April 29, 2025

Office of Postsecondary Education, U.S. Department of Education
400 Maryland Ave SW, 5th Floor
Washington, DC 20202

RE: Student Loan Repayment [Docket ID ED-2025-OPE-0016]

To All Whom It May Concern:

In January 1988, I became the first full-time default manager in the country's history. I discovered abuse in the student lending industry that led me to turn evidence and provide testimony for the U.S. Department of Education and Congress that shut down a fraud ring in California that, at the time, cost taxpayers over $750 million to repair. At the same time, I was able to lower the school cohort default rate from 35% to under 10% within 2 years and this led to writing "Appendix D," the regulatory criteria for default management that was mandated from 1989 to 1996 and still exists in "Subpart M" and "Subpart N" of the Title IV federal regulations. I wrote the original regulations and was a primary negotiator for updating and rewriting student loan laws and regulations in subsequent years.

My passion stems from growing up in an abusive home and realizing that education was my ticket to freedom. I took advanced courses beginning in junior high, and I graduated from college with my first degree when I was 19. My belief that "education is the means for making dreams come true" has fueled my advocacy work on legislative and regulatory changes in Washington, D.C. to ensure that students from all socio-economic backgrounds have access to education and training in whatever field of study they choose. During my 37-year career in preventing student loan defaults, I have worked with over three million student loan borrowers through my companies and have influenced nearly four decades of college students.

Currently, the unaffordable costs of higher education and student loans have diminished the value of higher education. Together, we can develop solutions that reduce debt, support quality education, and empower those who might never have a chance to build credit and financial freedom.

My expertise in this industry has produced tremendous results. Champion's clients and the students they serve enjoy lower default rates and Title IV participation even when serving high-risk student populations.

CHAMPION vs NATIONAL AVERAGE Current Data for Federal Student Loans		
LOAN STATUS	**CHAMPION**	**NATIONAL DATA**
Repayment	**39%**	27%
Delinquent	**6%**	*35% and rapidly climbing*

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When the original gainful employment statistics were released, the cohort default rates were a 2-year measurement. The data was based on 6-7 years of data. Champion's clients had 2-8 times higher repayment rates than national averages, even though we specialized in inner-city colleges and at-risk students. This proved that effective borrower education can drive long-term behavioral changes.

STUDENT LOAN SERVICER DATA ACCESS FOR THIRD-PARTY SERVICERS & INSTITUTIONS

To continue this success, third-party servicers and institutions must have access to federal servicer data. We had access to this until March 2024, when this access was eliminated. The National Student Loan Data System (NSLDS) is the only source of information and does not provide timely or accurate data needed to prevent delinquencies and defaults effectively. There are five years of borrowers who have never made a single payment, and these are our highest risk for defaults.

Federal servicers, third-party servicers, and institutions must work together to tackle the student loan crisis. *We strongly encourage ED to give immediate access to this data to the third-party servicers and institutions especially given the current adverse conditions for collecting post-pandemic-pause student loans.*

STUDENT LOAN REPAYMENT OPTIONS

Student loan borrowers traditionally fall into three categories for paying their debt:

1. Those who will pay regardless of circumstances.
2. Those who will not pay regardless of circumstances.
3. Those who need assistance to understand their obligations and make on-time payments.

Today, a fourth category exists and represents many borrowers – those who believe they should not have to be accountable for their debt. The five-year hiatus from student loan payments created unprecedented circumstances including five years with no payments, anger over loan forgiveness, and widespread confusion.

When borrowers do not have "emotional buy-in" for the consequences of not paying debt and the benefits of on-time payments, successful repayment is challenging. To drive good payment behaviors, simplified processes and incentives for on-time payments should be considered.

Complexity is the enemy of execution. We must simplify processes and borrower education to drive repayment rates for student loans that promote on-time payments and reduce debt. When we accomplish this, we will elevate financially dependent Americans to become financially independent. This will drive healthier communities, financial freedom for more Americans, and a thriving economy.

Four key considerations for successful debt repayment:

1. Affordable –
    a. Can the borrower afford the payments? (timely payments)
    b. Is the payment sufficient to reduce the principal? (debt reduction)
    c. Are the tax consequences of loan forgiveness affordable? (unknown risks)
2. Predictable – How easy is budgeting? Payments that change are difficult to budget.
3. Manageable – How easy is managing the debt? Complexity feeds failure, while simplicity drives success in managing and paying debt.
4. Understandable – Do inexperienced borrowers understand the loan terms and repayment plans?

Affordability is the most complex because it includes the payment amount, debt reduction, and possible tax consequences. We must consider whether payments that do not reduce debt are truly affordable. We must face the fact that tax consequences are often not considered when choosing a repayment plan and can lead to severe consequences in the future, not only for borrowers, but also for taxpayers.

