



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

October 29, 2019

Honorable Robert "Bobby" Scott
Chairman
Committee on Education and Labor
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Section 487(d)(4) of the Higher Education Act of 1965, as amended (HEA), requires the Secretary of Education to submit an annual report to Congress containing information regarding the amount and percentage of each for-profit institution's revenues from Title IV sources and non-Title IV sources. The purpose of this letter is to transmit this information for the July 1, 2017, through June 30, 2018, reporting period (2017/2018 award year).

The 90/10 revenue percentage is calculated under specific requirements in the HEA and corresponding regulations using the following regulatory formula:

Adjusted Student Title IV Revenue

*Adjusted Student Title IV Revenue + Student Non-Title IV Revenue +
Total Revenue from Other Sources*

Part 668, Subpart B, Appendix C of the Title IV regulations specifies the order in which funds are deemed to be paid to the institution on behalf of a student and how those funds are to be classified. A for-profit institution must disclose the percentage of revenue derived from the Title IV programs that the institution received during the fiscal year covered by the audit as a footnote in its audited financial statement.

Failure to derive at least 10 percent of revenue from sources other than Title IV funds for two consecutive institutional fiscal years results in loss of eligibility to participate in the Title IV programs for at least two institutional fiscal years. To regain eligibility, an institution must demonstrate that it complied with applicable State licensure, accreditation and financial responsibility requirements for a minimum of two institutional fiscal years after the fiscal year it became ineligible. If an institution fails to satisfy the 90/10 rule, the Department is required by statute to disclose this information on the College Navigator web site (<http://nces.ed.gov/collegenavigator>), including the extent to which the institution failed to satisfy the rule.

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

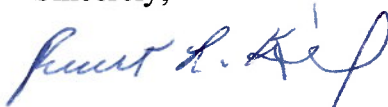
The report enclosed with this letter shows the revenue percentage for each for-profit institution based on that institution's most recent fiscal year with an end date between July 1, 2017, and June 30, 2018. Total funding received under the Title IV programs, and total institutional revenues, on which the numerator and denominator of the 90/10 revenue percentage calculation (with adjustments specified in regulation) are based, are also shown for each institution. Only those schools whose financial statements and 90/10 revenue percentage calculations have been reviewed and accepted by the Department, are included in the report.

There were not any for-profit institutions that lost eligibility to participate in the Title IV programs due to non-compliance with the 90/10 rule for the 2017-2018 award year. The data in this report show that 12 institutions failed to satisfy the 90/10 rule during the reporting period. Currently, six of the 12 institutions that failed to satisfy the 90/10 rule during the reporting period are required to participate in the Title IV programs on a provisional basis, as provided for by the HEA, but remain eligible to participate in the Title IV programs because they satisfied the 90/10 rule for the previous reporting period. Another five of the 12 institutions are in Puerto Rico. As you know, Puerto Rico suffered devastating damages as a result of Hurricane Maria during the reporting period. Consistent with the President's September 20, 2017, Disaster Declaration under the Federal Emergency Management Agency's (FEMA's) disaster incident FEMA-4339-DR, and utilizing information provided by institutions or their auditors indicating that 90/10 failures were a result of the hurricane, the Department is holding in abeyance any consequences of the failing 90/10 scores for the institutions in Puerto Rico for this reporting period. Finally, one of the 12 institutions closed and no longer participates in Title IV. The Department will monitor whether these institutions satisfy the 90/10 rule in the following year in order to remain eligible to participate in the Title IV programs.

The Department will post the full report on the Federal Student Aid Data Center web site at <https://studentaid.ed.gov/sa/about/data-center/school/proprietary> as well as post the required disclosures on the College Navigator web site.

If you have any questions about this report, please have your staff contact Molly Petersen in the Office of Legislation and Congressional Affairs by e-mail at: Molly.Petersen@ed.gov or by phone at 202-401-0020.

Sincerely,



Robert L. King
Assistant Secretary
Office of Postsecondary Education