
From: Arthur, Jeff
Sent: Thursday, November 15, 2007 3:24 PM
To: Redacted by HELP Committee
Subject: RE: Grijalva Amendment Yesterday
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Could be...we may want to outsource the 'life of loan' side whereby we give someone else responsibility for working our loans beyond the cohort period. I guess that rate would be dealing with every single loan we've ever made!!! Pretty hard to fathom.

From: Redacted by HELP Committee
Sent: Thursday, November 15, 2007 2:54 PM
To: Arthur, Jeff
Subject: RE: Grijalva Amendment Yesterday

Wow... It will be interesting to learn more about changes to formula. DM dept operations would definitely need revision. It may be the time to take a look at services offered by outside firms.

From: Arthur, Jeff
Sent: Thursday, November 15, 2007 2:15 PM
To: Redacted by HELP Committee
Subject: FW: Grijalva Amendment Yesterday

Brace yourself. This is all I know right now, that the House Education Committee has put an amendment on the reauthorization of the higher education act to change the formula for the cohort period, and measure life of loan default rates. This would certainly make our job more challenging and certainly your dept would need to be expanded to deal with it. This has to go to the House floor for vote (which it will very likely pass), and then reconcile with the Senate bill whenever they get that introduced. We are probably talking about effective dates of July 1 2009, but hard to say right now. It could end up impacting this fiscal year's students that are going into repayment now.

Sorry to make your day!

From: Arthur, Jeff
Sent: Thursday, November 15, 2007 2:12 PM
To: Redacted by HELP Committee
Subject: RE: Grijalva Amendment Yesterday

I was thinking of **Redacte** when I saw this knowing she would have a good idea of what this data would look like and immediately know the threat this could pose. Albeit, it does mean there would be even more spent by career colleges in managing default rates, creating more opportunities for firms that provide these services, but I suspect this would make it very hard for them to be as successful as they have been.

This a difficult one to argue against as well. As policymakers you would think it makes sense to have this data.

From: Redacted by HELP Committee

11/15/2007

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Sent: Thursday, November 15, 2007 12:12 PM
To: Arthur, Jeff
Subject: RE: Grijalva Amendment Yesterday

Jeff,

When this amendment was introduced last night, we immediately recognized the danger it poses for the sector. Your analysis is on target. Redacted by [redacted] has begun compiling some data on this and we have made this a priority. I will be in touch with you as we devise a strategy to address this. We are trying to get intel on when this bill will go to the House floor.

Thank you.

Redacted by HELP Committee
Vice President, Government Relations
Career College Association
Redacted by HELP Committee

From: Arthur, Jeff Redacted by HELP
Sent: Thursday, November 15, 2007 11:21 AM
To: Redacted by HELP Committee
Subject: Grijalva Amendment Yesterday

Reda , **this is potentially a very serious issue for our sector. Note the Grijalva amendment that was accepted to change the default formula and disclose life of loan default rates: This amendment passed and could have significant impact and increased scrutiny for our sector. They can really target our schools with this information! Career colleges have worked hard to manage their default rates for the cohort period, which has been a considerable job and expense, but beyond that period, we know there is a big drop off for most. We work harder than other sectors in that cohort period, so the gap must be much wider when you go beyond the current cohort period. The risky demographics and cost of our private institutions will be overlooked when they talk about our default rates being 2-3x the national rate, which I would guess would be the case if you look at life of loan, or even extend the cohort period a year or more.**
Jeff

Grijalva (D-AZ) offered two amendments together. One would lengthen the two-year period used to measure Cohort Default Rates and provide life of loan default rates. The second amendment would require lenders and the Department of Education to provide students with financial literacy education. The amendments were adopted by a voice vote

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