NACUBO

NACUBO Advisory Guidance 24-01

Financial Responsibility, Administrative Capability, and Certification Procedures

34 CFR 668: Department of Education Regulations Effective July 1, 2024

April 2024

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Introduction

On October 31, 2023, the Department of Education published a final regulation that revises financial responsibility, administrative capability, certification procedures, and ability to benefit programs for institutions that participate in Title IV under the Higher Education Act.

All aspects of the regulations are effective July 1, 2024.

NACUBO has developed this guidance to explain the new and updated financial responsibility requirements for private nonprofit institutions, triggering events that affect both public and nonprofit institutions, and other new requirements related to the certification procedures that enable institutions to participate in Title IV programs.

NACUBO recommends that all colleges and universities review the new requirements with counsel and with your risk, compliance, and audit professionals. The new requirements are complex and include significant departures from previous rules.

Our guidance is meant to provide you with awareness, knowledge, and advice that can help you develop your compliance protocols but should not be seen in any way as a comprehensive compliance manual.

ED's new rules were designed to enable the Department of Education to more closely monitor institutions that may be financially challenged and at risk of failing or closing by—

- Identifying high-risk events at institutions of higher education
- Requiring financial protection as needed
- Requiring institutions to demonstrate their ability to participate in the financial assistance programs authorized under Title IV of the Higher Education Act
- Establishing a more rigorous process for certifying institutional eligibility to participate in Title IV of the Higher Education Act

In a press release, ED stated clearly that its intent with these rules was primarily to "protect students and taxpayers from the negative effects of sudden college closures." The department has long been concerned with the abrupt closure of colleges, which has left students without pathways to continue their educational pursuits and taxpayers "on the hook for student loan discharges."

ED's fact sheet emphasizes these goals, stating, "The final rules give the Department the ability to act more swiftly to protect taxpayers from potential losses when institutions show warning signs."

Upon review of the final regulations, NACUBO and others have many outstanding questions that we have communicated to the department. To date, ED has not published any supplemental guidance. NACUBO will promptly communicate to our members any new information, updates, or clarifications if and when they are issued.

New federal rules on financial value transparency and gainful employment should not be confused with the new financial responsibility rules. In the fall of 2023, ED separately issued final regulations on Financial Value Transparency and Gainful Employment (FVT/GE). These new rules also go into effect on July 1, 2024; however, ED has extended the FVT/GE reporting deadlines to October 1, 2024.

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- **All institutions, public and private, should ensure that protocols are in place to report triggering events to the Department of Education.**
- **Private nonprofit colleges and universities, as well as for-profit institutions, should understand the new methodology for financial responsibility composite score calculations and the associated reporting and audit requirements.**
- **Public institutions are also subject to these financial responsibility standards but with some distinct requirements reflecting their public status.**
- **All institutions, public and private, should become familiar with the Alternative Standard and Requirements.** If an institution encounters one or more triggering events, the Department of Education provides avenues through which to still qualify as financially responsible. This may involve financial protection such as an irrevocable letter of credit or cash escrow. Understanding these requirements is crucial for maintaining eligibility for Title IV programs despite financial challenges.
- **All institutions must adhere to updated Certification Procedures for participation in Title IV programs.** Changes to certification processes emphasize a more rigorous evaluation of an institution's compliance with laws, regulations, and policies governing Federal Student Aid (FSA) programs. This includes ensuring the institution's administrative capability and integrity in managing FSA program funds. Adapting to these procedures is essential for both new certification applicants and institutions undergoing recertification.
- **All regulations are effective July 1, 2024**

Financial Responsibility

To assist ED with surveying and identifying at-risk institutions, the new regulation includes some new general standards of financial responsibility and revises and expands mandatory and discretionary triggers that may require financial surety or composite score recalculations.

The most noteworthy monitoring changes are the modifications to the mandatory and discretionary triggers for financial responsibility. The mandatory triggers are extensive and give ED the authority to require a letter of credit; discretionary triggers are a bit more negotiable, but ultimately ED has the discretion to require financial surety.

Overall, the rule fundamentally enhances financial responsibility oversight. Per the Preamble, ED can "more closely monitor institutions who may be moving toward a level of financial instability." As discussed in *Mandatory and Discretionary Triggers* later, there are a number of circumstances that will directly affect financial responsibility, either through a composite score recalculation or a required letter of credit as surety.

Background:

Section 498(c)(1) of the Higher Education Authorization (HEA) authorizes the education secretary to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 of the original 1997 regulation, effective July 1, 1998, and the regulation updated September 23, 2019, (effective July 1, 2020), established a methodology based on three ratios—primary reserve, equity, and net income—that measure different aspects of financial health and are combined into a composite score to measure financial responsibility.

The September 23, 2019, regulation was revised because of changes in GAAP – Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, and ASU 2016-02, *Leases* – as well as to correct interpretations of endowment accounting and reporting; not-for-profit (NFP) reporting standards and display flexibility; the prevalence of defined-benefit pension and other post-retirement benefit plans offered by nonprofit institutions; the lack of specificity around definitions for (and the differences between) expenses and losses, and revenues and gains; debt instruments being used to increase composite scores; and the lack of supporting information for ratio calculations in the audited financial statements.

New Requirements:

Related Party Disclosures – 34 C.F.R. 668.23(d)(1)

The requirement that an institution report its related parties was in the original 1997 regulation; however, ED began focusing on this requirement in 2021 and strengthened the language in the final October 31, 2023, regulation. Page 74579 of that regulation notes the existing reference to related entities in § 668.23(d)(1) and explains that institutions must submit a detailed description of related entities based on the definition of a related entity set forth in FASB Accounting Standards Codification (ASC) 850.

