



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

FEB 16 2011

Honorable John Kline, Chairman
Committee on Education and the Workforce
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 annually to submit a report to Congress containing information regarding the amount and percentage of each proprietary institution's revenues from Title IV sources and non-Title IV sources as provided by the institution in its audited financial statements. The purpose of this letter is to transmit this information for the fiscal year ending during the 2008-2009 award year. This information relates to the requirement that a for-profit institution of postsecondary education derive at least 10 percent of its revenue from non-Title IV sources (the 90/10 rule).

The funding information from each for-profit institution is submitted to the Department annually and reported in the footnote disclosures of each institution's audited financial statements. The 90/10 revenue percentage is calculated under specific requirements in the HEA and corresponding regulations that address the order in which funds are deemed to be paid to the institution on behalf of a student, and how those funds are classified. In the enclosed report, we are providing the annual Title IV funding levels for each institution to provide more context for the reader. It is important to note that the Title IV funding level provided in this report is based on an award year, while the 90/10 ratio is calculated using the institution's fiscal year.

The 90/10 rule was amended by the enactment of the Higher Education Opportunity Act (HEOA) in 2008 to permit an institution to fail the 90/10 requirement for one year without losing its eligibility to participate in the Title IV programs. Instead, the institution's participation would become provisional for two fiscal years. If the institution does not satisfy the 90/10 rule for two consecutive fiscal years, it would lose its eligibility to participate in the Title IV programs for at least the following two fiscal years. The Department used the negotiated rulemaking process to revise the 90/10 regulations to implement the changes made by the HEOA. Those regulations were published in the Fall of 2009 and went into effect on July 1, 2010 (74 Fed. Reg., No. 208, October 29, 2009). If an institution fails to satisfy the 90/10 rule, the Department is required to disclose this information on the College Navigator Web site (<http://nces.ed.gov/collegenavigator/>), including information on the extent to which the institution failed to satisfy the rule.

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The report attached to this letter includes the revenue percentage provided for each institution by its independent auditor for the most recently completed institutional fiscal year along with the funding levels for the most recent two award years. The report includes those schools whose financial statements for the period being reported have been reviewed and finalized by the Department at the time this report was generated. The table accompanying the report provides a summary of the data.

The data in this report show that eight institutions failed to satisfy the 90/10 rule during the reporting period. These institutions, as required by the HEA, remain eligible for Title IV participation on a provisional basis. The Department will monitor whether those 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 this report on the Federal Student Aid Data Center Web site, available at <http://federalstudentaid.ed.gov/datacenter/schooldata.html>, as well as on the College Navigator Web site as required. If any of these schools fails to satisfy the 90/10 rule again for the fiscal year ending during the 2009-2010 award year, its eligibility to participate in the Title IV student aid programs will be revoked.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Eduardo M. Ochoa', with a stylized flourish at the end.

Eduardo M. Ochoa

Enclosure