



January 20, 2015

Mr. Eric Fisher  
Owner  
Eric Fisher Academy  
6727 West Central  
Wichita, KS 67212-3376

UPS Tracking #: 1ZA879640293599244

RE: **Final Program Review Determination**  
OPE ID: **04162700**  
PRCN: **20134072844**

Dear Mr. Fisher:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on February 25, 2014 covering Eric Fisher Academy's (EFA) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2012-2013 and 2013-2014 award years. EFA's final response was received on May 23, 2014. A copy of the program review report (and related attachments) and EFA's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by EFA upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are **\$5,752.72**.

This final program review determination contains detailed information about the liability determination for all findings.

**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

**Federal Student Aid**

An OFFICE of the U.S. DEPARTMENT of EDUCATION

U.S. Department of Education, Federal Student Aid, School Participation Division – Kansas City  
1010 Walnut Street, Suite 336  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendix B also contains PII.

### **Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the February 25, 2014 program review report. If EFA wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date EFA receives this FPRD. An original and four copies of the information EFA submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director  
Administrative Actions and Appeals Service Group  
U.S. Department of Education  
Federal Student Aid/PC  
830 First Street, NE - UCP3, Room 84F2  
Washington, DC 20002-8019

EFA's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to EFA's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

**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)(1), (e)(2), and (e)(3).

If the institution has any questions regarding this letter, please contact Joy Frazier at 816-268-0517. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Ralph LoBosco  
Division Director

Enclosure:

Protection of Personally Identifiable Information  
Program Review Report (and appendices)  
Final Program Review Determination Report (and appendices)

cc: Lynna Cherry, Financial Aid Administrator  
National Accrediting Commission of Career Arts and Sciences  
Kansas State Board of Cosmetology  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

Prepared for  
**Eric Fisher Academy**

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OPE ID 04162700  
PRCN 20134072844

Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division – Kansas City

# Final Program Review Determination

## January 20, 2015

## Table of Contents

	Page
A. Institutional Information.....	2
B. Scope of Review.....	3
C. Findings and Final Determinations.....	4
Resolved Findings	4
Findings with Final Determinations	4
Finding 1. Incorrect Return to Title IV Calculation/Inadequate Policy	4
D. Summary of Liabilities.....	8
E. Payment Instructions.....	9
F. <u>Appendices</u>	13
<u>Appendix A: Original Student Sample</u>	
<u>Appendix B: Expanded Return Sample</u>	
<u>Appendix C: Program Review Report</u>	
<u>Appendix D: Institution's Response</u>	

Eric Fisher Academy  
OPE ID 04162700  
PRCN 20134072844  
Page 2

**A. Institutional Information**

Eric Fisher Academy  
6727 West Central  
Wichita, KS 67212-3376

Type: Proprietary

Highest Level of Offering: Non-Degree One Year Program

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 113 (2013-2014)

% of Students Receiving Title IV: 90% (2013-2014)

Title IV Participation: G5

2012-2013

Federal Pell Grant	\$ 567,781.00
Federal Direct Subsidized Loan Program	\$ 555,564.00
Federal Direct Unsubsidized Loan Program	\$ 711,421.00
Federal Direct Plus Loan Program	\$ 179,555.00

Default Rate Direct Loan: 2011 5.7%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted an on-site program review of Eric Fisher Academy (EFA) from September 9, 2013 to September 13, 2013. The review was conducted by Ms. Joy Frazier, Mrs. Holly Wolfe Walkenbach, and Ms. Danielle Dillon.

The focus of the review was to determine EFA'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 EFA's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2012-2013 and 2013-2014 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 5 withdrawn student files were reviewed. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning EFA'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 EFA of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

## C. Findings and Final Determinations

### Resolved Findings

Findings #2, #3, #4, #5, #6, #7, and #8

EFA has taken the corrective actions necessary to resolve findings #2, #3, #4, #5, #6, #7, and #8 of the program review report. Therefore, these findings may be considered closed. The institution's response to these findings may be found in Appendix D. Findings requiring further action by EFA are discussed below.

### Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of each finding is a summary of EFA's response to the finding and the Department's final determination for that finding. A copy of the program review report (PRR) issued on February 25, 2014, is attached as Appendix C.

#### **Finding 1. Incorrect Return to Title IV Calculation/ Inadequate Policy**

**Citation Summary:** *Federal regulations state that when a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in the Federal regulations outlined in 34 C.F.R. §668.22. Specifically, federal regulations require an institution to calculate and return Title IV refunds no later than 45 days after the date of determination that the student withdrew. 34 C.F.R. §668.22(j)*

*Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records. 2012-2013 Federal Student Aid Handbook, Volume 5, Chapter 1. DCL GEN-04-03. DCL GEN-04-12*

*For a student who ceases attendance at an institution that is required to take attendance, including a student who does not return from an approved leave of absence, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date and maintain the*

*documentation as of the date of the institution's determination that the student withdrew. 34 C.F.R. §668.22(b)*

*The percentage of Title IV aid earned by the student is equal to the percentage of the period completed by the student's withdrawal date if this date occurs on or before the 60 percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program that is measured in clock hours; or 100 percent, if the student's withdrawal date occurs after 60 percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. 34 C.F.R. §668.22(e)(2)*

***Noncompliance Summary:*** *In three instances, EFA improperly performed Return to Title IV (Return) calculations.*

***Student #3:*** *The student began attendance at EFA April 30, 2013 and was enrolled in the Esthetics program. The last documented date of attendance was June 27, 2013. The student was scheduled to complete 184 hours of instructional time, or 40.9% of the Title IV, HEA funds awarded. EFA calculated the Return based on the student being scheduled to complete 188 hours of instructional time. This resulted in the institution being required to return \$2,779 in Federal Direct Unsubsidized Loan Funds. Due to the incorrect calculation, the institution returned \$2,737 to the Federal Direct Loan account August 5, 2013.*

***Student #33:*** *Student began attendance at EFA February 21, 2012 and was enrolled in the Esthetics program. The student's last documented date of attendance was November 10, 2012. The student was scheduled to complete 394 hours of instructional time, or 87.6%, and earned 100% of the Title IV, HEA funds awarded. EFA calculated the Return based on the student being scheduled to complete 397 hours of instructional time. Consequently, the calculation is incorrect. However, this change would not result in a different calculation of Title IV, HEA funds the student earned.*

***Student #34:*** *Student began attendance at EFA September 4, 2012 and was enrolled in the Cosmetology program. The last documented date of attendance was March 23, 2013 when the student was in her third payment period. The student was scheduled to complete 396 hours of instructional time, or 100%, and earned 100% of the Title IV, HEA funds awarded. EFA calculated the Return based on the student being scheduled to complete 277 hours of instructional time. Consequently, the calculation is incorrect. However, this change would not result in a different calculation of Title IV, HEA funds the student earned.*

*Furthermore, EFA does not have an adequate Return policy or procedure in place regarding the specified time frame in which to return aid. Additionally, the consumer information disclosed to students in the institution's catalog regarding Returns failed to include an estimate of the amount of aid the student may earn and an estimate of the amount of aid the student may have to return, and a statement that federal funds may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.*

**Required Action Summary:** *In response to this finding, EFA must provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2012-2013 and 2013-2014 award years. The institution must identify, review, and report on the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed for each of the two award years. For Returns that are found to be improperly calculated and Returns that should have been calculated but were not, EFA must perform a correct calculation or recalculation.*

*Additionally, EFA must review and revise its internal policies and procedures to ensure that Return calculations are performed correctly in the future and all consumer information is presented to students regarding withdrawing and Returns. A copy of these procedures must accompany EFA's response to this report.*

*Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.*

**EFA's Response:** EFA concurred with the finding and submitted the required file review and supporting documentation.

**Final Determination:** In response to this finding, EFA reviewed all Title IV, HEA recipients that withdrew in the 2012-2013 and 2013-2014 award years. As a result of the file review, the institution identified 4 additional students in which EFA improperly completed Return calculations.