Breadth of disclosure

ED now requires a broader set of disclosures in the notes to the financial statements than those required under GAAP per FASB ASC 850. Those broader disclosure requirements include the identification of all related parties – based on the definition of a related entity set forth in ASC 850 – and a level of detail that would enable the secretary to readily identify the related party. The note disclosure requirements are—

- Name of the related party
- Location of the related party
- Description of the related party
- Nature and amount of any transactions between the related party and the institution, financial or otherwise, **regardless of when they occurred and regardless of amount (emphasis added)**

No related party transactions

ED also indicates on page 24579 that **if there are no related party transactions during the audited fiscal year or related party outstanding balances reported in the financial statements**, then management must add a note to the financial statement to disclose this fact. ED has added this requirement because "it is critical that the Department receive accurate and identifiable information about related party transactions, including by an affirmative confirmation when no related party transactions exist." In addition, for nonprofit institutions, ED adds that "related party disclosures help the Department identify financial relationships that could be an impediment to nonprofit status for Title IV HEA purposes." (emphasis added)

Clarification: De minimis transactions and transactions that support board meetings

ED clarifies that de minimis transactions, such as meals for a board member, are not required in the related party disclosures. **ED notes that routine items such as meals provided to all board members during a working lunch would not be a related party transaction because the meals would be incidental to supporting a board meeting. However, transactions with individual board members for other services provided to the institution, or a related entity, would be reportable**. (emphasis added)

Although ED appears to interchangeably use the terms related entities and related parties, the previous paragraph means that a reportable related party transaction can involve a transaction between a related party and a related entity of the institution. In such cases, a related entity could be one that is either consolidated or unconsolidated for financial reporting. Some examples of affiliated entities are hospitals, clinics, research parks, and auxiliary entities. Institutions would follow GAAP rules for consolidation.

Definition of related parties in FASB ASC 850

1. Affiliates of the entity.
2. Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of ASC 825-10-15, to be accounted for by the equity method by the investing entity.
3. Trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management.
4. Principal owners of the entity and members of their immediate families.
5. Management of the entity and members of their immediate families.
6. Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.
7. Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

NACUBO Guidance: Related Parties

Identification of Related Party Transactions

Institutions will need to identify related parties and, per the regulation, use the definition in FASB ASC 850. Institutions that already have an identification methodology for related parties should review their related party definitions.

Application of ASC 850 definition items 5, 6, and 7 (listed on pg 6).

- At the very least, related parties of the institution are those who manage the entity and their immediate families. Management means those responsible for making strategic planning and operating decisions, and immediate family may be a spouse and/or adult children: the president/chancellor and immediate family members, the president's direct reports and immediate family members, and trustees and close family members.
- For all identified related parties – entities that employ the related party, entities the related party owns or has an ownership interest in, or entities that the related party may have a governing role in – transactions with the college or university will lead to a disclosure. The nature of the transaction can be an exchange (such as in exchange for goods or services), a non-exchange transaction (such as contributions or grants), or an off-balance sheet arrangement (such as a credit facility, financial guarantee, contract with intention to transact business, and so forth).
- For consolidated entities, related parties are management and trustees (and their immediate families) who make strategic planning and operating decisions that impact the consolidated reporting entity (the institution).

Application of ASC 850 definition item 1 (listed on pg 6).

- Related parties also can include non-consolidated affiliated entities when there are transactions with the institution, such as receipt or provision of goods, services, and non-exchange items. For example—
- A non-consolidated childcare center that provides services to faculty and staff for a fee from the university is a related affiliate.
- The affiliate name, location, and total fees paid in the reporting period would be disclosed.

Application of ASC 850 definition item 3 (listed on pg 6).

- Trusts for the benefit of employees that are managed by or under the trusteeship of management are related parties.
- Examples can include defined benefit pension plans, defined contribution plans, and health self-insurance trusts or trust-like arrangements. Arrangements for the benefit of employees are only related parties when the institution is a trustee or in management. Arrangements for which the university only serves as an administrator would not quality.
- When, for example, an institution has a defined benefit plan for which it is an administrator and trustee, the institution should disclose the name of the plan and provide quantitative information by cross-referencing to its defined benefit note in the financial statements.

Other considerations: donors.

- The AICPA NFP Audit Guide indicates that related parties can include major donors. Identified related parties that are contributors (or grantors) would qualify. However, a major donor who is not a related party as defined by FASB (ASC 850) would not need to be disclosed. **The relationship to the institution drives the distinction and not the materiality of the donation.**
- As of the date of this Advisory Report, the AICPA has not issued guidance that auditors must follow for this regulatory requirement. Therefore, when guidance is issued, institutions will need to work with their auditors if there is a conflicting interpretation of major donors as related parties.
- If an anonymous donor is a related party, the anonymity of the donor would be maintained in the disclosure.

Mission related services.

- Institutions, and consolidated entities such as university hospitals for example, exist to provide services such as teaching and healthcare. Transactions involving related parties receiving such services would not require a disclosure.
- Examples might include a board member receiving medical services from a consolidated university hospital or clinic, a child of a president's cabinet member receiving financial aid in accordance with university aid policies, or the provost's spouse enrolled in adult education classes.

Personal Information of Related Parties

Institutions typically follow OMB Memorandum M-17-12, which discourages making personally identifiable information publicly available. For this reason, **we recommend that institutions prepare and attach a separate audited financial statement to ED with their eZ-Audit submission**. The audited financial statement would be in addition to the general purpose audited financial statements and Uniform Guidance audited financial statements that institutions prepare.

- Institutions should discuss this approach with their external auditors because auditors will need to provide an opinion in accordance with professional auditing standards about whether the financial statements are fairly stated in accordance with GAAP.
- An auditor's recommendation may depend on audit field work dates, expected timing of single audit submissions, single audit complexity, the audit opinion date, and/or subsequent event date considerations.

Institutions are required to disclose the name of the related party. **The location of the related** party means **city and state (and not street address)**. NACUBO recommends that main institution city and state be used as the location for disclosed related parties.

Communication Plan:

- Institutions will want to develop a plan for communicating these requirements to individuals identified as related parties.
- An institution's approach to communication should consider addressing—
    - An explanation of the Department of Education's regulatory requirement
    - Possible non-compliance implications
    - Sensitivity that some might have around personally identifiable information in audited financial statements held by the Department of Education
    - Rules and processes contained in the Freedom of Information Act, because a request can be made to obtain financial statements sent to ED that contain personally identifiable information.

Communication Plans

- Communicate with all identified related parties
- Explain regulatory requirements
- Explain regulatory sanctions

Regulatory Requirements

Title IV participating institutions must satisfy financial responsibility requirements and Auditors must express an unqualified opinion on the financial statements.

