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DEVOS APPOINTEE TO HEAD STUDENT-LOAN PROGRAM HAS DONE HIS HOMEWORK

A. Wayne Johnson, a former financial services CEO, wrote a dissertation in his 60s on how students decide to take on debt

By Douglas Belkin
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U.S. Secretary of Education Betsy DeVos on Tuesday announced plans to appoint A. Wayne Johnson, a former executive in the financial-services industry, to run the \$1.3 trillion federal student loan portfolio.

The position of chief operating officer of federal student aid [has been vacant](#) since May when James W. Runcie resigned, saying he couldn't in "good conscience" lead the agency while it was facing rising scrutiny from the Trump administration about its management of the lending programs.

Dr. Johnson, who went back to earn his Ph.D. in educational leadership in his 60s, appears to have done his homework for the job. He wrote his dissertation on the weaknesses of the decision-making process students go through before they borrow tens of thousands of dollars to pay for college.

"There is more federal protection in place when you buy a car than there is when you sign up to take on student debt," Dr. Johnson said in an interview on Tuesday. "It comes down to basic consumer protection."

Dr. Johnson, 65 years old, worked in senior management at [Visa](#) and Deloitte before starting his own company, which captures credit-card transactions in real time and alerts card holders to better manage their accounts.

He said he was approached by the search committees of a couple of colleges that were looking for presidents but his lack of a Ph.D. worked against him so he began a program in academic leadership form Mercer University. He already held an M.B.A. from Emory University. His dissertation was titled: "Eyes Wide Shut: Understanding Private Student Loan Indebtedness."

Dr. Johnson said a school's responsibility is to first "do no harm," by not loading students up with debt. Dr. Johnson said both for-profit and not-for-profit schools have room to improve.

"Private university financial officers were perceived (by students and their parents) as being willfully negligent in informing students about the characteristics of their student loans," Dr. Johnson wrote in his dissertation. He found those loans "harmed" some of the students he studied.

Don Shafer, a professional colleague of Dr. Johnson, said Dr. Johnson has spoken of simple fixes in the student debt program using technology to limit what students can spend their student loan money on to reduce fraud and waste. So, for instance, they might have a

credit card that couldn't be used at a liquor store and which would send them the balance on their account every time they used it to buy books or some other legitimate purpose.

"Wayne is the right person to modernize FSA for the 21st Century," Secretary DeVos said in a statement. "He actually wrote the book on student loan debt and will bring a unique combination of CEO-level operating skills and an in-depth understanding of the needs and issues associated with student loan borrowers and their families."

The term is for five years and was left vacant when Mr. Runcie, the former chief operating officer of the Education Department's Office of Federal Student Aid, resigned in May. In a two-page letter he said he wouldn't comply with Ms. DeVos's insistence that he testify at a House hearing last month.

The hearing was supposed to focus on potential mismanagement of student-aid programs, including errant payments to students and schools, building off a recent report from the department's inspector general highlighting high rates of payment errors.

Mr. Runcie, first appointed by the Obama administration in 2011, said in a statement that "successfully leading and managing a large, complex organization in the public sector requires alignment on governance and mission between operational leaders and political ones." He said he submitted his resignation "because that alignment no longer exists," and that Ms. DeVos "should have the opportunity to appoint a chief operating officer of her choice."