**Student #3:** This student was part of the original student sample reviewed, and was cited in the PRR. The institution recalculated the Return and determined it should have returned \$2,779.47 in Direct Unsubsidized Loan funds. EFA already returned \$2,737 in Direct Unsubsidized Loan funds on August 6, 2013. This results in an additional liability of **\$42.47** in Direct Unsubsidized Loan funds.

**Student #44:** The institution recalculated the Return and determined it should have returned \$2,968 in Direct Unsubsidized Loan funds and \$35.76 in Direct Subsidized Loan funds. Based on its initial Return calculation, EFA did not return any funds. This results in a liability of **\$2,968** in Direct Unsubsidized Loan funds and **\$35.76** in Direct Subsidized Loan Funds.

**Student #45:** The institution recalculated the Return and determined it should have returned \$1,813 in Direct Unsubsidized Loan funds and \$479.43 in Direct Subsidized Loan funds. The institution already returned \$1,813 in Direct Unsubsidized Loan funds and \$464 in Direct Subsidized Loan funds on December 12, 2012. This results in an additional liability of **\$15.43** in Direct Subsidized Loan funds.

**Student #51:** The institution recalculated the Return and determined it should have returned \$2,588.06 in Direct Unsubsidized Loan funds. Based on the initial Return calculation, EFA did not return any funds. This results in a liability of **\$2,588.06** in Direct Unsubsidized Loan funds.

**Student #62:** The institution recalculated the Return and determined the student only earned \$195.62 of the Title IV, HEA aid that could have been disbursed. EFA previously returned \$2,969 in Direct Unsubsidized Loan funds, \$1,732 in Direct Subsidized Loan funds and \$149 in Federal Pell Grant funds on February 25, 2014. This resulted in a liability of **\$103** in Federal Pell Grant funds.

EFA is responsible for return **\$103** to the Federal Pell Grant program. Furthermore, EFA is responsible for returning **\$5,649.72** to the Direct Loan program (\$51.19 in Subsidized Funds and \$5,598.53 in Unsubsidized Funds).

Instructions for repayment of the above liabilities are provided at the conclusion of this Final Program Review Determination (FPRD) letter.

**D. Summary of Liabilities**

The total amount calculated as liabilities from the findings in the program review determination is as follows.

<b>Established Liabilities</b>			
<b>Liabilities</b>	<b>Pell (Closed Award Year)</b>	<b>Direct Loan</b>	
Finding #1	\$103	\$5,649.72	
<b>Subtotal</b>	\$103	\$5,649.72	
Interest/SA	\$0	\$0	
Excess Cash	\$0	\$0	
ACA			
<b>Subtotal</b>	\$103	\$5,649.72	
<b>TOTAL</b>	\$103	\$5,649.72	
<b>Payable To:</b>			<b>Totals</b>
Department	\$103	\$5,649.72	\$5,752.72
Students			\$0
Lenders			\$0
Inst Accounts			\$0

### **E. Payment Instructions**

EFA owes to the Department \$5,752.72. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education  
P.O. Box 979026  
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$5,752.72  
DUNS: 800207073  
TIN: 205588108  
Program Review Control Number: 20134072844

### **Terms of Payment**

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within 45 days of the date of this letter. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. EFA is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to EFA's account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education  
OCFO Financial Management Operations  
Accounts Receivable Group  
550 12th Street, S.W., Room 6114  
Washington, DC 20202-4461

If within 45 days of the date of this letter, EFA has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due to EFA from the Federal Government. **EFA may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, EFA must timely appeal this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

**Direct Loan Closed Award Years (Request Extended Processing)**

Finding: 1  
Appendices: A and B

EFA must repay the following Direct Loan liabilities:

<b>DL Closed Award Year</b>		
<b>Amount (Principal)</b>	<b>Amount (Interest)</b>	<b>Award Year</b>
\$57.90	\$0	2012-2013
\$5591.82	\$0	2013-2014
<b>Total Principal</b>	<b>Total Interest</b>	
\$5649.72	\$0	

The disbursement record for each student identified in the appendices listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the/these appendix/appendices. A copy of the adjustment to each student's COD record must be sent to Joy Frazier **within 45 days of the date of this letter**.