Non-compliance: Title IV Regulatory Sanctions

An institution can continue to participate as financially responsible by submitting a **letter of credit** for at least **50 percent of the Title IV HEA program funds** the institution **received during the last completed fiscal year.**

Timing of Related Party Transactions

- ED indicates that institutions must disclose the **nature and amount** of any transactions **regardless of when they occurred**. Further, if there are no related party transactions, ED indicates that "no transactions" means **during the audited fiscal year or no outstanding balances reported in the financial statements**.
- NACUBO interprets the requirement to mean related party transactions (assets, liabilities, revenue, expenses) in the audited reporting year, any related party transactions recognized in/from prior years for which there is an amount on the balance sheet in the audited reporting year, and cash flows in the audited reporting year for balance sheet items from prior years.
    - Our interpretation is based on the added regulatory requirement to disclose *"if there are no related party transactions during the audited fiscal year or related party outstanding balances reported in the financial statements."* The quoted sentence clarifies that related party transactions are for the audited reporting year .
    - Additionally, because the disclosure is for the audited reporting year, we believe that the related party must have had a relationship with the institution at some time during the reporting year. For example—
        - » An unrealized promise to give (pledge) that occurred in a prior reporting period from a trustee would need to be disclosed when there is a receivable on the balance sheet and/or a cash payment on the pledge in the reporting year. However, the trustee must be a related party at some time during the current reporting period.
        - » An endowment fund established by a related party in the current reporting period (for example, spouse of the provost) would need to be disclosed. However, the endowment fund would not need to be disclosed thereafter, even if the related party relationship between the individual and the institution remains, unless the transaction is an endowment pledge with an outstanding balance in subsequent reporting periods.
        - » A prior year liability to a related party (for example, a company owned by the president's spouse) would need to be disclosed if the liability remains outstanding and the related party relationship continues in the current reporting period. A current reporting cycle payment (cash flow) on a prior year related party receivable/payable would also need to be disclosed, when the related party relationship continues to exist in the reporting year.
        - » Any current (not expired) off-balance sheet instrument/agreement with a related party, such as a guarantee, letter of credit, line of credit, or contract would need to be disclosed.
- Institutions that issue comparative financial statements would include required related party disclosures for both years presented in the audited financial statements.

Nature of Related Party Transactions

- ED requires that the nature of the transaction be disclosed, financial or otherwise.
- Nature is interpreted to mean type of balance sheet, income statement, and off-balance sheet instrument/agreement with related parties.
    - The *financial* requirement means items that appear on financial statements (for example, cash, receivable, payable, endowment fund, contribution, investment, revenue, expense).
    - The *otherwise* requirement means off-balance sheet instruments/agreements with related parties (guarantees, letters of credit, lines of credit, contracts, and so forth).

Amount of Related Party Transactions

- ED's disclosure requirements specify "amount of any transactions." The implication is all transactions between identified related parties and the institution (or its related entities), regardless of magnitude, must be disclosed.
- NACUBO interprets "amount by related party" to mean that transaction amounts can be aggregated by nature for each related party. For example—

Related Party	Location	Nature	Revenue (Expense)	Asset (Liability)	Other	
Party A	Albany, NY	Contribution	750,000			
		Promise to Give		120,000		
Party B	Albany, NY				1,000,000	Line of credit
					22,000,000	Letter of credit
Party C	Albany, NY	XY Defined Contribution Plan			See Note 7	
Etc.						

- Institutions that include consolidated entities will need to eliminate intercompany items and only disclose consolidated related party information.
- The regulation requires that institutions include all amounts from all identified related parties. However—
  - Auditors must opine on the related party disclosure. Auditors will follow technical guidance that is being developed by the AICPA for this requirement.
  - Because an auditor's unqualified opinion considers materiality and attests that the financial statements are fairly presented in all material respects, auditors may recommend a reasonable assurance approach that can be audited. Institutions will need to work with their auditors.

NACUBO's Guidance Addresses Compliance Only

NACUBO's advisory addresses regulatory requirements and compliance.
Institutions must work with auditors to receive an unqualified opinion.

Consider Leveraging Current Policies and Processes

Conflict of Interest Policies

- Review current conflict of interest policies and processes for related party identification.
- Institutions satisfied with their process for identifying related parties will need to institute processes that capture existing and resulting balance sheet items as well as reporting cycle exchange transactions, non-exchange transactions, and off-balance sheet agreements with identified related parties.
- Once business and control processes are in place, institutions should evaluate the efficiency and accuracy with which such information can be extracted for reporting.
- Institutions should consult with internal or external auditors (both if possible) to evaluate the efficacy of designed processes, controls, and reports.
- Institutions will need to discuss with their auditors any technical recommendations made by the AICPA concerning the audit approach for this requirement. Institutions and their auditors will need to be comfortable that policies, procedures, controls, and reporting align with guidance their auditors must follow.

Current Policies and Protocols for Related Party Identification

- Institutions that currently have a methodology for related party identification should assess if current processes can capture all related party transactions (exchange, non-exchange, off-balance sheet agreements).
- Institutions will need to discuss with their auditors any technical recommendations made by the AICPA concerning the audit approach for this requirement. Institutions and their auditors will need to be comfortable that policies, procedures, controls, and reporting align with guidance their auditors must follow.

Develop a Unique Policy and Process

- Institutions may consider developing a new system and process: a distinct policy, inquiry process, and sign-off that allows identified key staff and trustees to disclose related parties. However, NACUBO believes an assessment of current policies and processes that can be leveraged (for instance, appended or amended) will be less burdensome.
- After related party identification, institutions will need to develop and implement processes that capture reporting cycle exchange and non-exchange transactions, reporting cycle payments, existing balance sheet amounts, and off-balance sheet agreements with identified related parties.
- Once business and control processes are in place, institutions should evaluate the efficiency and accuracy with which such information can be extracted for reporting.
- Institutions should consult with internal or external auditors (both if possible) to evaluate the efficacy of designed processes, controls, and reports.
- Institutions will need to discuss with their auditors any technical recommendations made by the AICPA concerning the audit approach for this requirement. Institutions and their auditors will need to be comfortable that policies, procedures, controls, and reporting align with guidance their auditors must follow.

