

Excerpts, selected by the HELP Committee, from a larger document
produced by the company



Default Rates, A three year look

January 6, 2010

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2005 – March 2008

- Campus Financial Aid offices were responsible for mailing letters to students for
 - Students during grace period
 - Students in repayment
 - Students who are delinquent
- Florida campuses were using General Revenue to manage cohort default rates



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March 2008 – February 2009

- Began to centralize Default Management in March 2008
 - 1 employee
 - Worked only 2 OPEIDs – Eden Prairie and Florida
 - Created and built 2007 Cohort CMS (Cohort Management System)
 - This report provided borrower specific information (social security number, name, date of birth, address, phone number, loan status, lender, etc.)
 - Created procedures for Default Management
 - Built rapport with servicer and guarantor
 - Call campaigns to delinquent students
 - Mailed letters to students in Grace, Repayment, and Delinquency
 - Sent e-mails to students
 - Created Exit Counseling – Provided training & packets



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February 2009 - Present

- Centralized Default Management
 - Added 2 additional employees (for a total of 3)
 - Worked all OPEIDS - Eagan, Eden Prairie, Florida, Mankato, North Dakota, and St. Cloud
 - Created CMS for cohort 2008 & 2009
 - Call campaign to delinquent students and references
 - Send out monthly mailings to borrowers and references
 - Send out e-mails bimonthly to delinquent borrowers
 - Perform skip tracing
 - Private Investigator for signature gathering
 - Provide Training and Packets for Exit Counseling to campuses



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- E-mails
 - Send out bimonthly to borrowers
- Letters
 - Borrowers in grace
 - Delinquent borrowers
 - Borrower references
- Skip Tracing
 - Perform skip tracing on the most delinquent students for telephone number, address, or relative to contact
 - Print profile information for future reference
- Private Investigator
 - Performs skip tracing
 - Attains signatures from borrowers
 - Faxes back to Default Dept. and mails original



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- Exit Counseling to Campuses
 - Provide training and packets to Financial Aid
 - To assist students in repayment period
- Bulk Mailing
 - Send out monthly letters, postcards, or pamphlets
- FedEx
 - Sent to most delinquent students whose address has been confirmed
- Call Campaigns
 - When getting borrower on the phone, join the servicer to the call to get account current, make a payment, or postpone
 - With references, ask if they have a number or address to reach borrower or to take our information



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- Hire 2 additional Default Management Specialists (5 total employees)
- Create 2 Groups
 - Prevention - (2 employees)
 - Build 2010 & 2011 CMS
 - Update CMS monthly
 - Exit Packets for all campuses
 - Call campaign to borrowers who are in grace and 0 – 60 days delinquent
 - Contact references provided by the student during Entrance Counseling
 - Send emails and mailings to borrowers who are entering repayment and 0 – 60 days delinquent
 - Aversion - (3 employees)
 - Counsel students on repayment options including income sensitive and consolidation
 - Counsel students on forbearance and deferment
 - Call campaign to borrowers 60+ days delinquent and references
 - Send mailings to borrowers 60+ days delinquent and references
 - Send e-mails to borrowers 60+ days delinquent and references
 - Create new letters, marketing collateral and e-mails



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Program	Defaults	Total Students	% of Defaults within a Program	% of Defaults by Program	% of Students by Program
Accounting	27	261	10%	5%	9%
Business Management	142	820	17%	26%	27%
Child Care Specialist	20	78	26%		3%
Child Development	6	35	17%	1%	1%
Criminal Justice	89	396	22%		13%
Early Childhood Education	1	8	13%	0%	0%
Executive Admin	5	68	7%	1%	2%
Health	24	200	12%	4%	7%
Human Resources	3	19	16%	1%	1%
IMTDD Digital Design	0	4	0%	0%	0%
Individual Progress	9	37	24%		1%
Info System Management	11	59	19%		2%
Legal	0	4	0%	0%	0%
Massage Therapy	16	106	15%	3%	4%
Medical	99	560	18%	18%	19%
Multi Media	7	24	29%		1%
Network Support	39	86	45%		3%
Office System & Mgmt	5	49	10%	1%	2%
Paralegal	0	6	0%	0%	0%
Pharmacy Technician	18	68	26%		2%
Practical Nursing	7	65	11%	1%	2%
Sales & Marketing	1	3	33%		0%
Surgical Tech	0	8	0%	0%	0%
Travel	0	4	0%	0%	0%
No Program	7	20	35%		1%
Total	536	2988	17.9%		

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Sex	Defaults	Total Defaulted Students	% of Defaults by Demographics	CY Total Student Demographics
Percent of Defaults Female	412	536	77%	81%
Percent of Defaults Male	124	536		19%
Student Status				
Percent of Defaults - Drops	466	536		57%
Percent of Defaults - Graduates	51	536	10%	35%
Percent of Defaults - Complete	19	536	4%	6%
Percent of Defaults - Other	0	536	0%	2%
Race				
Percent of Defaults - Asian	12	536		2%
Percent of Defaults - African American	86	536		8%
Percent of Defaults - Latino	37	536		3%
Percent of Defaults - Caucasian	318	536	59%	73%
Percent of Defaults - Other	83	536		14%
Schedule				
Percent of Defaults Online	179	536	33%	57%
Percent of Defaults Residential	357	536		43%



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- This starts the conversation, not the end of it
- Need to do more upfront education on loans and that they must be repaid, especially to our at risk groups. When someone drops, we need to be all over them
- Like other topics today, the better retention we have, the more graduates, the more graduates, the fewer the defaults
- All of our actions and initiatives have consequences
- Ceteris paribus, if we don't change our default management practices, and pursue our goals of more men and more diversity, our default rates will go up
- As example if we had 30% men instead of 19%, our default would have gone to 18.4% or up half a percent, or if we were to go from 27% minority to 35% our default rate would jump up 1% to 17.9%