COD adjustments are necessary for the closed award years listed above. Before any student level adjustments can be processed, EFA must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the institution should indicate in their explanation that the request is based on a program review, and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award years.

**Pell Grant – Closed Award Year**

Finding: 1  
Appendices: A and B

EFA must repay:

<b>Pell Closed Award Year</b>			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$103	\$0	Federal Pell Grant	2013-2014
<b>Total Principal</b>	<b>Total Interest</b>		
\$103	\$0		

The disbursement record for each student identified in Appendices A and B to the applicable finding must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in Appendices A and B.

**Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.**

A copy of the adjustment to each student's COD record must be sent to Joy Frazier **within 45 days of the date of this letter.**

Eric Fisher Academy  
OPE ID 04162700  
PRCN 20134072844  
Page 17

Final Program Review Determination  
PRCN #: 20134072844

## Appendix C

### Program Review Report

Prepared for  
**Eric Fisher Academy**

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OPE ID 04162700  
PRCN 20134072844

Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division – Kansas City

## Program Review Report February 25, 2014

## Table of Contents

<b><u>A. Institutional Information</u></b> .....	2
<b><u>B. Scope of Review</u></b> .....	3
<b><u>C. Findings</u></b> .....	4
<u>Finding 1. Incorrect Return to Title IV Calculation/Inadequate Policy</u> .....	4
<u>Finding 2. Ineligible Disbursement of Title IV, HEA Funds</u> .....	8
<u>Finding 3. Incorrect Professional Judgment</u> .....	9
<u>Finding 4. Unmade of Late NSLDS Enrollment Reporting</u> .....	10
<u>Finding 5. Inaccurate Reporting of Disbursement Dates to the Common Origination and Disbursement (COD) System</u> .....	11
<u>Finding 6. Incorrect Proration of Federal Direct Loans</u> .....	13
<u>Finding 7. Direct Loan Eligibility Not Documented/Failure to Maintain Documentation</u> .....	14
<u>Finding 8. Consumer Information</u> .....	15
D. Recommendations.....	17
E. Appendix A: Student Sample .....	18

**A. Institutional Information**

Eric Fisher Academy  
6727 West Central  
Wichita, KS 67212-3376

Type: Proprietary

Highest Level of Offering: Non-Degree One Year Program

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 113 (2013-2014)

% of Students Receiving Title IV: 90% (2013-2014)

Title IV Participation: G5

2012-2013

Federal Pell Grant	\$ 567,781.00
Federal Direct Subsidized Loan Program	\$ 555,564.00
Federal Direct Unsubsidized Loan Program	\$ 711,421.00
Federal Direct Plus Loan Program	\$ 179,555.00

Default Rate Direct Loan: The institution was approved for Title IV December 21, 2009; therefore, no cohort information is currently available.

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted an on-site program review of Eric Fisher Academy (EFA) from September 9, 2013 to September 13, 2013. The review was conducted by Ms. Joy Frazier and Mrs. Holly Wolfe Walkenbach and Ms. Danielle Dillon.

The focus of the review was to determine EFA'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 EFA's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2012-2013 and 2013-2014 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds that were selected for each award year. In addition, 5 withdrawn student files were reviewed. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning EFA'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 EFA of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination (FPRD) letter.

### **C. Findings**

During the review, several areas of noncompliance were noted. The findings of noncompliance are referenced to the applicable statutes and regulations and specific actions to be taken by EFA to bring operations of the financial aid programs into compliance with the statutes and regulations.

#### **Finding 1. Incorrect Return to Title IV Calculation/ Inadequate Policy**

**Citation:** Federal regulations state that when a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in the Federal regulations outlined in 34 C.F.R. §668.22. Specifically, federal regulations require an institution to calculate and return Title IV refunds no later than 45 days after the date of determination that the student withdrew. *34 C.F.R. §668.22(j)*

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records. *2012-2013 Federal Student Aid Handbook, Volume 5, Chapter 1. DCL GEN-04-03. DCL GEN-04-12*

For a student who ceases attendance at an institution that is required to take attendance, including a student who does not return from an approved leave of absence, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date and maintain the documentation as of the date of the institution's determination that the student withdrew. *34 C.F.R. §668.22(b)*

The percentage of Title IV aid earned by the student is equal to the percentage of the period completed by the student's withdrawal date if this date occurs on or before the 60 percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program that is measured in clock hours; or 100 percent, if the student's withdrawal date occurs after 60 percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. *34 C.F.R. §668.22(e)(2)*

**Noncompliance:** In three instances, EFA improperly performed Return to Title IV (Return) calculations.

**Student #3:** The student began attendance at EFA April 30, 2013 and was enrolled in the Esthetics program. The last documented date of attendance was June 27, 2013. The student was scheduled to complete 184 hours of instructional time, or 40.9% of the Title IV, HEA funds awarded. EFA calculated the Return based on the student being scheduled to complete 188 hours of instructional time. This resulted in the institution being required to return \$2,779 in Federal Direct Unsubsidized Loan Funds. Due to the incorrect calculation, the institution returned \$2,737 to the Federal Direct Loan account August 5, 2013.

**Student #33:** Student began attendance at EFA February 21, 2012 and was enrolled in the Esthetics program. The student's last documented date of attendance was November 10, 2012. The student was scheduled to complete 394 hours of instructional time, or 87.6%, and earned 100% of the Title IV, HEA funds awarded. EFA calculated the Return based on the student being scheduled to complete 397 hours of instructional time. Consequently, the calculation is incorrect. However, this change would not result in a different calculation of Title IV, HEA funds the student earned.

**Student #34:** Student began attendance at EFA September 4, 2012 and was enrolled in the Cosmetology program. The last documented date of attendance was March 23, 2013 when the student was in her third payment period. The student was scheduled to complete 396 hours of instructional time, or 100%, and earned 100% of the Title IV, HEA funds awarded. EFA calculated the Return based on the student being scheduled to complete 277 hours of instructional time. Consequently, the calculation is incorrect. However, this change would not result in a different calculation of Title IV, HEA funds the student earned.

Furthermore, EFA does not have an adequate Return policy or procedure in place regarding the specified time frame in which to return aid. Additionally, the consumer information disclosed to students in the institution's catalog regarding Returns failed to include an estimate of the amount of aid the student may earn and an estimate of the amount of aid the student may have to return, and a statement that federal funds may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.

**Required Action:** In response to this finding, EFA must provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2012-2013 and 2013-2014 award years. The institution must identify, review, and report on the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed for each of the two award years. For Returns that are found to be improperly calculated and Returns that should have been calculated but were not, EFA must perform a correct calculation or recalculation.

The materials the institution must submit include:

- (1) A spreadsheet for EFA that contains, for each Title IV, HEA recipient who officially or unofficially withdrew, the following information:
  - (a) Award Year
  - (b) Student's name;
  - (c) Last four digits of student's SSN number;
  - (d) Student's last date of attendance;
  - (e) Student's withdrawal date;
  - (f) The date that EFA determined that the student withdrew;
  - (g) The date the original Return was calculated;
  - (h) The amount of Title IV, HEA funds returned, if applicable (organized by Title IV, HEA program);
  - (i) The date(s) the Return(s) were made (organized by Title IV, HEA program);
  - (j) Amount of post-withdrawal disbursement (PWD), if applicable;
  - (k) Title IV, HEA program from which PWD was made;
  - (l) Date PWD was paid;
  - (m) Date of corrected Return to Title IV Funds calculation, if applicable;
  - (n) Corrected amount of Return, if applicable;
  - (o) Title IV, HEA program to which corrected Return(s) was made;
  - (p) Date of Corrected Return;
  - (q) Amount of Correct PWD, if applicable;
  - (r) Title IV, HEA program from which PWD was made;
  - (s) Date corrected PWD was paid.