Pre-October 31, 2023, Regulatory Requirements

Certain requirements added in 2019, effective July 1, 2020, have presented operational challenges for institutions: Debt Obtained for Long-term Purposes; Leases; and Supplemental Schedule cross-referencing to financial statements. This advisory report combines and streamlines existing NACUBO guidance and as a result, supersedes Advisory 18-05, *Borrower Defense Advisory, Financial Responsibility Standards* and Advisory 19-04, *Financial Responsibility Standards.*

Financial Responsibility Composite Score Requirements

Several steps are required to combine an institution's ratio results into a composite score:

- Determine the value of each ratio;
- Calculate a strength factor score for each ratio using the appropriate algorithm;
- Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- Add the weighted scores to arrive at the composite score.

Composite Score Ratios and Definitions

Ratios	Definitions
Primary Reserve Ratio	
Numerator: Expendable net assets	Net assets without donor restrictions + Net assets with donor restrictions – Net assets with donor restrictions: restricted in perpetuity* – Annuities, term endowments and life income funds with donor restrictions** – Intangible assets – Net property, plant, and equipment (PP&E)*** + OPEB and defined benefit pension liabilities + All debt obtained for long term purposes, not to exceed total net PP&E**** – Unsecured related party receivables*****
Denominator: Total expenses without donor restrictions and losses without donor restrictions	All expenses and losses without donor restrictions from the Statement of Activities less any losses without donor restrictions on investments, OPEB and defined benefit pension plans, and annuities. (For institutions that have defined benefit pension and/or OPEB plans, total expenses include the nonservice component of net periodic pension and OPEB plan expense [FASB ASU 2017-07] and these expenses are classified as non-operating. Consequently, such expenses are labeled non-operating or included with “other changes – nonoperating changes –in net assets without donor restrictions” when the Statement of Activities includes an operating measure.)
Equity Ratio	
Numerator: Modified net assets	Net assets without donor restrictions + Net assets with donor restrictions – Intangible assets – Unsecured related party receivables)
Denominator: Modified assets	Total assets – Intangible assets – Unsecured related party receivables
Net Income Ratio	
Numerator: Change in net assets without donor restrictions	Change in net assets without donor restrictions is taken directly from the audited financial statements
Denominator: Total revenue without donor restrictions and gains without donor restrictions	Total revenue (which includes net assets released from restriction) plus total gains. With regard to gains: investment returns are reported as a net amount (interest, dividends, unrealized and realized gains, and losses net of external and direct internal investment expenses (e.g., spending from funds functioning as endowment) and remaining net investment return as a non-operating item without restriction); institutions will need to aggregate these two amounts to determine if there is a net investment gain or a net investment loss (net investment gains are included with total gains).

* **Net assets with donor restrictions: restricted in perpetuity.** The amount of net assets with donor restrictions restricted in perpetuity should be disclosed in a note to the financial statements or indicated on the Statement of Financial Position as a part of "Net assets with donor restrictions."

** Annuities, term endowments, and life income funds with donor restrictions are subtracted. The amount of annuities, term endowments, and life income funds with donor restrictions should be a line item on the face of the financial statements or disclosed in a note to the financial statements. (If part of a line item, a note disclosure of the actual amount also must be included.)

*** The value of property, plant, and equipment includes construction in progress and lease right-of-use assets and is net of accumulated depreciation/amortization.

**** **All debt obtained for long-term purposes**, not to exceed net property, plant, and equipment, **includes lease liabilities for lease right-of-use assets and the short-term portion of the debt, up to the amount of net PP&E, and short-term lines of credit and notes-payable used for construction in progress, not to exceed total construction in progress**. If an institution includes debt obtained for long-term purposes as part of expendable net assets, the institution must provide a disclosure in the financial statements that the debt obtained for long term purposes exceeds 12 months and was used to fund capitalized assets (i.e., PP&E or capitalized expenditures per GAAP). If an institution includes short-term lines of credit or notes payable for construction in progress as part of expendable net assets, the institution must provide a disclosure in the notes to the financial statements.

***** Unsecured related party receivables are based on the related party disclosures as required by 34 C.F.R 668.23(d): an institution must include a detailed description of related entities that meet FASB's definition.

Debt Obtained for Long-Term Purposes

Allowable Long-term Debt—Pre-implementation Date: September 23, 2019, Regulation, page 49872 – These regulations effectively repeal Dear Colleague Letter GEN-03-08 (which allowed all debt obtained for long-term purposes in the calculation of expendable net assets up to the amount of net PP&E). ED's conclusion is that PP&E held by the institution on the audited financial statements used prior to the effective date of these regulations can be used to determine a pre-implementation date amount of allowable long-term debt.

For example, institutions that implement the regulation using their FY19 audited financial statements would use all long-term debt from their FY18 expendable net asset calculation as pre-implementation long-term debt. However, the base amount of pre-implementation long-term debt would be reduced by principle payments made during FY19. Institutions that implement the regulation using their FY20 audit would use FY19 long-term debt in their FY19 expendable net asset calculation as their pre-implementation long-term debt amount.

The disclosures that must be presented for any debt to be included in expendable net assets include the issue date, term (years to original maturity), nature of capitalized amounts, and amount capitalized. Institutions that do not include debt in total debt obtained for long-term purposes, including long-term lines of credit, do not need to provide any additional disclosures other than those required by GAAP. The debt obtained for long-term purposes will be limited to only those amounts disclosed in the financial statements that were used to fund capitalized assets. Any debt amount, including long-term lines of credit, used to fund operations must be excluded from debt obtained for long-term purposes.

Refinancing of Debt: Any refinancing or renegotiated debt cannot increase the amount of debt associated with previously purchased PP&E. This means that institutions refinancing any amount of pre-implementation debt can use the refinanced amount as pre-implementation debt as long as the refinanced amount does not exceed the originally allowed amount of pre-implementation debt. An ED Frequently Asked Questions document provides sub regulatory guidance indicating that debt proceeds resulting from a refinancing cannot exceed allowable pre-implementation debt and in these cases the debt will be considered post-implementation debt.

For refinanced post-implementation debt, the disclosure should clearly indicate the capitalized assets associated with the original debt, the refinanced debt amount being substituted for the original debt, and the issue date and term (years to maturity).

Leases: NACUBO expects that the equity ratios of most NFP institutions will not be adversely affected when FASB ASU 2016-02 is implemented. Institutions do not have to show pre-implementation and post-implementation lease amounts. Institutions can choose to only show post-implementation lease information. In such cases, NACUBO recommends that institutions indicate that “no pre-implementation lease expenses” are included in “total expenses without donor restrictions and total losses without donor restrictions.”

