



## Trend Analysis and 5-Percentage-Point Subsidy-Rate Variance Justification

### PROBLEM STATEMENT

When a program subsidy rate moves by 5 percentage points or more year-over-year — for example RBCS Intermediary Relending Program (IRP) which jumped from 17.54% (FY22) to 30.35% (FY24) — RD-FO must produce trend-analysis-and-justification material for OMB, OBPA, the AFR, and the Hill, but assembling the supporting narrative is labor-intensive and the volume across the portfolio is significant.

### WHY IT MATTERS

Subsidy-rate variance justifications are the most heavily-scrutinized OBP deliverable on the OMB exam side, and weak narratives invite OMB pushback that pushes the program through additional iteration cycles before President's Budget lock-in.

### HSG'S APPROACH

1. Build a trend-analysis library that auto-produces subsidy-rate trend exhibits per program x cohort, with driver decomposition (default rate, prepayment, recovery, severity, interest rate, fee, recovery, financing-account interest).
2. Use a Claude-API-backed LLM to draft the justification narrative, citing CSC outputs, BICS pivots, and prior-year narrative.
3. Pair every AI-drafted paragraph with expert review by an OBP credit-reform analyst.
4. Maintain a back-catalog of OMB-accepted prior-year narrative pattern library so new justifications inherit OMB-recognized structure.
5. Surface the trend exhibits through a Tableau / Power BI page accessible to OBP, OBPA, and the OMB exam team.

### EXPECTED DELIVERABLES

- Subsidy-rate trend exhibit library
- Auto-draft justification narrative tool
- Driver-decomposition workbook per program
- OMB-accepted narrative pattern library
- Trend dashboard for OBP / OBPA / OMB consumption

### EXPECTED OUTCOME

**Cut justification turnaround per 5pp variance event from 3 weeks to 5 days and reduce OMB rework cycles by 50%.**

### ENGAGEMENT TEAM

#### PRIMARY LEAD

**Brad Dillman**

Senior Quantitative Modeler · Federal Credit-Reform Modeling Lead

#### CONTRIBUTORS

**Jelani House**

Engagement Manager · Business Development Lead · AI Lead · FCRA & Budget Execution Lead