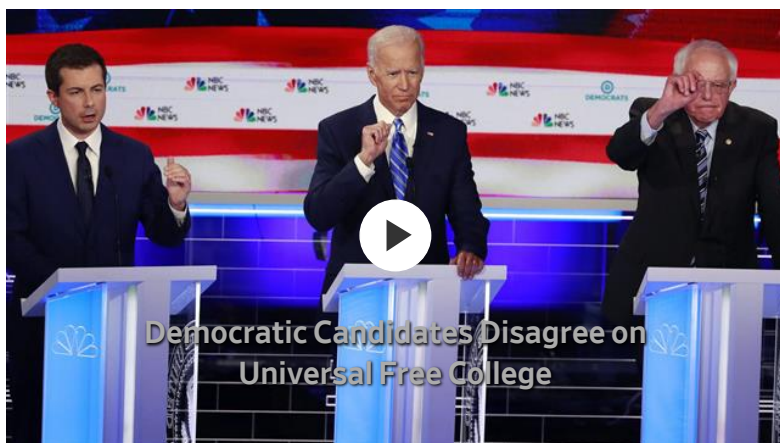


Roughly a fifth of all student debt, federal and private, excluding debt owed by students still in school, is at least 90 days delinquent, New York Federal Reserve data show.

The Trump administration has hired consultants to assess the [value of its student-loan portfolio](#), including how much is likely to be repaid. White House officials have expressed alarm over the low rate at which borrowers are paying down their balances.

About 41% of Americans support “immediately canceling and forgiving all current student-loan debt,” according to a [Wall Street Journal/NBC News poll](#) released in September. About 16% of Republicans supported such a plan, compared with 36% of independents and 63% of Democrats.

The poll showed that 64% of Americans support income-based repayment plans, which forgive some student debt only after borrowers have spent a number of years paying it down. The Obama administration promoted and President Trump has endorsed income-based repayment.



Democratic presidential candidates agreed on the need to eliminate student debt, in a debate hosted by NBC News, but they disagreed on providing free college to all. Photo: Wilfredo Lee/AP

Mr. Johnson’s proposal would forgive more debt than the plan proposed by Democratic presidential contender Elizabeth Warren (D., Mass.), which calls for forgiving up to \$50,000 in student debt for individual families, and scaling back the benefits for those earning above \$100,000. Mr. Johnson said he would set no income cap for those receiving benefits. Presidential candidate Sen. Bernie Sanders (I., Vt.) has called for canceling all federal student debt.

Mr. Johnson, 67, has a doctorate in higher-education leadership from Mercer University and wrote his dissertation on student debt. He spent most of his career in financial services, and earlier this decade he headed companies that refinanced private student loans.

He said he sees his plan as part of an effort to get the government out of the student-loan business. Instead, he proposes for prospective

students a \$50,000 government voucher, which wouldn't need to be repaid, to cover four years of tuition at college or graduate school.

His proposal is at odds with comments from Mrs. DeVos, who last week criticized the Democrats' higher-education proposals. Asked on Fox News Channel about the Democrats' plans to forgive student debt, she said: "Their proposals are crazy....Who do they think is actually going to pay for these? It's going to be two of the three Americans that aren't going to college paying for the one out of three that do."

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Oberman contributed to this article.

to Josh Mitchell at joshua.mitchell@wsj.com

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 *Should Republicans rally behind a proposal to cancel student-debt? Why or why not?*

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ALL RESPONSES 1.2K

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Corporate tax makes sense. Education is the best tool we have to keep country sane.

J **James Dietrich** 2 months ago

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Im 24, and as I took out student loans with Sallie Mae there was basically a course that explained everything.

With that being said we are still getting a raw deal. I don't think this would be as much of a problem if wage growth was consistent with increase in cost of education.

(Econ major - now accountant)

S **Spencer Johnson** 2 months ago

Like  66

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The root cause for students who wan't to pursue higher education is the high cost of education. I live in Ann Arbor Michigan and see the University spending billions in new buildings while raising the tuition for out of state students. Part of the problem here is that the donors donate for the building with their name on it. Same goes for the money spent on sports such as football.

The effort to have the government absorb the education cost for those who cannot afford the tuition, is not sustainable.

Clearly, there are legacy loan problems that need to be addressed and maybe we have donors address the loan forgiveness proposal also.

In other words, control education costs, donors help with payment and the government looks at 'sustainable practical ways' to help. This is what the congress should be spending time on.

A **Anthony Baker** 2 months ago

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Debt forgiveness is a concept that only those picking up the tab understand. Those unable or unwilling to pay back their student debt believe there is some magical government entity that can make debt disappear. Even the term "forgiveness" is purposely chosen to reflect some wrong that has been done. I am certainly in favor of restructuring debt as long as principle balances remain the same and there are real consequences for default.

Universities must also play a bigger role in securing this debt. As the actual recipient of the debt, perhaps they should all provide guarantees especially if they believe what they claim on how marketable their graduates will be after completion of a degree program.

A **Andrew Pohlmann** 2 months ago

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My wife and I made lifestyle decisions to allow us to save for college for our 3 children. We also made value decisions in helping our kids choose the right college for them (2 state, 1 Private University). For those parents or students that made sacrifices in order to make an intelligent choice about planning and PAYING for college...what is the Government plan for me?

I'm all in favor of helping out students saddled with enormous student debt with maybe a tax credit, but across the board loan forgiveness? NO!

J **John Buckley** 2 months ago

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Make schools jointly liable for students' debt. That'll keep gov't-backed tuition increases in check as they consider the value of the education they're providing vs. the cost of tuition and subsequent liabilities they'll bear.

D **David Spitz** 2 months ago

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Student loans need to be fixed, but I'm not sure that canceling student debt will accomplish anything going forward. The main issues to me are 1. Many people don't finish college; 2. College expenses have skyrocketed compared to inflation; 3. For college to be financially worthwhile, a person will need to study something that requires a college degree, and 4. More people today are attending college, but basically completely remedial high school classes, which is a very expensive way to ~~fix~~ fix up.

D **David Solberg** 2 months ago

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I don't agree with canceling student-debt. I do agree with legislation that turns student-debt into a tax-surcharge that removes it from an individual's credit history and eliminates it as factor when qualifying for a loan. We all will always owe taxes, but our future taxes are not considered when evaluating our creditworthiness for mortgage or auto loan.

 **William Weeks** 2 months ago

Like  16

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I'm all for getting the Federal govt out of the college loan financing, as it is only serving to continually inflate the cost of tuition. If some form of cancelling loans as part of the one-time transition is part of it, then maybe that's OK. But he goes off the track when he proposes offering new students vouchers (aka. "free money"?) going forward--that spoils the whole idea of getting out of the business of inflating tuition costs.

S **Scot Blair** 2 months ago

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