NACUBO recommends that institutions refer to Debt and Lease Accounting Tutorials for a more complete explanation of requirements with workpaper examples.

Financial Responsibility Supplemental Schedule (FRSS)

A Financial Responsibility Supplemental Schedule (FRSS) must be included with audited financial statements. The FRSS must contain all financial attributes needed to calculate the composite score ratios. Every financial element must be cross-referenced to the same quantitative element identified directly on the face of the financial statements or in a note to the financial statements. Consequently, some of the required elements may necessitate separate tabular or parenthetic disclosures in the notes to the financial statements.

NACUBO recommends that institutions include necessary disclosures and the supplemental schedule in a separate audit package that is provided to the Department of Education with their eZ-Audit filing.

NACUBO recommends that institutions consider including all additional information needed for financial responsibility (i.e., financial elements not referenced elsewhere, additional information needed for pre-implementation debt, post-implementation debt, refinancing, personally identifiable related party information, construction in progress, etc.) in a separate note to their financial statements titled “Financial Responsibility.”

Mandatory and Discretionary Triggering Events

The Department of Education uses a number of tools and metrics to ensure the financial responsibility of higher education institutions that receive Title IV aid. Key among these are mandatory and discretionary triggers. These triggers are intended to inform ED when precarious situations are likely, imminent, or ongoing. Should an institution match the criteria of one or more trigger, the department can require that the institution take steps to provide additional surety to ED in order to maintain Title IV eligibility.

The 2023 rule tweaks existing triggers and creates many new ones. These can be categorized in a number of ways, but they are primarily divided into two buckets: mandatory and discretionary. Mandatory triggers are clearly defined and can lead to automatic intervention from ED. Discretionary triggers are more loosely defined and allow ED to assess financial responsibility on a case-by-case basis.

This section will highlight new triggers of particular importance to business officers and outline changes to reporting and requirements should an institution fail one or more of these triggers.

Mandatory Triggering Events (668.171(c))

The Department of Education's final 2023 rule defines 14 mandatory triggering events, a significant increase from the four mandatory triggers in ED's 2019 rule. Further, most of these triggers are applicable to nonprofit and for-profit institutions alike; only three apply solely to for-profits. While requirements for public institutions are distinct, they also can fail financial responsibility if they meet an automatic trigger. There are two possibilities if an institution fails one of these triggers: an automatic determination of failure of financial responsibility or a required recalculated composite score. An institution would fail if the resulting composite score is less than 1.0.

Mandatory triggers serve a dual purpose in ED's new rule. On the whole, these triggers indicate "uncommon but serious situations that an impairment to the institution's financial situation is worrisome enough that the Department needs to step in and obtain protection." However, ED acknowledges that some new triggers are designed to proactively "discourage" and "dissuade" precarious behaviors rather than to notify the department when they occur.

Below is an overview of the mandatory triggers, bucketed based on their expected importance to NACUBO members. A more detailed look at all triggers included in this regulatory package is available on the AR 24-01 landing page.

Mandatory Triggers of Greater Importance for Business Officers	34 CFR 668.171 Reference
Legal and Administrative Actions: Debts or liability Payments	**(c)(2)(i)(A)**
Event Summary	An institution with a composite score of less than 1.5 with some exceptions is required to pay a debt or incurs a liability from a settlement, final judgment, or similar proceeding that results in a recalculated composite score of less than 1.0.
Outcome	Failure of financial responsibility if payment of the debt or liability results in a composite score less than 1.0.
Legal and Administrative Actions: Lawsuits	**(c)(2)(i)(B)**
Event Summary	Lawsuits against an institution after July 1, 2024, by Federal or State authorities or a qui tam in which the Federal Government has intervened.
Outcome	Automatic failure of financial responsibility.
Legal and Administrative Actions: Change in Ownership Debts and Liabilities	**(c)(2)(i)(D)**
Event Summary	An institution in the process of a change in ownership must pay a debt or liability related to settlement, judgment, or similar matter at any point through the second full fiscal year after the change in ownership.
Outcome	Failure of financial responsibility if the recalculated composite score is less than 1.0 due to the offset of such a distribution against the contribution.
Creditor Events	**(c)(2)(xi)**
Event Summary	An institution has a condition in its agreements with a creditor that could result in a default or adverse condition due to an action by the Department or a creditor terminates, withdraws, or limits a loan agreement or other financing arrangement.
Outcome	Automatic failure of financial responsibility.
Financial Exigency	**(c)(2)(xii)**
Event Summary	The institution makes a formal declaration of financial exigency.
Outcome	Automatic failure of financial responsibility.
Receivership	**(c)(2)(xiii)**
Event Summary	The institution is either required to or chooses to enter a receivership.
Outcome	Automatic failure of financial responsibility.

Mandatory Triggers of Some Importance for Business Officers	34 CFR 668.171 Reference
Legal and Administrative Actions: Borrower Defense Recoupment	**(c)(2)(i)(C)**
Event Summary	The Department has initiated a proceeding to recoup the cost of approved borrower defense claims against an institution.
Outcome	Failure of financial responsibility if the recalculated composite score is less than 1.0 as a result of adjudicated claims as determined by the Department under paragraph (e) of this section.
Significant Share of Federal Aid in Failing Gainful Employment Programs	**(c)(2)(iii)**
Event Summary	An institution has at least 50 percent of its title IV, HEA aid received for programs that fail GE thresholds.
Outcome	Automatic failure of financial responsibility.
Cohort Default Rate (CDR) Failure	**(c)(2)(viii)**
Event Summary	An institution's two most recent official CDRs are 30 percent or greater.
Outcome	Automatic failure of financial responsibility.
Teach-Out Plans or Agreements	**(c)(2)(iv)**
Event Summary	The institution is required to submit a teach-out plan or agreement, by a State, the Department or another Federal agency, an accrediting agency, or other oversight body for reasons related in whole or in part to financial concerns.
Outcome	Automatic failure of financial responsibility

Mandatory Triggers of Lesser Importance for Business Officers	34 CFR 668.171 Reference
90/10 Failure (For-Profit Only)	**(c)(2)(vii)**
Event Summary	A proprietary institution did not meet the requirement to derive at least 10 percent of its revenue from sources other than Federal educational assistance.
Outcome	Automatic failure of financial responsibility.
Withdrawal of Owner's Equity (For-Profit Only)	**(c)(2)(ii)(A)**
Event Summary	A proprietary institution with a score less than 1.5 has a withdrawal of owner's equity that results in a composite score of less than 1.0.
Outcome	Failure of financial responsibility if the recalculated composite score is less than 1.0 as a result of the withdrawal.

