



December 7, 2023

Secretary of Education Miguel Cardona  
Under Secretary James Kvaal

U.S. Department of Education  
400 Maryland Ave, SW  
Washington, DC 20202

Attention: Beth Grebeldinger

Dear Secretary Cardona and Under Secretary Kvaal:

On behalf of the Career Schools Private Education Network (CSPEN), a 501(c)(3) charitable educational organization supporting the private, nonprofit and for-profit institutions of higher education community, we submit the following recommendations in response to the Department's November 7, 2023 Federal Register publication entitled, "Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; eZ-Audit: Electronic Submission of 90/10 Revenue Attestations for Proprietary Institutions (Docket No: ED-2023-SCC-0131).

We thank the Department for providing the private, for-profit community with the opportunity to offer recommendations with respect to the 90/10 Rule process. Moreover, we want to acknowledge Department's revisions which are noted for inclusion in the process going forward based upon the recommendations submitted by McClintock & Associates in response to the July 12, 2023 AIC publication seeking recommendations on the eZ-Audit: Electronic Submission of Financial Statements and Compliance Audits.

Detailed throughout the remainder of this submission are the collaborative efforts of many within the for-profit community to respond to the Department's request. CSPEN would also like to note our support for the recommendations provided by McClintock & Associates to both of the AIC eZ-Audit processes.

### **CSPEN's Recommendations**

1. **Recommendation:** Number/identify each of the rows in the eZ-Audit template and provide the formulas expected to be used in the calculation of all totals/subtotals.

It is unclear whether certain values in the template are included for informational purposes only or if the template will be using them in a computation. For example, are the “Adjustments” listed under the Title IV Aid section (shown below) strictly for informational purposes or will the values be used in any calculations performed by the form? Explaining the functionality of the form in more detail will assist schools in providing accurate data.

Adjustment: The amount of FSEOG funds disbursed to a student and the amount of FWS funds credited to the student’s account are reduced by the amount of the institutional matching funds	Numerical Entry
Adjustment: If the amount of Adjusted Total Funds Applied First + Total Student Title IV Revenue is more than Tuition and Fees, then Adjusted Total Student Title IV Revenue is reduced by the amount over Tuition and Fees	Numerical Entry
Adjustment: If Title IV funds are returned for a student under 34 CFR 668.22, then Student Title IV Revenue is reduced by the amount returned	Numerical Entry

2. **Recommendation:** In the document, “60-day Comment Period Responses and Changes Based on Comment and Internal Review,” it was noted that the Department will revise the line item currently labeled “Cash Payments” to “Cash Payments Received From Sources Other than Student.”

Requiring institutions to disaggregate the source of cash payments is unduly burdensome and far exceeds the level of information both available to schools and that is needed by the Department in determining a school’s compliance with the 90/10 regulations. The payor of a cash payment (e.g., student vs. other family members) is not routinely captured in institutional payment processing or financial systems, beyond the level of information needed to process and/or return funds accurately (e.g. credit card/bank account number).

3. **Recommendation:** Include both “Amount disbursed” and “Amount adjusted” for every line item/fund source in the eZ-Audit template as is done in the 90/10 disclosure format in §668.28 Appendix C.

The following line items in the eZ-Audit template do not allow for both disbursed and adjusted amounts to be reported:

Title IV Aid		
Text	Field Type	Automations
Prior Year Title IV Carried Over from Prior Year Credit Balance	Numerical Entry	No

Other Federal Funds Paid Directly to the Institution		
Text	Field Type	Automations
Prior Year Federal Funds Paid Directly to the Institution Carried Over from Prior Year Credit Balance	Numerical Entry	No

Federal Funds Paid Directly to Student		
Text	Field Type	Automations
Prior Year Federal Funds Paid Directly to Student Carried Over from Prior Year Credit Balance	Numerical Entry	No

  

Cash Payments		
Text	Field Type	Automations
Cash Payments *including payments made via credit card *	Numerical Entry	No
Student Cash	Numerical Entry	No

The “adjusted” amount is the amount that is included in the 90/10 ratio calculation for each fund source and therefore must be included in the template for the calculation to be performed accurately.

Additionally, the eZ-Audit template has added the “Credit Balance Carried forward to next year” line items and indicated that those figures will auto-populate the beginning credit balances in the subsequent fiscal year. The credit balance carried forward must represent the gross credit balance amount (prior to any adjustments that will occur in the next year). For all line items that report a direct component of the calculation, the template needs to include both the beginning/unadjusted credit balance and the final adjusted value to allow for proper roll-forward of funds.

- Recommendation:** Add a line for “Refunds Paid to Students” in the eZ-Audit template to match §668.28 Appendix C.

§668.28 Appendix C includes a line item for “Refunds Paid to Students” and, based on how the values are calculated in the Appendix C example, the “Total Student Title IV Revenue” is netted down by the “Refunds Paid to Students” to arrive at “Adjusted Student Title IV Revenue” included in the numerator of the calculation.

Total Student Title IV Revenue .....	1,957,200.00	1,954,325.00
Refunds Paid to Students .....		- 35,500.00
Adjusted Student Title IV Revenue .....	1,957,200.00	1,918,825.00

The eZ-Audit template does not include a line item for “Refunds Paid to Students” in the Title IV Aid section; therefore, it is unclear how the template can accurately calculate the ratio without this component.

- Recommendation:** Add an option for institutions to add other adjustment types beyond the three listed in the eZ-Audit template:

Adjustment: The amount of FSEOG funds disbursed to a student and the amount of FWS funds credited to the student's account are reduced by the amount of the institutional matching funds	Numerical Entry
Adjustment: If the amount of Adjusted Total Funds Applied First + Total Student Title IV Revenue is more than Tuition and Fees, then Adjusted Total Student Title IV Revenue is reduced by the amount over Tuition and Fees	Numerical Entry
Adjustment: If Title IV funds are returned for a student under 34 CFR 668.22, then Student Title IV Revenue is reduced by the amount returned	Numerical Entry

The 90/10 final rule preamble includes the following language:

*“We understand that appendix C does not include every type of adjustment an institution may need to make when calculating 90/10. Appendix C is intended to generally outline how institutions must calculate 90/10 by providing an example that cannot reflect every situation. Institutions may need to add other refund or adjustment categories that are not included in our example to calculate their own 90/10 compliance.”*

However, the EZ-Audit template only includes the three specific adjustment type examples outlined in §668.28 Appendix C and does not allow the institution to add adjustments based on the institution’s specific needs for compliance with the calculation. If ED is only requiring the data collection of these three specific types of adjustments and does not require the sum of these three adjustments to equal the total adjustments included in the calculation, we have no concern. Conversely, if the Department is expecting the sum of the listed adjustments to be all-inclusive, another “other adjustment” line item needs to be included for a school to report adjustments that do not fall into the other three categories.

6. **Recommendation:** In the document, “60-day Comment Period Responses and Changes Based on Comment and Internal Review,” it was noted that the following line items have been removed:
- Percentage of “Federal Funds 1” come from Federal Funds
  - Percentage of “Federal Funds 2 - 20” come from Federal Funds
  - Percentage of “Grant Fund 1” represent Federal Funds
  - Percentage of “Grant Fund 2 - 99” represent Federal Funds

We support the removal of these line items from the eZ-Audit template. Failure to remove these would result in uncertainty and lack of clarity with respect to the accurate reporting of a fund with a federal portion and which amounts and percentages should be included in each section.