The spreadsheet should be organized first by school location, then by award year, and then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in electronic format;

- (2) A copy of the complete original Return of Title IV Funds calculation worksheet for each Title IV, HEA recipient who withdrew during the 2011-2012 and 2012-2013 award years (EFA must identify calculations that were first performed as a result of the PRR);
- (3) If applicable, a copy of the complete corrected Return of Title IV Funds calculation;
- (4) A copy of all pertinent student account cards for the Returns identified above. The account card should reflect the disbursements included in the Return calculation as well as the return of the Title IV, HEA funds, if applicable;
- (5) Legible copies of all audit trail documentation (i.e. wire transfer records on bank statements, institutional drawdown and refund reports, screen prints of Common Origination and Disbursement [COD] screens with pertinent detail information) to support the return of the funds to the Title IV, HEA accounts. The documentation must clearly identify the amount of the Return for the individual in question. If a

Return was repaid to the Title IV, HEA programs by check, then a legible copy of the cancelled check, front and back, must be submitted;

- (6) Copies of all pertinent attendance records supporting EFA's determination of the student's last date of attendance.
- (7) In cases where a post-withdrawal disbursement was calculated, copies of all supporting documentation establishing the post-withdrawal disbursement was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is available, EFA must provide documentation indicating that the student, or parent in the case of a PLUS loan, was notified that a post-withdrawal disbursement was made on their behalf, the amount of the disbursement, and the date that it occurred;
- (8) In the case of unearned aid that is required to be returned by a student, copies of all supporting documentation establishing that EFA contacted the student and made appropriate repayment arrangements, as outlined in Federal regulations.

The Return to Title IV Funds spreadsheets discussed above should be compiled in an Excel spreadsheet program and submitted in electronic format in the following manner:

Award year	Student	SSN	Last date of attendance	With-drawal date	Date of determination	Date of Return Original calculation	Amount of return, if applicable	Title IV program	Date of Original Return
2012/13	***	***	6/20/12	6/20/12	6/24/12	6/24/12	\$2,000	DL Unsub	7/6/12
	.. ..	..	.. ..	.. ..	.. ..	.. ..	\$1,356	DL Sub	7/6/12
	.. ..	..	.. ..	.. ..	.. ..	.. ..	\$312	Pell	7/4/12

Amount of PWD, if applicable	PWD program	Date PWD Paid	Date of Corrected Return calculation, if applicable	Corrected Amount of return, if applicable	Title IV program	Date of Corrected Return	Amount of PWD, if applicable	PWD program	Date PWD Paid
.. ..	.. ..	.. ..	6/24/12	\$2,000	DL Unsub	7/6/12	.. ..	.. ..	.. ..
.. ..	.. ..	.. ..	.. ..	\$1,356	DL Sub	7/6/12	.. ..	.. ..	.. ..
.. ..	.. ..	.. ..	.. ..	\$517	Pell	6/7/12	.. ..	.. ..	.. ..

Additionally, EFA must review and revise its internal policies and procedures to ensure that Return calculations are performed correctly in the future and all consumer information is presented to students regarding withdrawing and Returns. A copy of these procedures must accompany EFA's response to this report.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

EFA is reminded that hard copy files containing PII must be safeguarded as described in the enclosure to the cover letter of this report..

## **Finding 2. Ineligible Disbursement of Title IV, HEA Funds**

**Citation:** Federal regulations state that a student is eligible to receive a Federal Direct Subsidized Loan, a Federal Direct Unsubsidized Loan, or PLUS loan, if the student meets the following requirements:

- (1) The student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Federal Direct Loan Program.
- (2) The student meets the requirements for an eligible student required by general provisions regulations.
- (3) In the case of an undergraduate student who seeks a Direct Subsidized Loan or a Direct Unsubsidized Loan at a school that participates in the Federal Pell Grant eligibility for the period of enrollment for which the loan is sought. *34 C.F.R. §685.200*

An otherwise eligible student becomes ineligible to receive Federal Direct Loan program funds on the date that the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended. A student who becomes ineligible can qualify for a late disbursement if, before the date the student became ineligible, the Secretary processed an ISIR with an official expected family contribution, and the institution originated the loan. *34 C.F.R. § 668.164*

**Noncompliance:** In two instances, EFA disbursed Title IV, HEA funds to students who were ineligible to receive it.

**Student #2:** This student graduated from EFA March 30, 2013. He received two Federal Direct Unsubsidized Loan disbursements on April 2, 2013 for \$331 and \$330, respectively. The institution further disbursed the Federal Direct Unsubsidized loan in the amount of \$113 on May 6, 2013, according to the student's ledger. The school did not originate these loans until April 2, 2013, 3 days after the student's last day of attendance.

**Student #23:** EFA's verification policy states "the verification process must be completed before financial aid can be disbursed to the student account," *EFA Policies and Procedures, page 9*. The student began attendance July 9, 2012 and was selected for verification on the student's first ISIR transaction received January 31, 2012. The student's ledger reflects: the first disbursement of \$2,775 in Federal Pell Grant funds was disbursed August 8, 2012; \$1,733 in Direct Subsidized Loan and \$1,813 in Direct Unsubsidized Loan funds was disbursed August 20, 2012. The student received a second disbursement of aid as follows: \$1,733 in Direct Subsidized Loan funds and \$1,811 in Unsubsidized Loan funds October 23, 2012; \$2,775 in Federal Pell Grant funds was disbursed on October 24, 2012. Verification was not completed for the 2012-2013 award

year until March 6, 2013. Therefore, the first and second disbursements of both Direct Loans funds and Federal Pell Grant funds were early and therefore ineligible.

**Required Action:** EFA is required to update its disbursement procedures to ensure students do not receive Direct Loan disbursements who are no longer enrolled unless the late disbursement provision of 34 C.F.R. § 668.164 applies. In addition, EFA must provide written assurances that verification will be completed prior to the disbursement of any aid, as per EFA's written policy.

EFA must submit a copy of the updated procedures with its response to this report. The repayment of any liability will be established in the Final Program Review Determination report.

### **Finding 3. Incorrect Professional Judgment**

**Citation:** Although the Expected Family Contribution (EFC) is defined by law, a financial aid administrator can make individual adjustments, based on his or her professional judgment, to adjust the data elements used to calculate a student's EFC—including a student or parent's adjusted gross income. Such adjustments must be made on a case-by-case basis and the reasons for the adjustment must be documented in the student's file. Generally the documentation of unusual circumstances should include corroborating information from a third party, when a third party with knowledge of the circumstances can be identified. In cases where third party corroboration is not readily available, an institution can accept a signed and dated statement from the student detailing the unusual circumstances. An institution is accountable for all professional judgment decisions and for fully documenting each decision. *2012-2013 Federal Student Aid Handbook, Application and Verification Guide, Chapter 5, pages 99-100*

A professional judgment decision must be based on conditions that differentiate an individual student, rather than conditions that exist for a whole class of students. Examples of special circumstances include elementary or secondary school tuition, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in the family's income or assets. Use of professional judgment is neither limited to nor required for the situations mentioned. *Higher Education Act of 1965, Section 479A; 2012-2013 Federal Student Aid Handbook, Application and Verification Guide, Chapter 5, pages 99-101*

**Noncompliance:** EFA failed to adequately document the professional judgment performed to adjust the student's EFC in one instance.

**Student #6:** Student began attendance at EFA April 23, 2012. Documentation in the student's file indicates EFA performed a professional judgment to adjust the student's income for the 2011-2012 award year. The institution collected a letter from the student's

employer stating he had been terminated from employment effective February 15, 2012, and therefore only utilized the student's spouse's income to calculate the EFC.

EFA processed an additional professional judgment for the 2012-2013 award year. The student's second ISIR transaction was received October 23, 2012 and indicated the student utilized the IRS Data Retrieval Service, thus the adjusted gross income (AGI) for both the student and the student's spouse had been verified. However, when processing the professional judgment for 2012-2013, the institution failed to collect additional documentation to substantiate the figures used as the student's new AGI or the spouse's Income Earned from Work.

**Required Action:** In response to this report, EFA must collect documentation to substantiate the professional judgment for the above-referenced student by obtaining the documentation necessary to complete the process. If the resolution of the issue involves changes to the student's income, EFA must attempt to collect the required documentation and recalculate the student's Title IV, HEA eligibility accordingly. If EFA is unable to properly complete the process for the student, the institution may be held liable for all Title IV aid disbursed to the students in the relevant award year. Additionally, EFA must provide written assurances that its policies and procedures will be followed when completing professional judgments in the future, and that all required documentation will be collected.