Actions Related to Publicly Listed Entities (For-Profit Only)	(c)(2)(vi)
Event Summary	These apply to any entity where at least 50 percent of an institution's direct or indirect ownership is listed on a domestic or foreign exchange. Actions include the SEC taking steps to suspend or revoke the entity's registration or taking any other action. It also includes actions from exchanges, including foreign ones, that say the entity is not in compliance with the listing requirements or may be delisted. Finally, the entity failed to submit a required annual or quarterly report by the required due date.
Outcome	Automatic failure of financial responsibility.
Contributions Followed by a Distribution (For-Profit Only)	**(c)(2)(x)**
Event Summary	The institution's financial statements reflect a contribution in the last quarter of its fiscal year followed by a distribution within first two quarters of the next fiscal year and that results in a recalculated composite score of <1.0.
Outcome	Automatic failure of financial responsibility.

Discretionary Triggers Events (668.171(d))

Unlike mandatory triggers, where ED provides clear pass/fail parameters, discretionary triggers are designed to be open-ended. In responding to comments for the final rule, the department provided insight into the reasoning behind this method. Rather than assessing whether a specific requirement is applicable to an action or event specific, these triggers are designed to—

- "Identify situations that could be a sign of financial weakness which merit financial protection" and
- offer "a case-by-case look at the situation and determine whether it represents a significant financial risk."

A full list of discretionary triggers is included below.

Discretionary Triggering Events 34 CFR 668.171(d) reference

- Accreditor actions (1)
- Other creditor events and judgments (2)
- Fluctuations in title IV, HEA volume (3)
- High dropout rates (4)
- Interim reporting (5)
- Pending borrower defense claims (6)
- Program discontinuation (7)
- Location closures (8)
- State actions and citations (9)
- Loss of institutional or program eligibility (10)
- Exchange disclosures (11)
- Actions by another Federal agency (12)
- Other teach-out plans or agreements (13)
- Other events or conditions (14)

Reporting

While some triggers are based on information freely available to ED (cohort default rate, borrower defense recoupment, etc.), others rely on an institution to report to ED if a specific action or event takes place. Table Y includes reporting requirements for mandatory and discretionary triggers that business officers should be aware of, and the full list of reporting requirements is available in section 668.171(f) of the regulation.

In a departure from the 10-day window in ED's 2019 rule and earlier drafts of the 2023 rule, institutions will have 21 days to report a relevant action or event to the department. NACUBO advocated for this change in a June 2023 letter to ED.

Alternative Standard and Requirements (668.175)

If an institution meets one of these triggers, the department offers a few avenues through which it can qualify as financially responsible. As outlined in §668.175, the most common method is through financial protection either in the form of an irrevocable letter of credit or cash escrow. ED requires financial protection of "not less than 10 percent of the total Title IV, HEA funding in the prior fiscal year" and will stack protection for each failed trigger to a maximum of 50 percent. Financial protection may not be required when an institution demonstrates that the triggering event has been resolved or that insurance covers the loss.

ED will release financial protection once it determines that an institution is no longer a risk. For automatic triggers—those which do not require a recalculated composite score—the department will consider releasing the protection following submission of two years of audited financial statements after the institution was required to post protection. ED must analyze these statements and determine that there is no further risk or that the issue is fully resolved. For triggers that require recalculation, the department may release the protection if subsequent submissions pass its financial responsibility requirements.

Changes for Public Institutions

The rule contains new financial responsibility requirements under § 668.171(g) specific to public institutions. The Department of Education can require a public institution to provide documentation—typically in the form of a letter from an official of the government entity—stating that the institution is backed by the full faith and credit of that government entity under special circumstances:

- An institution is seeking Title IV eligibility as a public institution for the first time
- In a request for recognition as a public institution following change in ownership
- Otherwise upon request from the Department of Education

ED also notes in § 668.171(g)(C)(iv) that public institutions violate financial responsibility requirements if they meet the criteria of an automatic triggering event or discretionary triggering event. Rather than provide financial protection, like their private counterparts, a public institution may face additional reporting requirements such as heightened cash monitoring.

Certification Procedures

The Department of Education has made changes to create a more rigorous process for certifying institutions to participate in Title IV programs. Those changes are contained in Program Participation Agreements, and several are of interest to business officers.

What is a Program Participation Agreement?

To be Title IV-eligible, schools must have a current program participation agreement (PPA), signed by their president, chief executive officer, or chancellor and an authorized representative of the Secretary of Education.

Within the PPA, a school agrees to comply with the laws, regulations, and policies governing the Federal Student Aid (FSA) programs. After being certified for FSA program participation, the school must administer FSA program funds in a prudent and responsible manner. A PPA contains critical information such as the effective date of a school's approval, the date when the approval expires, and the date by which the school must reapply for participation; the PPA also includes the FSA programs in which the school is eligible to participate.[1]

General certification procedure provisions (668.13)

Length and Renewals

Schools that receive certification from ED are approved to participate in the Title IV programs. Those certifications are generally effective for up to six years.

Under the previous rules, if a certification renewal had not been processed by ED within 12 months, the institution would automatically be granted a new certification. ED has removed that automatic renewal and, beginning when the rule takes effect on July 1, 2024, schools will have to wait—in some cases beyond 12 months—for ED to take action in determining a renewal.

NACUBO recommends that institutions immediately review their certification agreements to ensure that there is enough time to for ED to renew their agreements. Institutions with less than 12 months until renewal in the first effective year of the regulation (July 1, 2024 – June 30, 2025) should ask for an expedited renewal or an extension. Institutions will want to document renewal requests as evidence of compliance.

New Certification Procedure Requirements

Professional licensure. For programs designed to meet educational requirements for specific professional license or certification that is required for employment in an occupation—or is advertised as such—the institution must make available a list of states that the program does and does not meet such requirements.

