

---

**From:** Eric Rasmussen  
**To:** George Fogel  
**Sent:** 8/2/2008 12:39:59 AM  
**Subject:** RE: HEA Reauthorized!

Does this impact the disbursement schedule Redacted by HELP Comm setup?

**Eric Rasmussen** / Regional Vice President

Rasmussen College

**Redacted by HELP Committee**

[www.Rasmussen.edu](http://www.Rasmussen.edu)

*Confidentiality.*

*This electronic transmission is strictly confidential to the sender and intended solely for the addressee. It may contain information which is covered by legal, professional or other privilege. If you are not the intended addressee, or someone authorized by the intended addressee to receive transmissions on behalf of the addressee, you must not retain, disclose in any form, copy or take any action in reliance on this transmission. If you have received this transmission in error, please notify the sender as soon as possible and destroy this message.*

---

**From:** George Fogel  
**Sent:** Friday, August 01, 2008 10:12 AM  
**To:** Leadership Team; Rasmussen Campus Directors  
**Subject:** HEA Reauthorized!

After a five years delay, the House and Senate yesterday evening reauthorized the Higher Education Act (HEA). HEA is the set of rules and laws that regulate colleges at all levels and authorizes the financial aid programs in which our students participate. President Bush is expected to sign the bill into law soon.

Overall, the bill is very positive for us and our sector, however at over 1100 pages, it will take some time to digest all of the changes and impact on us. Here are some key highlights that impact us:

1. 90/10 Rule relief – the 90/10 rule dictates that we receive no more than 90% of our revenue from Title IV programs (Pell and Stafford Loans). In the past, if a school went over 90%, it was a “death penalty” where the school was no longer eligible to participate in Title IV programs. It has been changed to if a school is over 90% for two years in a row, the school will lose access. Additionally, Congress earlier this year authorized an additional \$2000 in lending for students. This would have put us at serious risk in Florida with our 90/10. But, in the new bill, that extra \$2000 will not count at Title IV dollars, but it will count as 10 money!! My very, very rough calculation says Florida 90/10 could drop from 86% to 75% based on this change in the rule. This is probably the most important change for us from an operational perspective!
2. Year Round Pell – One of the problems with Pell is that students are only eligible for Pell for three quarters in each year. This new provision allow students to be granted Pell Year Round. For a fully Pell eligible student that provides over \$1400 of additional funding per 12 months. Any time our students can get access to more funding is a positive! Additionally, the limits for Pell were also increased.

3. Three Default Cohort – Currently, we as an institution we are responsible for the performance of our student on student loans and whether or not they default on those loans for two years after they graduate. The new law changes this period of responsibility to three years. This appears to be the most negative change on us. With the economic and credit pressures our students are facing, we are seeing our default rates go up in the two year period. By looking at this over three years, we will most likely see our default rates double. We will be putting more resources on default management, but this is where retaining students and getting them to graduation becomes key. A student who graduates will pay their loans back. This will become a much higher priority focus over the next months

**Redacted by HELP Committee**

This was a truly monumental piece of legislation that will have long reaching impacts on us and our students and for the most part they are very positive.

George

**George E. Fogel** / Vice President  
Rasmussen College, Inc.  
745 McClintock Drive, Suite 105  
Burr Ridge, IL 60527-6490

Redacted by HELP Committee

[www.rasmussen.edu](http://www.rasmussen.edu)