



October 21, 2024

Joint Agencies Notice of Proposed Rulemaking
Financial Data Transparency Act of 2022

S7-2024-05 | 89 FR 67890

To Whom it May Concern,

On behalf of the National Association of College and University Business Officers (NACUBO), we submit comments on the Joint Agencies Notice of Proposed Rulemaking that would establish data standards to promote interoperability of financial information to meet requirements of the Financial Data Transparency Act (FDTA). NACUBO is a nonprofit professional organization representing chief financial and administrative officers at approximately 1,700 public and not-for-profit (NFP) colleges and universities.

The proposed regulation would apply to college and university financial information submitted to the Municipal Securities Rulemaking Board's EMMA system. Per FY22 finance data published by the National Center for Educational Statistics, public and NFP institutions hold close to \$400 billion of debt supporting campus property, the majority of borrowings include bonds and conduit debt. Although not every one of those institutions is a NACUBO member, NACUBO comprehensively represents public and NFP higher education on advisory committees for both the Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB). NACUBO also issues sector guidance and provides educational programs on accounting and reporting issues and practices.

Overall Observations and Conclusions

The Notice of Proposed Rulemaking is ambitious in its regulatory intent. Although the proposed effort of interagency cooperation is aspiring, we do not believe there is enough time between the comment deadline and year-end for the agencies to develop a reasonable framework. We support the legal and regulatory comments and observations submitted by the Public Finance Network and the National Association of Health and Educational Facilities Finance Authorities and are equally concerned about the legal, regulatory, definitional, and process observations raised by those organizations.

NACUBO represents financial statement preparers, and as such, one of the most important aspects of the proposal for us was the notion that common identifiers and data standards *must* “use, be consistent with, and implement applicable accounting and reporting principles (p. 67894)”

(emphasis added). Anything less than a U.S. Generally Acceptable Accounting Principles underpinning has the potential to introduce inconsistency and burden, increase scope, and obfuscate transparency. Consequently, this essential statement appears at odds with the statement: “incorporate standards developed and maintained by voluntary consensus standards bodies (p. 67894).” We assume and hope this means consensus regarding *what* to include from GAAP based reporting, but clarification is needed. There should only be one set of reporting standards.

We would have welcomed direction and sponsorship from the SEC to the FASB and GASB as a first step. This would have jumpstarted the planning and assessment of a machine-readable taxonomy within the authoritative accounting and reporting framework that governmental and NFP entities must follow. Further, governmental and NFP constituents could have been involved in this process.

While in principle NACUBO agrees with fully searchable and machine-readable financial reporting objectives, the proposal needs more clarity. Additionally, and most importantly, higher education institutions produce and submit many reports to federal agencies, outside of the nine listed in the proposal, it would be practical to require those agencies to accept our machine-readable financial reporting rather impose new or maintain existing reporting requirements.

Thank you for the opportunity to comment. We welcome questions about our response. Please direct your questions to me at 202-861-2542 or smenditto@nacubo.org.

Sincerely,



Susan M. Menditto
Senior Director, Accounting Policy