Inducements to Limit Federal Aid. Institutions will not be able to have policies or procedures to encourage a student to limit the amount of Title IV aid, including loans, that they receive. ED also notes that schools cannot condition institutional aid or other student benefits in a matter that induces such activity. There is an exception, where an institution can provide a scholarship on the condition that a student forgo borrowing if the amount of the scholarship is greater than or equal to the amount of loan funds the student agrees not to borrow.

NACUBO recommends that institutions examine scholarship agreements and other related institutional aid correspondence for compliance.

[1] https://fsapartners.ed.gov/knowledge-center/fsa-handbook, *Volume 2, Chapter 1*

Events that lead to a provisional certification

In certain cases, rather than granting full approval to participate, ED may grant a school (for up to three complete award years) a provisional certification, which will include the terms of the certification. Provisional certification is always used when—

- A school is applying for the first time
- A participating school is reapplying because it has undergone a change in ownership, structure, or governance

Under the rules, ED may provisionally certify an institution if it determines that there is risk of closure of the school, or if the school is under the "provisional certification alternative", as determined in the financial responsibility portion of the rule. An institution's certification becomes provisional upon notification from ED if the institution triggers one of the mandatory or discretionary financial responsibility events in the rule and ED requires the school to post financial protection.

Supplementary Performance Measures

ED has provided indicators that it could consider on a case-by-case basis in determining whether to certify or condition the participation of an institution. When determining which type of certification to grant, ED also may consider institutions' withdrawal rates, educational and pre-enrollment expenditures, and licensure pass rates. The rules describe educational and pre-enrollment expenditures as the amounts the institution spent on the instruction and instructional activities, academic support, and support services, compared to "the amounts spent on recruiting activities, advertising, and other pre-enrollment expenditures."

Conditions of Provisional Certification 668.14(e)

The Department includes a non-exhaustive list of conditions that can be applied to institutions:

- For schools that ED determines may be at risk of closure:
    - Submission of an acceptable teach-out plan or agreement to ED, the state, and the accrediting agency
    - Submission to ED of an acceptable records retention plan that addresses Title IV records
- Restrictions on the addition of new programs or locations
- Restrictions on the rate of growth, new enrollment of students, or Title IV volume in or or more programs
- Restrictions on the institution providing a teach-out on behalf of another institution
- Restrictions on the acquisition of another participating institution, which may include the posting of financial protection in an amount determined by ED
- Additional reporting requirements, which may include cash balances, an actual and protected cash flow statement, student rosters, student complaints, and interim unaudited financial statements
- Limitations on the institution entering into a written arrangement with another eligible or ineligible institution or organization
- For schools that have been found to have engaged in substantial misrepresentation, engaged in aggressive recruiting, or violated incentive compensation rules, the requirement to hire a monitor and to submit marketing and other recruiting materials to ED for review and approval.
- Reporting to ED withing 21 days after receiving a civil investigative demand, subpoena, request for documents/ information, or other formal inquiry that is related to the marketing or recruitment of prospective students, the awarding of Title IV aid for enrollment at the school, or the provision of educational services for which Title IV aid is provided.

The length of time that an institution is provisionally certified will vary based on past history and the reason for which the school was placed into provisional certification. Factors include liabilities owed to or potentially owed to ED for discharges related to borrower defense to repayment or false certification, claims under consumer protection laws, changes in ownership, recertification, reinstatement, or an accreditation agency losing recognition, among others.

Official Transcript Provisions

Within the certification procedure provisions, ED made changes to its Program Participation Agreements with institutions to prohibit withholding transcripts in certain circumstances. The regulatory language addressing PPAs targeted to institutions' transcript withholding policies is only two paragraphs in length:

> 668.14(b)(33) To provide that an institution may not withhold official transcripts or take any other negative action against a student related to a balance owed by the student that resulted from an error in the institution's administration of the title IV, HEA programs, or any fraud or misconduct by the institution or its personnel;
>
> 668.14(b)(34) To require an institution to provide an official transcript that includes all the credit or clock hours for payment periods in which 1) the student received title IV, HEA funds; and (2) all institutional charges were paid, or included in an agreement to pay, at the time the request is made.

This bifurcation creates two distinct categories:

First, institutions cannot withhold transcripts—or take other negative actions against a student—in cases where a debt on a student's account is created because of an error made by the institution in administering Title IV funds, or when there is fraud or misconduct by the institution or its employees.

Second, an institution will have to provide an official transcript to a student for payment periods that the student received Title IV aid and all institutional charges for that payment period were paid or included in an agreement to pay. It is unclear at this time whether "agreement to pay" simply means institutional payment plans or promise-to-pay provisions included in college and university Student Financial Responsibility Agreements.

Prohibited when caused by the institution

In 668.14(b)(33), ED limits the ability to withhold an official transcript or take negative action when a debt is the fault of the institution. This addresses many consumer concerns about the policies and practices of institutions causing a debt that the institution subsequently penalizes the student for. Transcript holds are a known action that many institutions utilize to motivate an action by a student. Used properly, most of these holds are resolved.

Questions have been raised, however, on the "other negative action" portion of the regulatory change. These actions are known as student success holds and administrative holds, which can include (but are not limited to) enrollment holds, withholding access to extracurricular resources, credit bureau reporting, assigning debts to collection agencies, or annotating a transcript. Institutions may currently be using, or considering using, these types of holds to collect debts.

ED recognizes that institutions may have used transcript holds to collect debts in the past. It notes in the preamble to the regulation, "Although we acknowledge that some institutions may find it more difficult to recoup debts from students without withholding their transcripts, institutions have other methods of contacting students and persuading them to repay their debts."[2] ED further concedes that its provisions related to "other negative action" are limited:

> "…although we have still broadly limited an institution's ability to withhold transcripts for payment periods that are fully paid for, we have limited the applicability of the regulation that prevents institutions from taking "any negative action" to only occasions where the balance owed is the result of institutional error, fraud, or misconduct."[3]

[2] *88 Fed. Reg. 74,655 (Oct. 31, 2023)* | [3] *Id.*

Institutions regularly use registration holds to "press pause" for a student before a debt spirals out of control. Addressing smaller debts in the moment vs. addressing larger debts with bigger implications makes sense. NACUBO and the American Association of Collegiate Registrars and Admissions Officers (AACRAO) have shared best practices for the use of these holds in a joint statement.[4]

Credits paid for by Title IV students

In 668.14(b)(34), ED is effectively requiring institutions to release credit/clock hours for payment periods of Title IV recipients that were "paid for," that is, there are no remaining institutional charges on the account for the particular payment period. Because the regulation simply reads that a student "received Title IV funds," this would include Federal Work-Study funds, which often are not captured on a student's account. Institutions, however, will still need to know if a student has received Title IV funds for the payment period of his/her official transcript they are requesting. This may require modifications to student information systems, payroll processing software, and other systems to flag these students.

