



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

December 21, 2016

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 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, 2014, to June 30, 2015, reporting period (2014/2015 award year). To be eligible for FSA participation, a for-profit institution must derive at least 10 percent of its revenues for each fiscal year from sources other than the FSA programs, or be subject to sanctions.

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

$$\frac{\text{Adjusted Student Title IV Revenue}}{\text{Adjusted Student Title IV Revenue} + \text{Student Non-Title IV Revenue} + \text{Total Revenue from Other Sources}}$$

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 to its audited financial statement.

In 2008 the Higher Education Opportunity Act (HEOA) amended the 90/10 rule to permit an institution that does not meet the requirement for one year to retain its eligibility to participate in the Title IV programs. However, the institution's participation then becomes provisional for two fiscal years. If the institution does not satisfy the 90/10 rule for those two consecutive years, it loses its eligibility to participate in the Title IV programs for at least two fiscal years. 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.

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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, 2014, and June 30, 2015. 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. It should further be noted that only those schools whose financial statements for the period being reported have been reviewed by the Department are included in the report.

The data in this report indicates that 17 institutions failed to satisfy the 90/10 rule during the reporting period. The report shows that, as provided by the HEA, 15 of the 17 institutions remain eligible for Title IV participation on a provisional basis because they satisfied the 90/10 rule for the previous reporting period. 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. Two of the 17 schools, United Medical and Business Institute and Pat Wilson's Beauty College, have missed the required ratio for two consecutive years and have lost eligibility to participate in the Title IV student aid programs.

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

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

Sincerely,



Lynn B. Mahaffie
Delegated Duties of Assistant Secretary
for Postsecondary Education

Enclosure