**Conference Call: John Pierson**
**Parker, Pierson & Associates**
**10/30/2014**
**Minutes**

Attendance: John Pierson, Rocio De Reza, Kathleen Moberg, and Veronica Martinez

## FY 2011: LAST OFFICIAL DEFAULT RATE

| Rate: 27.2% | |
|---|---|
| **Draft Rate = 28.9%**<br>**February 2014** | 1. 46 in default out of 159 in repayment<br>2. Rocio did analysis and identified 3 borrowers with data inaccuracies<br>3. Submitted incorrect data challenge on March 14, 2014 |
| **Official Rate = 27.2%**<br>**September 2014** | 1. 43 in default out of 158 in repayment<br>2. Successful data challenge of 3 records<br>a. Number in default decreased from 46 to 43<br>b. Removed from default number: 3 students<br>3. Difference in percentage points: **1.7%** |

## FY 2012: SHORT TERM

| | |
|---|---|
| Year Published:<br><br>*PPA to provide us with file of defaulters.<br><br>*Draft Rate: Feb 23, 2015<br>*Official Rate: Sept.2015 | Borrowers who entered repayment in 2012 and defaulted in 2012, 2013 or 2014<br>______________________________<br>Borrowers who entered repayment in 2012<br><br>3 yr time period: 10/01/11 – 09/30/14<br>______________________________<br>1 yr period: 10/01/11 – 09/30/12 |
| **10-30-2014**<br><br>**Conference call with** | 1. **30.41%** (draft rate, worst case scenario)<br>2. As of end of August 2014, we had 63 defaulted, and 217 repayment = **29%** |

| | |
|---|---|
| **Parker, Pierson & Associates** | 3. (3) delinquent borrowers on the cusp of default (Rocio to verify status on NSLDS)<br><br>4. John Pierson to email reports to Gavilan<br><br>5. Rocio to review borrower detail for accuracy, possible data challenge for Spring 2015<br><br>6. John Pierson sends new file to FA with 67 in default, out of 217 in repayment. |
| November 2015 | A. Forecast provided by PPA indicates **30.88%** FY 2012 rate<br><br>B. 2 large binders are prepared for 67 estimated students in default.<br><br>C. Rocio identifies 6 possible data challenges |
| Feb 23, 2015<br><br>**Draft Rate released to schools** | 1. FSA releases draft rate is **30%**, 65 in default out of 216 in repayment<br>2. Review flat file in excel, pull B (both numerator & denominator) usage code to identify 65 in default.<br>3. Review flat file in excel, pull B (both numerator & denominator) & D (denominator) usage codes to identify number in repayment. |

## FY 2013: LONG TERM

| | |
|---|---|
| Year Published:<br><br>*PPA to provide us with file of defaulters.<br><br>*Draft Rate: Feb 2015<br>*Official Rate: Sept.2015 | Borrowers who entered repayment in 2013 and defaulted in 2013, 2014 or 2015<br>______________________________<br>Borrowers who entered repayment in 2013<br><br>3 yr time period: 10/01/12 – 09/30/15 **(number is fluid) = 44 (as of 8/20/14)**<br>______________________________<br>1 yr period: 10/01/12 – 09/30/13 **(number is fixed) = 227** |
| a. 44 had already defaulted, of 227 repayment = 19%<br>b. Since default window for FY 2012 goes through 9/30/15, we need to follow up with **56** current delinquent borrowers (as of 8/20/14) who may move into default.<br>c. Assuming that all 56 delinquent accounts would move to default by 9/30/15, worst case scenario would be: 100 (44 defaulters + 56 delinquent) divided by 227 in repayment = 44%<br>d. PPA can provide analytics for defaulters (down the road) | |

**ACTION PLAN:**

7. November: Work on obtaining contract to begin no later than Dec. 1, 2014
8. Once contract's in place: PPA to send files to 3rd party
9. 10 months to effect change: December 2014 – September 2015

10. PPA: Focus on 56 delinquent borrowers to obtain a cure rate of 65%. With 65% cure rate, our default rate would include: 44 defaulted + 36 (delinquent to default, calculated at 56 multiplied by 65%) = 80 default divided by 227 in repayment = 35% **(?)**

11. Veronica & Kathleen would like to obtain default rate below 27.2% (the last rate).

12. Focus on delinquencies by: 30 days, 60 days, and 90 days.

13. Borrowers move from delinquency to default after 360 days

14. Within the first 271 days, borrowers remain eligible for Title 4 aid (PELL)

3rd PARTY SERVICER

1. Chancellor's Office recommends: **ECMC, Ed Financial**
2. I-3 was third vendor, but removed from list (too aggressive in sales pitch)
3. All provide: Skip tracing
4. Colleges can fire agency within 30 days
5. Colleges choose borrowers the 3rd party servicer work with
   Example: FY 2013: Focus on 56 delinquent borrowers
   We're billed for whatever's cured (moved from delinquency to repayment): cure rate
6. John recommends:
   a. we focus on delinquencies less than 120 days
   b. Set up conference call with vendor and include John Pierson
   c. Working on 2013 & 2014: To obtain rates are below 30% (VM recommends rates below 27%, and KM suggests 25%)
   d.
7. Cost: About $6 – 7 per delinquent borrower per month

   Example: 56 delinquent borrowers X $7 = $392 per month, $3920 per year

**10/30/14 meeting with Kathleen Moberg & Rocio De Reza**

1. Financial Literacy campaign includes:
   a. Recommending Econ 12 (Personal Finance) to current borrowers
   b. Offering textbook scholarship for borrowers in course
   c. Guidance 210: Offering component on financial literacy
   d. Designing another Guidance course on: Student Success + Financial Literacy
   e. Noncredit course (needs curriculum developed)

**10/30/14 call with Ruby Nieto, Chancellor's Office:**

1. Fresno City College District had federal compliance audit and found issues with loan processing.
2. FCC has decided to stop offering student loans.
3. Reedley College (sister college), also joined them in not offering loan program
4. **USA Funds vendor:**
   a. Offering loan portfolio reports through portal
   b. Mail merge
   c. Emails
   d. MPC has signed on with USA Funds
   e. Cost: $5,000: Reimbursement from Chancellor's Office: 60% ($3,000); 40% ($2,000), and 20% ($1,000).
   f. Gavilan's cost: FY 2014/15: $2,000
   g. Gavilan Cost: FY 2015/16: $3,000
   h. Gavilan Cost: FY 2016/17: $4,000