Traditional Income-driven Repayment Plans (IDR) focus on the payment amount with little to no regard for reducing debt or tax consequences. This creates emotional stress about debt that seemingly never ends and has unaffordable tax consequences when the next generation of college-age students need options to pay for higher education, which often involves parental support.

STUDENT LOAN REPAYMENT PLAN COMPARISON	AFFORDABILITY			PREDICTABLE	MANAGEABLE	EASY TO UNDERSTAND	NOTES
	Payment	Reduces Debt	Potential Taxes				
Standard Repayment	Y & N with 10-year term limit	Y	N	Y	Y	Y	Low risk of default. Needs more flexibility for terms up to 30 years, that would reduce risks.
Extended Repayment	Y	Y	N	Y	Y	Y	Lowest risk of default. Could be combined with Standard Plan if terms for up to 30 years exist.
Graduated Repayment	Y initially, then N	Y	N	N	N	N	Sets borrowers up for failure! This plan should be eliminated.
Income-driven Repayment (ICR, IBR, PAYE, REPAYE)	Y	Y & N	Y	N	Y & N	N	Changing payments are difficult to predict & budget, increasing risks of delinquency and default. Administrative costs are high.
SAVE Repayment	Y & N (some are unaffordable)	Y & N	Y	N	N	N	Most benefits were eliminated.

A solution for student loan debt should include these components:

1. Simple terms support successful repayment
    a. Fixed payments are predictable and easy to budget.
    b. Fixed interest rates create payment stability (variable rates set up failure when payments increase).
    c. Flexibility in the length of time for repayment is more effective than changing payment amounts–there should be one “Fixed-payment Repayment Plan” that allows for repayment terms of up to 30 years.
    d. On-time payment incentives drive on-time payments and accelerate debt reduction (i.e., half the interest is forgiven with an on-time payment).
    e. Deferments and Forbearance
        i. Temporary reduction or delay for payments between 3-6 months.
        ii. Options for waiving interest accrual based on needs and circumstances (i.e., excessive medical bills would get an interest-accrual waiver while an irresponsible borrower who chooses delinquency does not get a waiver).
    f. Limited loan forgiveness–when repayment schedules are reasonable, the only loan forgiveness needed includes public service, total permanent disability, certain bankruptcies, and death claims.
2. Reduction in administrative burden and expenses
    a. Fixed payments do not require excessive staffing and management.
    b. Fixed payments do not require multiple federal agencies’ participation in managing student loan repayment.
    c. Reducing administrative burdens and expenses will make student loans more affordable.

CONCLUSION

Complexity is the enemy of execution. Refocusing on a fixed-payment repayment plan instead of complicated, costly IDR plans will increase borrowers’ understanding of student loan programs and repayment obligations. When there are too many moving parts, people feel burdened and overwhelmed. They become more likely to avoid decisions and ignore responsibilities. Simplification will drive success.

For many, experience with student loans is the foundation for finances for the rest of their lives. The opportunities from student loans make higher education accessible and provide a learning platform for those low- to middle-income students for building a credit profile that will elevate them financially throughout their lives if they manage on-time payments. Combining financial education with loan forgiveness options through public service also drives down the cost of education.

A national campaign about the benefits of financial health would support behavioral changes for repayment by focusing on “good consequences” instead of negative consequences. People behave how they are rewarded, and paying debt is no exception.

SOLUTIONS FOR SUCCESSFUL STUDENT LOAN REPAYMENT

REDUCE STUDENT LOAN ADMINISTRATIVE BURDENS & COSTS

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SIMPLIFY PROCESSES, TERMS, & CONDITIONS

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INCREASE BORROWER UNDERSTANDING & EMOTIONAL BUY-IN

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IMPROVE ON-TIME REPAYMENT WITH INCENTIVES

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SUPPORT TEAMWORK FOR PARTIES WITH ACCOUNTABILITY
(Borrowers—Institutions—Third-party Servicers—Federal Servicers)

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REDUCE DELINQUENCIES & DEFAULTS

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WIN—WIN—WIN
Students—Colleges—Taxpayers

I believe that viable solutions exist for successful student loan repayment plans. We must examine diverse options that drive program integrity and negotiate in the best interest of all parties to the loans, including students, colleges, and taxpayers. Collectively, these improvements will support personal financial freedom, drive a thriving economy, and bring back hope and opportunity for the future.

Please contact me at ML@ChampionsCompanies.com should you have any questions.

I appreciate your time and consideration!

Mary Lyn Hammer

Mary Lyn Hammer
President and CEO
Education Advocate