

Financial Responsibility Standards

Talking Points

February 2014

- The Federal Financial Responsibility test is only one measure of institutional wealth. Being on the list simply means our college must agree to additional reporting, financial aid monitoring, or administrative oversight requirements; or post a letter of credit.
- As a small nonprofit institution, we operate like many other nonprofits in and outside of education—trying to bring in no more revenue than what it costs us to operate. This means we charge no more than what is necessary, to keep our prices as low as feasible, while also serving many students from needy families at a reduced price.
- I want to assure our students and families that (SCHOOL NAME) continues to deliver a quality education and is in no danger of closing. I invite any family that has questions to consult with (PERSON or OFFICE on CAMPUS).
- As is the case with families, businesses, or other organizations, an economic downturn can affect a college, and like most American families and federal and state governments, we are taking pro-active steps to (EXAMPLES: cut costs, increase efficiencies) to improve our balance sheet.
- The Department of Education’s financial responsibility list, itself, is also under scrutiny. Many accounting experts believe the system is antiquated, does not meet industry standards, and can make an institution’s financial situation seem worse than it is. (Elaborate here if you believe your college is on the list because of inappropriate accounting standards)

NOTE: NAICU members are welcome to refer reporters to Paul Hassen, Director of Communications and Marketing (paul@naicu.edu), (202) 739-0474), for a more detailed analysis of how the Department’s system might not meet industry standards, and about the work of the special NAICU task force that is examining how to improve the system.