

March 20, 2020

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Dear Secretary DeVos,

We write to ask the U.S. Department of Education to use the authority granted to it under the Higher Education Relief Opportunities for Students (HEROES) Act (P.L. 110-93) during times of national emergency to temporarily waive the financial responsibility standards (34 CFR 668, Subpart L) for a period of three years.

We are deeply appreciative of the recent efforts undertaken by the Department of Education to reform the financial responsibility standards, including the convening and promulgation of recommendations by the financial responsibility subcommittee. The proposed reforms will likely improve the downstream calculation and publication of the financial composite ratios.

However, we are deeply concerned about the larger effects of the current liquidity crunch facing American higher education, especially the impact that the current economic crisis will have on institutional financial responsibility composite scores at private nonprofit colleges and universities. The justification for temporarily suspending the financial responsibility standards will positively influence both the short-term and long-term impact of the current fiscal situation suddenly facing private nonprofit colleges and universities.

In the short-term, suspending the financial responsibility standards will prevent a potential disruption for students studying via distance education. As you know, any institutional composite score under a 1.0 would automatically disqualify a private nonprofit college or university from participating in the National Council for State Authorization Reciprocity Agreements (NC-SARA) compact, therefore making the institution ineligible to offer distance education to students from out-of-state. At a time when many students are returning to their homes from colleges across the country, we fear that colleges and universities could be ineligible from participating in NC-SARA at a time when distance education is needed more than ever. We appreciate the clarity and flexibility offered to institutions regarding accreditation and state authorization by the Department in its March 5, 2020 guidance (Guidance for interruptions of study related to Coronavirus (COVID-19)). However, we remain concerned that the continued publication of the financial responsibility composite scores will spur NC-SARA or the states to take action beyond the purview of the federal government.

In the long-term, the near total loss of auxiliary revenue at many independent institutions of higher education could force leaders at private nonprofit colleges and universities to consider extraordinary financial decisions immediately regarding employment, student services, or other essential functions in order to make passing scores for the end of the fiscal year (June 30). Many private nonprofit colleges and universities are expending significant resources and do not have

the institutional reserves necessary to weather the current economic storm without a significant impact to their institutional composite score.

We deeply appreciate your attention to this pressing issue, and we hope to continue to work together to find common ground to protect students and institutions.

Sincerely,

Barbara K. Mistick, D.M.

President

National Association of Independent Colleges and Universities

On behalf of: