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March 16, 2020

Mr. Todd Nelson
President & CEO
Perdoceo Education Corporation
231 N. Martingale Road
Schaumburg, IL 60173

Dear Mr. Nelson:

I am writing regarding Perdoceo Education Corporation (Perdoceo) and its compliance with the "90/10" rule.¹ As you may know, 90/10 was originally conceived to be a market measure as to the viability of an institution. It has been brought to our attention that Perdoceo 90/10 data is unavailable both in the Secretary of Education's mandated report to Congress under Section 487(d)(4) of the Higher Education Act of 1965 or in Perdoceo's filings with the Securities and Exchange Commission (SEC).²

The Department of Education (Department) does not list any data associated with Colorado Technical University (CTU) or American InterContinental University (AIU) for the 2015-2016, the 2016-2017, or the 2017-2018 award years.³ The most recent data available from the Department is from the 2014-2015 award year for which AIU and CTU had 90/10 percentages of 88.79% and 83.05% respectively.⁴ Furthermore, Perdoceo has not disclosed 90/10 data in its most recent SEC filings. Instead the company stated in its 10-K for the fiscal year ending December 31, 2019, "For both of the years ended December 31, 2019 and 2018, approximately 79% of our institutions' aggregate cash receipts from tuition payments came from Title IV Program funding. This percentage differs from the Title IV percentage calculated under the 90-10 Rule due to the treatment of certain funding types and certain student level limitations on what and how much to count as prescribed under the rule."⁵

In order to better understand Perdoceo's compliance with the 90/10 rule, please provide the following information by March 30, 2020.

¹ 20 U.S.C. §1094(a)(24) and (d)(2). 34 CFR § 668.28.

² According to one report however, AIU had 90/10 percentages over 89 percent for fiscal years 2015, 2016, and 2017, while CTU had 90/10 percentages of 82.56%, 81.91%, and 82.50% for those years. <https://library.thecapitolforum.com/docs/3uh63p50vjbr>.

³ <https://studentaid.gov/data-center/school/proprietary>.

⁴ Id.

⁵ https://www.sec.gov/ix?doc=/Archives/edgar/data/1046568/000156459020005289/prdo-10k_20191231.htm.

1. Annual 90/10 percentages for both CTU and AIU for the July-June fiscal award years 2015, 2016, 2017, 2018, and 2019 using the 90/10 calculation specified under 34 CFR § 668.28.⁶ Please include for each fiscal year total revenue from Title IV and all other revenue from other sources as used to calculate the company's 90/10 percentage.
 - a. Please also include for each fiscal year a detailed breakdown as to all revenues from other government sources, including but not limited to funds from the GI Bill program and the Department of Defense Tuition Assistance Program.
 - b. Please additionally include audited financial statements for both AIU and CTU for fiscal years 2015, 2016, 2017, 2018, and 2019.
2. Please detail calculations and data used to determine the "institutions' aggregate cash receipts from tuition payments from Title IV program funding," as disclosed in Perdoceo's 10-K for the fiscal year ending in 2019.
3. Perdoceo's fiscal year end 2019 10-K states that "the current year operating cash flows were impacted by the timing of receipt of approximately \$39.3 million of Title IV funds. These funds were received in January 2020 instead of the fourth quarter of 2019. In the prior year, Title IV funds for the similar time period were received in the fourth quarter of 2018."⁷ Please provide any guidance received from the Department regarding the legality of delaying the receipt of Title IV funds in order to ensure compliance with 90/10 and any legal analysis created by or for Perdoceo regarding the allowability of such an action.
4. In Perdoceo's fiscal year end 2019 10-K, the company states that, "Efforts to reduce the 90-10 Rule percentage for our institutions have and may in the future involve taking measures that involve interpretations of the 90-10 Rule that are without clear precedent," and "new interpretations of, the technical aspects of the calculation methodology or other industry practices under the 90-10 Rule could further significantly impact our compliance with the 90-10 Rule."⁸
 - a. Please detail any steps taken by Perdoceo to comply with 90/10 that this statement is referencing.
 - b. Please include any guidance received from the Department regarding the legality of any of these steps.
 - c. Please provide any legal analysis created by or for Perdoceo regarding the allowability of such steps.
5. In Perdoceo's fiscal year end 2019 10-K, the company states that in order to comply with 90/10, one measure that the company will undertake is "the acquisition of quality education institutions and programs."⁹ Please detail any such efforts, including any plans involving Trident University, including the Department of Education's Pre-Acquisition Review Letter and any other determinations, decisions, or related documents from the Department.
6. All communications between Perdoceo and the Department of Education regarding 90/10 since January 20, 2017.

⁶ To the extent that the Committee is requesting data or information by fiscal year and that data is calculated by award year please provide data for all award years within the given fiscal year.

⁷ Id.


⁸ Id.

⁹ Id.

7. According to Perdoceo's fiscal year end 2019 10-K, "In May 2019, CTU and AIU each received renewals of their program participation agreements through March 31, 2021. CTU was removed from provisional certification, while AIU remains on provisional certification due to open regulatory review processes with ED at the time of the renewal."¹⁰
 - a. Please provide all of AIU's temporary, provisional, or full program participation agreements since January 2017.
 - b. Please provide any addenda to AIU's program participation agreements since January 2017.
 - c. Please provide any decision letters the Department of Education transmitted to AIU or CEC since January 2017.
8. Please provide all internal or external communications concerning the possibility, likelihood or risk that any Perdoceo school, campus or branch campus was approaching or could exceed the 90% threshold for Title IV dollars for fiscal years 2015 through 2020.
9. Please provide all internal or external communications concerning plans or efforts to lower the 90/10 revenue ratio at any Perdoceo school, campus or branch campus.

If you have any questions, please contact Kia Hamadanchy at Kia.Hamadanchy@mail.house.gov or (202) 225-3725. Please direct all official correspondence to the Committee's Chief Clerk, Tylease Alli, at Tylease.Alli@mail.house.gov. Thank you for your attention to this matter and I look forward to your response.

Sincerely,



ROBERT C. "BOBBY" SCOTT

Chairman

cc: Virginia Foxx, Ranking Member

¹⁰ Id.