ED defines institutional charges as "those for tuition and fees, room and board, and other educational expenses that are paid to the school directly. If a fee (like a registration or technology fee) is required for all students in a program, it is considered an institutional charge. Similarly, if a charge is part of an enrollment agreement or any addendum or if the school routinely debits a student's ledger account for the amount with the tuition and fees, it is generally an institutional charge. A charge does not have to appear on a student's account to be considered an institutional charge."[5]

If the institutional charges for a payment period in which a student received Title IV aid were completely paid at the time of a request, the school would have to release the portion of the transcript that includes the credit/clock hours within that period. If not completely paid for, the "agreement to pay" language within paragraph (b)(34) provides some flexibility to the student, and would require an institution to release the portion of the transcript for that payment period if such an agreement existed at the time the request was made. NACUBO is waiting for confirmation from ED, but has heard from sources that the agency is referencing tuition payment plans with this language. Because of this, NACUBO cannot yet answer questions about current vs. delinquent payment plans as they relate to this provision in the regulations. Should ED provide clarifying guidance, this advisory will be updated.

State laws on transcript holds

There are many states across the country that have laws on the books addressing transcript hold policies and institutions' ability to use the hold to collect on debts owed, and that list continues to grow. These laws vary from state to state, with different implications for colleges and universities. Campus leaders should consult with counsel to determine if there is a state law governing the institution's policies and how that law may interact with the regulatory changes described in this advisory.

What's next for business officers?

Business officers will need to decide if their current approach to withholding transcripts is in alignment with the new regulations—and if it makes sense to explore ways to continue to narrowly use official transcript holds, per the rules.

As indicated above, NACUBO is hopeful that ED will publish subregulatory guidance addressing implementation questions on these provisions. In the meantime, campus leaders should begin conversations with stakeholders about changes to institutional policies that will need to result because of the regulations. This may include registrars, bursars, and staff from enrollment management, among other offices. Changes to ERPs and student information systems (SISs) may be required as well.

[4] *https://www.nacubo.org/Press-Releases/2022/2022-Joint-Statement-from-AACRAO-and-NACUBO-on-the-Use-of-Holds*

[5] *https://fsapartners.ed.gov/knowledge-center/fsa-handbook, Volume 4, Chapter 2*

Questions and topics include—
- How effective is the transcript hold policy? What is the hold resolution rate?
- Is the institution's transcript hold process an effective collections tool? To comply with the rules, will modifications to ERPs be worth the expense given the institutional return from using transcript holds as a collection tool?
- What "other actions" (as mentioned above, including registration holds) could replace an existing transcript hold policy? What impact will *these* holds have?
    - What impact do these holds have on students' ability to complete their program? Obtain a job? Continue enrollment? What about your accounts receivable operation?
- Does the institution have a policy for releasing unofficial transcripts? Or a policy for releasing official transcripts to potential employers?
- How can payment plans help provide flexibility with transcript holds?

Additionally, the Consumer Financial Protection Bureau has commented on institutions' policies on withholding official transcripts. Specifically, in a 2022 report, the CFPB stated that "blanket policies to withhold transcripts in connection with an extension of credit are abusive under the Consumer Financial Protection Act."[6] The CFPB is looking at this through the lens of institutional loans to students; however, in addition to in-school loans, the agency includes tuition payment plans, income-share agreements, and loans used to refinance existing federal or private loans as "extensions of credit," and it argues that institutions take "unreasonable advantage of the critical importance of official transcripts and institutions' relationship with consumers" since schools hold the roles of both lenders and educators.[7]

Many institutions, however, may decide that they simply will not withhold transcripts for Title IV students—for all payment periods and whether or not institutional charges remain on the students' accounts. Still, other institutions may eliminate transcript hold policies altogether. Depending on a number of factors, these may be reasonable solutions.

This portion of the regulation is also set to take effect July 1, 2024.

Other Provisions

While this report offers a comprehensive analysis on certification procedures, financial responsibility, and triggering events, the final rule also encompasses additional provisions that may be of interest. Below, we detail more elements of the final regulations. These provisions are integral to grasping the full scope of regulatory changes and their potential impact on institutions and stakeholders within the higher education sector.

Ability to Benefit

This expands on the mechanisms through which individuals without a high school diploma can access federal student aid, including specific tests and state-recognized pathways, to ensure broader access to higher education for non-traditional students. The ability to benefit provisions include three primary mechanisms:

1. **Externally Managed Examinations**
   Eligibility can be achieved through successfully completing an examination sanctioned by the Department of Education, which is conducted externally.

2. **State-Sponsored Pathways**
   Students have the opportunity to engage in a pathway endorsed by ED, initiated by state applications to ED with detailed proposals. New state applicants may gain provisional approval for their processes, subject to a two-year review period, with institutional success metrics evaluated.

[6] https://files.consumerfinance.gov/f/documents/cfpb_student-loan-servicing-supervisory-highlights-special-edition report_2022-09.pdf, *page 2* | [7] *Id, at 4*

3. **Academic Coursework Completion**
   An alternative pathway for students that involves fulfilling six credit hours or their academic equivalent in college-level courses, qualifying them for federal financial aid for higher education pursuits.

Looking Ahead

NACUBO continues to monitor developments and advocate for its member institutions. This commitment extends beyond financial responsibility standards set by the department to encompass a wide range of regulatory areas including certification procedures, reporting requirements, and other alternative standard requirements that impact Title IV program participation. Our goal is to ensure that institutions are not only compliant but also thrive under these evolving regulations.

As ED releases new information, updates, or clarifications, NACUBO will promptly communicate these to our members, along with any necessary revisions to our guidance, ensuring your institution is equipped with the latest information and strategies to navigate the regulatory landscape effectively.

For more information or to discuss ramifications of the financial responsibility changes, please contact Sue Menditto, senior director of accounting policy, at sue.menditto@nacubo.org. All other questions should be directed to advocacy@nacubo.org.