

March 23, 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



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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,

A handwritten signature in cursive script that reads "Barbara K. Mistick".

Barbara K. Mistick, D.M., President
National Association of Independent
Colleges and Universities (NAICU)

A handwritten signature in cursive script that reads "Ted Mitchell".

Ted Mitchell, President
American Council on Education (ACE)

On behalf of:

Alabama Association of Independent Colleges and Universities (AAICU)
American Association of Presidents of Independent Colleges and Universities
Appalachian College Association
The Association for Biblical Higher Education
Association of Catholic Colleges and Universities
Association of Chiropractic Colleges
Association of Independent California Colleges and Universities
Association of Independent Colleges and Universities in Massachusetts
Association of Independent Colleges and Universities of Ohio
Association of Independent Colleges and Universities of Pennsylvania
Association of Independent Colleges and Universities of Rhode Island
Association of Independent Colleges of Art & Design
Association of Independent Kentucky Colleges and Universities
Association of Jesuit Colleges and Universities
The Association of Private Colleges and Universities of Puerto Rico
Blue Mountain College
Commission on Independent Colleges and Universities in New York
Connecticut College of Independent Colleges
Consortium of Universities of the Washington Metropolitan Area
Council for Christian Colleges & Universities
Conference for Mercy Higher Education
Council of Independent Colleges
Council of Independent Colleges in Virginia



Council of Independent Nebraska Colleges

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Georgia Independent College Association

Great Lakes Colleges Association

Independent Colleges and Universities of Missouri

Independent Colleges and Universities of Texas

Independent Colleges of Indiana

Independent Colleges of Washington

Iowa Association of Independent Colleges and Universities

Kansas Independent College Association

Louisiana Association of Independent Colleges and Universities

Maryland Independent College and University Association

Michigan Independent Colleges and Universities

Minnesota Private College Council

National Association of Schools and Colleges of the United Methodist Church (NASCUMC)

Network of ELCA Colleges and Universities

North Carolina Independent Colleges and Universities

Oregon Alliance of Independent Colleges & Universities

South Carolina Independent Colleges and Universities

Tennessee Independent College and University Association

UNCF

West Virginia Independent Colleges and Universities

Wisconsin Association of Independent Colleges and Universities