



September 23, 2013

Dr. Craig D. Swenson, President
Argosy University Online
333 City Boulevard West, Suite 1810
Orange, CA 92868-4844

Certified Mail
Return Receipt Requested
#: 7007 0710 0001 0675 1174

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 02179900
PRCN: 201340928379

Dear Dr. Swenson:

From August 26 through August 30, 2013, Marcia Clark and Marisol Nealon conducted a review of Argosy University Online's (AUO's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was to determine AUO's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of AUO's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, distance education program administration, and consumer information requirements.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 award years. These 30 student files were selected randomly from the institution's Title IV recipient data spreadsheet. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning AOU's specific practices and procedures must not be

construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve AOU of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

The San Francisco/Seattle School Participation Division has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Program Review Findings and Final Program Review Determinations:

Finding 1. Revised Award Letters Not Issued to Students

Citation: Before an institution disburses Title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. 34 C.F.R. § 668.165

Noncompliance: AOU failed to notify the following students that their awards had been revised.

Student 18: The student's ledger reported that \$250 of Federal Supplemental Educational Opportunity Grant (FSEOG) funding had been disbursed to the student on 3/26/2013. However, there was no evidence that AOU had provided the student with a revised award letter or any kind of notification as required by regulations.

Student 21: The student's ledger reported that \$250 of FSEOG had been disbursed to the student on 3/26/2013. However, there was no evidence that AOU had provided the student with a revised award letter or any kind of notification as required by regulations.

Institutional Action Taken to Resolve Noncompliance: A copy of AOU's revised policies and procedures was submitted to the reviewers during the on-site program review.

Final Program Review Determination: AOU submitted a revised policy and procedure, which demonstrated that AOU has taken the corrective actions necessary to resolve this finding. Therefore, AOU may consider this finding closed, with no further action required.

Finding 2. Credit Balances Not Paid in a Timely Manner

Citation: Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but –

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of classes of a payment period; or
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of classes of that payment period.

If an institution obtains written authorization from a student or parent, as applicable, the institution may use the student's or parent's Title IV, HEA program funds to pay for charges described in 34 C.F.R. § 668.164(d)(2) that are included in that authorization; and unless prohibited by the Secretary under the reimbursement or cash monitoring payment method, hold on behalf of the student or parent any Title IV, HEA program funds that would otherwise be paid directly to the student or parent.

Noncompliance: AUO failed to pay credit balances in a timely manner to the following students.

Student 6: A credit balance in the amount of \$3,825 was created on 12/5/2011 when both a subsidized and an unsubsidized Direct Loan (DL) were credited to the student's account. The credit balance was decreased by \$179 when a stipend was issued to the student, leaving a credit balance of \$3,646 on the student's account on 12/7/2011. The credit balance was increased again on 12/16/2011, and 1/3/2012 when both a subsidized and an unsubsidized DL were credited to the student's account, causing the credit balance to be \$4,405. The credit balance was again decreased to \$3,655 on 1/3/2012 when AUO issued a stipend to the student in the amount of \$750. The credit balance was subsequently cleared on 3/6/2012 when AUO billed the student for tuition and fees. AUO retained the student's credit balance funds for more than 14 days, and AUO failed to have an adequate authorization to hold the student's credit balance funds.

Student 11: A credit balance in the amount of \$2,822 was created on 1/22/2013 when an unsubsidized DL was disbursed to the student, and AUO failed to clear the student's credit balance until 3/21/2013. Another credit balance in the amount of \$496 was created on 5/6/2013 when a subsidized DL was disbursed, and the credit balance was subsequently increased to \$3,418 when both DL and Pell funds were disbursed to the student. AUO failed to clear the credit balance until 7/14/2013. AUO retained this student's credit balance for more than 14 days, and AUO did not have a properly completed credit balance authorization form that authorized AUO to retain the student's credit balance funds.

Institutional Action Taken to Resolve Noncompliance: A copy of AUO's revised policies and procedures was submitted to the reviewers during the on-site program review.

Final Program Review Determination: AUO submitted an adequately revised policy and procedure, which demonstrated that AUO has taken the corrective actions necessary to resolve this finding. Therefore, AUO may consider this finding closed, with no further action required.

Finding 3. Inadequate Verification

Citation: Institutions must require Title IV applicants to verify information used to calculate an applicant's Expected Family Contribution (EFC) in two events: When the application is selected by the Secretary to be verified; or when an institution has reason to believe that any information on an application used to calculate an EFC is inaccurate. An institution must require an applicant to submit acceptable documentation that will verify or update the following information (from the applicable year in question) used to determine the applicant's EFC: adjusted gross income; U.S. income tax paid; the aggregate number of family members in the household; the number of family members in the household who are enrolled, as at least half-time students, in postsecondary educational institutions; and certain untaxed income and benefits used in determining eligibility for Title IV aid. 34 C.F.R. §§ 668.54 - 668.57

Noncompliance: AUO failed to properly verify the income of one of its 2011-12 students.

Student 12: AUO failed to include \$800 of untaxed income that was reported on the student's 1040 tax return for "making work pay."

Institutional Action Taken to Resolve Noncompliance: AUO recalculated the student's EFC, and determined that no change to the student's award was required. While the reviewers were on-site, AUO provided the reviewers with the recalculated EFC. The reviewers confirmed that no change to the student's award would be required.

Final Program Review Determination: AUO has taken the corrective actions necessary to resolve this finding. Therefore, AUO may consider this finding closed, with no further action required.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Marcia Clark, Senior Institutional Review Specialist, at (415) 486-5602.

Sincerely,

(b)(6)

Martina Fernandez-Rosario
Division Director
San Francisco/Seattle School Participation Division

Enclosure: Appendix A: Student Sample

cc: Ms. Jennifer Robinson, Vice President for Compliance and Strategic Implementation
Mr. Richard Them, Senior Vice President
WASC Senior College and University Commission

Argosy University
OPE ID: 02179900
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Appendix A: Student Sample

2011-2012

Student #

Student Name

Last 4 Digits of SSN

(b)(6); (b)(7)(C)