22-000144

Jenny Widener

From:	Director for Borrower Student Services
Sent:	Tuesday, December 08, 2009 11:15 AM
To:	Reid Allison
Subject:	RE: Cohort Default Rates--Three Year Calculation Publication
Categories:	Red Category

According to the announcement in Nashville, these are true numbers. They reportedly tracked the actual cohort universe for an additional year and these are the numbers. I agree with you that some of them look out of line. We had some OPE-ID changes that may have skewed the numbers, ED may have made some errors, or this may actually be what happened with some cohort universes after default aversion activity stopped. We've known all along what ED finally figured out – that most of the borrowers who receive payment postponements (forbearance, deferment) during the cohort period ultimately default after the postponement ends. That's the primary reason ED is made the change to a 3-yr CDR – they decided we were getting off too easy.

We could try to determine whether or not the numbers are accurate by digging into it ourselves but it would be very labor intensive and time consuming.

Director for Borrower Student Services

From: Reid Allison
Sent: Tuesday, December 08, 2009 9:57 AM
To: Director for Borrower Student Services
Subject: RE: Cohort Default Rates--Three Year Calculation Publication

Chuck, do you know how these calculations work? Are they "projected", or actual? The 2005 and 2006 numbers for Lafayette and San Diego look screwball.

From: Director for Borrower Student Services
Sent: Monday, December 07, 2009 3:46 PM
To: Jack Forrest
Cc: Jerry Barnett; Reid Allison
Subject: RE: Cohort Default Rates--Three Year Calculation Publication

Jack . . . Here are the FY-05, FY-06, & FY-07 three-year trial CDRs for our seven school code groups. Most 3-year CDRs are 3 to 4 times higher than the 2-year rates. However, a few of the FY-05 rates are 5 and 6 times higher and even one (Houston) that is 12 times higher. I suspect the higher increases for FY-05 are the flip result of the mandatory forbearances following Katrina, et al, which drove the official rates artificially low.

Director for Borrower Student Services

005203 Lafayette Group

Fiscal Year	Rate Type	Numerator	Denominator	Rate	Process Date