

APPENDIX C TO SUBPART B OF PART 668 - 90/10 REVENUE CALCULATION

Section 1: Sample Student Account at the Institution / Funds Applied in Priority Order

Item		Debit	Credit	Balance
1	Tuition and Fees	\$ 7,000.00		
	Funds Applied First			
2	Grant funds for the student from non-Federal public agencies or private sources independent of the institution		\$ 2,200.00	\$ 4,800.00
3	Funds provided for the student under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals		\$ -	\$ 4,800.00
4	Funds used by a student from savings plans for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code		\$ -	\$ 4,800.00
5	Institutional scholarships disbursed to the student		\$ 500.00	\$ 4,300.00
6	Total Funds Applied First		\$ 2,700.00	
	Title IV Aid			
7	Subsidized Loan		\$ 1,000.00	\$ 3,300.00
8	Unsubsidized Loan up to pre-ECASLA Loan Limits		\$ 1,500.00	\$ 1,800.00
9	Federal Pell Grant		\$ 1,700.00	\$ 100.00
10	FSEOG (subject to matching reduction)		\$ 500.00	\$ (400.00)
11	Federal Work Study Applied to Tuition and Fees (subject to matching reduction)		\$ -	\$ (400.00)
12	Total Title IV Aid		\$ 4,700.00	
	Cash and Other Non-Title IV Aid			
13	Amount of Unsubsidized Loan Over the pre-ECASLA Loan Limits		\$ 250.00	\$ (650.00)
14	Student payments		\$ -	\$ (650.00)
15	Institutional loan (Only the Net Present Value is used in the 90/10 ratio)		\$ 300.00	\$ (950.00)
16	Total Cash and Other Non-Title IV Aid		\$ 550.00	
	Refund to Student	\$ 950.00		\$ -

Section 2: Revenue by Source

Item		Amount Disbursed	Adjusted Amount
	Adjusted Student Title IV Revenue		
7	Subsidized Loan	\$ 1,000.00	\$ 1,000.00
8	Unsubsidized Loan up to pre-ECASLA Loan Limits	\$ 1,500.00	\$ 1,500.00
9	Federal Pell Grant	\$ 1,700.00	\$ 1,700.00
10	FSEOG (subject to matching reduction)	\$ 500.00	\$ 375.00
11	Federal Work Study Applied to Tuition and Fees (subject to matching reduction)	\$ -	\$ -
17		Student Title IV Revenue	\$ 4,575.00
18		Revenue Adjustment	\$ (275.00)
19		Adjusted Student Title IV Revenue	\$ 4,300.00
	Student Non-Title IV Revenue		
2	Grant funds for the student from non-Federal public agencies or private sources independent of the institution	\$ 2,200.00	
3	Funds provided for the student under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals	\$ -	
4	Funds used by a student from savings plans for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code	\$ -	
5	Institutional scholarships disbursed to the student	\$ 500.00	
13	Amount of Unsubsidized Loan Over the pre-ECASLA Loan Limits	\$ -	
14	Student payments	\$ -	
20		Student Non-Title IV Revenue	\$ 2,700.00
	Revenue From Other Sources		
21	Activities conducted by the institution that are necessary for education and training	\$ 25,000.00	
22	Funds paid to the institution by, or on behalf of, students for education and training in qualified non-Title IV eligible programs	\$ 43,000.00	
23	The Net Present Value (NPV) of institutional loans disbursed to students	\$ 113,000.00	
24		Revenue from Other Sources	\$ 181,000.00

Section 3: Calculating the Revenue Percentage

$$\text{Revenue \%} = \frac{\sum \text{Adjusted Student Title IV Revenue}}{\sum \text{Adjusted Student Title IV Revenue} + \sum \text{Student Non-Title IV Revenue} + \text{Total Revenue from Other Sources}}$$

Adjustments to Student Title IV Revenue

1. The amount of FSEOG funds disbursed to a student (Item 10) and the amount of FWS funds credited to the student's account (Item 11) are reduced by the amount of the institutional matching funds (see Item 10 in Section 2 of the example).
2. If the amount of Funds Applied First (Item 6) + Student Title IV Revenue (Item 17) is more than Tuition and Fees (Item 1), then Student Title IV Revenue (Item 17) is reduced by the amount over Tuition and Fees (Item 1) (see Item 18 in Section 2 of the example).
3. 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.

\sum **Adjusted Student Title IV Revenue** = The sum of the amounts of Item 17, as adjusted, for each student at the institution during the fiscal year to whom the institution disbursed Title IV Aid

Adjustments to Student Non-Title IV Revenue

An Unsubsidized loan over the pre-ECSALA loan limit (Item 13) and any Student Payments (Item 14) count as Student Non-Title IV Revenue only for the amount needed to cover Tuition and Fees (Item 1) that are not paid by Funds Applied First (Item 6) and funds under Student Title IV Revenue (Item 19) (see Items 13 and 14 in Section 2 of the example).

\sum **Student Non-Title IV Revenue** = The sum of the amounts of Item 20, as adjusted, for each student at the institution during the fiscal year whose Non-Title IV funds were used to pay all or some of those student's Tuition and Fee charges

Total Revenue from Other Sources

Activities conducted by the institution that are necessary for education and training (Item 21) = Total revenue generated by the institution from these activities during the fiscal year

Funds paid to the institution by, or on behalf of, students for education and training in qualified non-Title IV eligible programs (Item 22) = Total revenue generated by the institution from these programs during the fiscal year

The Net Present Value (NPV) of institutional loans disbursed to students (Item 23)

Total Revenue from Other Sources = The sum of the amounts for Items 21, 22, and 23 for the fiscal year

Section 4: Calculating the Net present Value

$$NPV = \sum \frac{R^t}{(1+i)^t}$$

An institution makes a total of \$125,000 in 3-year loans at 8.5% and a total of \$75,000 in 4-year loans at 8.5%. The Discount rate is 3%.

3-year Loans	Year	Expected Cash Flow*	Actual Cash Flow using 60% Collection Rate (R)	Present value
	0	Loans credited to students' accounts, no cash outlay		0
	1	47340.00	28404.00	$28404 / (1+.03)^1 = 27576.70$
	2	47340.00	28404.00	$28404 / (1+.03)^2 = 26773.49$
	3	47340.00	28404.00	$28404 / (1+.03)^3 = 25993.68$
NPV or Sum of the discounted cash flows = 80343.87				

4-year Loans	Year	Expected Cash Flow*	Actual Cash Flow using 60% Collection Rate (R)	Present value
	0	Loans credited to students' accounts, no cash outlay		0
	1	22183.44	13310.06	$13310.06 / (1+.03)^1 = 12922.39$
	2	22183.44	13310.06	$13310.06 / (1+.03)^2 = 12546.01$
	3	22183.44	13310.06	$13310.06 / (1+.03)^3 = 12180.59$
	4	22183.44	13310.06	$13310.06 / (1+.03)^4 = 11825.82$
NPV or Sum of the discounted cash flows = 49474.81				

Total NPV for all loans = 129818.68

* Expected cash flow represents the total amount of payments due on the loans for the fiscal year.

