Slow learners

by The San Diego Union-Tribune

Besides greed, what could have led college officials who advise students on college loans to accept cash, company stock and trips abroad from the top lenders of federally backed student loans?

College loan officers are already paid by their schools to find the best deals for students. Which of course raises the question of whether they steer students to lenders who offer the best deals for students or lenders who supplement officials' compensation.

The lenders' motives for abetting this conflict are equally clear: Such incentives to student aid officials have made them top lenders of profitable student loans, repaid by the government if not by the students.

If these payers and payees thought no one would know, or care, New York Attorney General Andrew Cuomo has disabused them of both notions. He has pursued student loan kickbacks from East Coast to West, including an alleged stock transaction between two executives in the San Diego office of a major purveyor of student loans and an official in the Education Department.

Not that some in the business haven't been concerned, at least about appearances. In 2003 the National Association of Student Financial Aid Administrators considered a policy requiring lenders to disclose gifts to administrators valued at more than $50. Note that it did not require the administrators to disclose gifts from lenders, an omission that deeply undercuts their seriousness of purpose. Yet even that proposal failed, possibly because the association itself makes hundreds of thousands of dollars from lender-sponsored events at its annual convention.

Before Cuomo, rules against such coziness between college aid advisers and college loan companies would have seemed redundant. Now, they're essential.

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