Profit in Education Is Bad—
Unless You Are the Department of Education

How far will the DOE go to remain one of the top five most profitable organizations in the United States?

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Mary Lyn Hammer is an expert resource for journalists who need reliable answers to tough questions about how the federal government handles student loans, cohort default rates, financial literacy, and higher education loan regulations and legislation.

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In 2013 the federal government student loan profit was $41.3 billion. Many Americans do not understand that this profit goes into the federal treasury, not back into education. Is it any surprise that the profit numbers have not been publicly disclosed since the 2013 profit that made the DOE the third most profitable business in the United States only surpassed by Apple and Exxon Mobile?

Congressional witness, non-federal negotiator and witness for the U.S. Department of Education (DOE), and education advocate Mary Lyn Hammer has blown the whistle on the U.S. Department of Education. In *Injustice for All*, Hammer's 312-page indexed report, she has published the details of consistent patterns of data manipulation, misreporting, and the DOE's attack on for-profit educators—a plan that has successfully drawn attention away from the DOE's astounding federal student loan profits and failed program oversight. With 96 data and image tables, Hammer offers her well-documented and independently verified evidence that indicates forces within the federal government are seeking to confuse United States taxpayers and drive an agenda that threatens to annihilate American education ideals.

Career College Central applauded Ms. Hammer's bravery in approaching this subject: "For any career college sector executive out there who has wondered if someone could ever be strong enough to call out the Department of Education for misrepresenting data…Hammer brings all that and more to the forefront here."

Hammer claims that such misreporting and data manipulation is intended to sway public opinion about sector-level performance in higher education and to hide the truth about the DOE's own failures. These are not the first data failures from the DOE and the *Chronicle of Higher Education* writes: "If the department [DOE] has bungled its default data, this would not be the first time. In 2010 a programming error led the department to undercount defaults for seven months; a year later the department admitted to errors that inflated default rates across all sectors."

The DOE data and reporting manipulation Hammer uncovered includes:

- Consistent inaccuracies in DOE reports on sector-level performance for cohort default rates (CDRs) have falsely improved public sector performance and falsely harmed proprietary (for-profit) sector performance
- DOE's mismanagement of loan servicing led to approximately 403,000 students being incorrectly placed in default status and the DOE has chosen not to rectify this atrocity
- To cover up the DOE's loan servicing mismanagement, it exceeded its authority by "adjusting" CDRs that are specifically defined in law, and the DOE did so without Congressional approval
- The DOE's "adjusted" CDRs were not consistently applied to all schools unless it served the DOE's greater agenda
- FY 2011 Gainful Employment (GE) rates released to the public used grossly inflated information which resulted in a misperception that proprietary schools leave students with high debt and unaffordable loan payments
- After Hammer testified at a DOE hearing about the inaccuracies of the FY 2011 GE calculations, the DOE did not include all relevant data in the publicly released FY 2012 GE Rate data, therefore the information was not auditable
- The FY 2011 and FY 2012 GE data were missing thousands of programs and excluded large percentages of the public and private programs thereby leaving lawmakers and the public unable to make informed decisions about educational choices
- Public opinion about sector-level performance is largely based upon DOE press releases and rhetoric because its publicly available data and reports are limited to what it wants the public to see and believe

The Obama Administration has claimed that eliminating private sector student loans and replacing them with federal direct student loans would reduce costs for students; however, this takeover has actually increased costs for many students with payments so low that the interest accruing is greater than the minimum payment required. These new regulations can strangle students' financial future. Hammer said: *"The scheme to provide 'affordable' student loan payments that span over 20–30 years means today's students face a lifetime of servitude—not to educators but to the federal government who is raking in profits in additional interest collected on these federal student loans."* In 2013 the federal government student loan profit was $41.3 billion. Many Americans do not understand that this profit goes into the federal treasury, not back into education. Is it any surprise that the profit numbers have not been publicly disclosed since the 2013 profit that made the DOE the third most profitable business in the United States only surpassed by Apple and Exxon Mobile?

A few of many important questions asked by Mary Lyn Hammer:

1) Why is the DOE under the guidance of the Obama Administration attacking the existence of proprietary schools when the proprietary school average graduation rate is actually the highest of all sectors in the country at over 60% based on the DOE's own databases?

2) Why did the DOE move forward with a vengeance to execute GE 2.0, the second more aggressive gainful employment rules, when Hammer had provided prior oral and written testimony that had proved, when using the *correct* annual payments in the debt-to-earnings rate calculation, the proprietary sector actually only had 6 failing programs (out of 7,847 programs) based on the DOE's own GE "final" FY 2011 data?

3) Why would the DOE reintroduce the lower thresholds in the GE 2.0 "zone" definition when it had eliminated those same thresholds and extensively justified higher thresholds in the original GE Preamble and final rules? Why did the DOE change its mind about all of its original threshold justifications?

4) Is it possible that with the elimination of private-sector student loans and replacement by federal direct loans that the federal government has taken on "loan shark" qualities detrimental to the health and well-being of our entire nation?

For more information, to obtain a review copy, schedule an interview, and/or to book Ms. Hammer to speak to your group, please contact John White at John.White@ChampionCollegeServices.com or by phone at 480.222.4314. To order the report in printed or ebook format, go to MaryLynHammer.com/book.

Suggested Questions for Interviewers

Mary Lyn Hammer is exceptionally prepared to answer tough questions. Suggestions include:

1) Does the DOE have a monopoly on student loans? Are student loans becoming long-term servitude to the government?
2) Who is the largest consumer financial (money-lending) institution in the country?
3) How much will the government actually earn off of the interest on student loans? Do the profits from student loan earnings go back into education?
4) Were the DOE's Pay-As-You-Earn (PAYE) and REPAYE programs purposely designed to calculate the majority of initial payments to be interest payments—which is profits to the government?
5) Have the minimal payment requirements for PAYE and REPAY been used to adversely affect "repayment rates" for GE programs attended by low-income students primarily attending for-profit schools?
6) Why do you compare the government's management of loan programs to the tactics used by loan sharks?
7) The IRS granted nonprofit status to the Center for Excellence in Higher Education prior to any GE or other anti-proprietary-sector regulations, right? How can the DOE choose to deny this IRS-approved tax status filing 44 months later? What does the DOE gain by denying this status?
8) What do you believe will happen if students are given free education only at community colleges? What impact will occur if proprietary schools are eliminated?
9) I understand you and many others suspect that the University of Phoenix/Apollo Education Group was intentionally targeted to devalue its stock prices for the eventual purchase by people with close ties to the Obama Administration. Please explain your suspicions.
10) You have reported that the DOE damaged the financial standing of several hundred thousand student borrowers. What evidence do you have? Whom have you shared the evidence with? Why hasn't the DOE corrected its mistake for students hurt by the defaults included in the CDR adjustments?
11) Why did the DOE only adjust CDRs for certain schools in jeopardy of losing federal funding and not all schools?
12) How has the DOE covered up its own poor performance and mismanagement of student loans? Why wouldn't DOE reports match its own data?
13) What could the motivation be to only adjust the default rate information for nonprofit schools?
14) What does the DOE manipulation of CDR rates mean for higher education? How does it appear that the DOE is manipulating gainful employment rates?
15) What problems existed with the original College Scorecard hosted on Whitehouse.gov? How does the College Navigator, hosted by the DOE, lack transparency?
16) Why did you feel it was important to have your own report audited for accuracy?
17) You write about accountability for students, the government, and schools. What suggestions do you have for a system overhaul or for corrections?

Mary Lyn Hammer's Expanded Bio

Ms. Mary Lyn Hammer is a seasoned education advocate, and the entrepreneurial founder, president, and CEO of Champion College Services. Her belief that education is the vehicle for making dreams come true has led her into a life-long passionate fight, beginning in 1987, to rectify problems in the higher education industry to insure future participation for all students. During her career in higher education, she has touched more than 3 million students' lives through her companies and advocacy. Ms. Hammer's company Champion College Services (now in its 26th year of business) offers default prevention for federal and private student loans, job placement verification, skip tracing, consulting services, and custom surveys for students, alumni, and employers. Champion teaches students how to repay loans but does not collect money on behalf of schools.

Ms. Hammer's accomplishments include numerous state, regional, and national awards and recognitions over the years in both the higher education industry and in professional business arenas. She has participated in training sessions and workshops for numerous state, provincial, regional, national, and private associations in both the U.S. and Canada in a continuing effort to share her experiences and knowledge. Ms. Hammer has had several hundred articles published in numerous higher education magazines.

Her experience specific to the contents of this book includes the following:

1988–1989 Hammer turned evidence over to Congress and the U.S. Department of Education (USDOE) and testified numerous times regarding a student lending corruption ring in California that put several companies out of business and cost the government an estimated $750 million to rectify.

1989 Her innovative "Hands On" Default Management Program was recognized by the USDOE for its remarkable results and was used as the basis for default management in what became known as "Appendix D." Ms. Hammer was active in aiding the USDOE in drafting regulatory language for default management that was mandatory for high-default-rate schools from 1989 until 1996 and still exists today in rewritten regulations under "Subpart M" and "Subpart N."

1990–1993 As part of several laws affecting higher education and cohort default rates, Ms. Hammer helped draft statutory and regulatory language for cohort default rate appeals.

1993–1995 Hammer helped draft the *Cohort Default Rate Guide* and several revisions thereof.

1994–1998 Hammer worked with Congressional members on school-based loan issues and cohort default rate matters that became statutory language in the 1998 reauthorization of the Higher Education Act of 1965.

1999 She served as an alternate negotiator for school-based loan issues in the 1999 Negotiated Rulemaking.

2000 She served as a primary negotiator for school-based loan issues in the 2000 Negotiated Rulemaking. The original default management regulations under "Appendix D" were rewritten into "Subpart M" in addition to other loan issues.

2002–2008 Hammer worked with congressional members on school-based loan issues and cohort default rate matters. Although she opposed increasing the cohort default rate definition, she was instrumental in correcting what was originally written as a 4-year CDR definition to a 3-year CDR definition and helped draft the increased threshold and appeal rights for sanctions under the new definition.

2009 She served as a primary negotiator for Loan Issues—Team 2 and provided expert witness testimony for Team 1 Loan Issues. Default management regulations were written into "Subpart N" for the 3-year CDR definition along with conforming language for appeals in addition to other loan issues.

1988–to Date Hammer has testified many times at Congressional and USDOE hearings and has worked closely with congressional members, education committee professional staff, and key staff at the USDOE on many issues during her career to insure program integrity and access to quality higher education for at-risk students.

Ms. Hammer has been elected four times to the Board of Directors for the Career College Association, now known as APSCU, and she is the Charter Member, former Chairwoman for the Higher Education Allied Health Leaders (HEAL) Coalition, and has served as an Advisory Board Member for the Career Education Review. Additionally, she currently serves on the Board of Directors for the Private Career Colleges and Schools (PCCS, 3rd term) Regions XIII, IX & X and for the Northwest Career College Federation (NWCCF, 16th term), as Director of the Board for Champion for Success (a nonprofit mentoring and advocacy organization for at-risk kids), and on the Board of Directors for eMed, a medical research center for Chinese medicine.

Her ***Injustice for All*** report is written to provide us with detailed evidence on corruption in education reporting to protect the future of our country. **For more visit MaryLynHammer.com.**