#### **Finding 4. Unmade or Late NSLDS Enrollment Reporting**

**Citation:** Federal regulations state that a school shall—

- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Unsubsidized, or PLUS Loan, or a has been made to or on behalf of a student who—
  - (a) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
  - (b) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
  - (c) Has changed his or her permanent address.
- (3) The Secretary provides student status confirmation reports to a school at least semi-annually.
- (4) The Secretary may provide the student status confirmation report in either paper or electronic format. *34 C.F.R. § 685.309*

The Secretary provides student status confirmation reports to a school at least semi-annually. At scheduled times during the year, not less than semiannually, NSLDS sends

Roster files electronically to the institution (or its designated servicer) through its SAIG mailbox. The file includes all of the institution's students who are identified in NSLDS as Stafford borrowers (or the beneficiaries of a PLUS loan). The file is not necessarily connected to loans made at the institution—the institution must also report information for students who received some or all of their FSA loans at other schools but are currently attending the reporting institution.

The institution (or servicer) must certify the information and return the Roster file within 30 days of receiving it. The institution may also go to [www.nsldsfa.gov](http://www.nsldsfa.gov) and update information for students online. The institution is required to report changes in the student's enrollment status, the effective date of the status and an anticipated completion date. Changes in enrollment to less than half time, graduated, or withdrawn must be reported within 30 days. However, if a Roster file is expected within 60 days, the institution may provide the data on that roster file. *2012-2013 Federal Student Aid Handbook, Volume 2, Chapter 3*

Student enrollment information is extremely important, because it is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out of school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. *2012-2013 Federal Student Aid Handbook, Volume 2, Chapter 3*

**Noncompliance:** EFA failed to report student enrollment statuses to NSLDS in a timely manner for **Students #13, and #15**. EFA failed to report changes in attendance status and withdraw dates for students that ceased attendance within 60 days in these examples.

**Required Action:** EFA must review the enrollment status of the above-mentioned students and either verify that the enrollment status with NSLDS is current, or update the enrollment status to bring it current. EFA also is required to review its procedures for reporting enrollment status changes to NSLDS to ensure accurate and timely reporting and, as necessary, revise them. The NSLDS reporting procedures should accompany EFA's response to this report.

#### **Finding 5. Inaccurate Reporting of Disbursement Dates to the Common Origination and Disbursement (COD) System**

**Citation:** An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with:

- 1) Funds received from the Secretary; or
- 2) Institutional funds used in advance of receiving Title IV, HEA program funds.  
*34 C.F.R. § 668.164(a)*

A school participating in the Direct Loan Program shall ensure that any information it provides to the Secretary in connection with loan origination is complete and accurate. A school shall originate a Direct Loan while the student meets the borrower eligibility requirements of 34 C.F.R § 685.200. A school shall provide to the Secretary borrower information that includes but is not limited to:

- 1) The borrower's eligibility for a loan, as determined in accordance with 34 C.F.R § 685.200 and 34 C.F.R § 685.203;
- 2) The student's loan amount; and
- 3) The anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. 34 C.F.R § 685.301(a)

34 C.F.R. § 690.83 require institutions to submit a student's payment data (including disbursement dates) to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit Federal Pell Grant and/or Direct Loan disbursement records to the COD system no later than 15 days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement information. The disbursement date to be reported to COD is the date that the institution credits funds to a student's account or pays funds to a student or parent directly. *COD Technical Reference, 2010-2011, Volume 2.*

*Federal Register Volume 78, Number 40, February 28, 2013* changed the number of days to submit records from 30 to 15 for the 2012-2013 award year. Federal Student Aid notified the community via an Electronic Announcement on the Information for Financial Aid Professionals website on March 15, 2013.

**Noncompliance:** EFA did not accurately report disbursement dates to COD. The following chart illustrates a sample of the difference between the dates that Title IV, HEA funds were disbursed to five student accounts as recorded on the student's account card versus the disbursement dates reported to COD:

Student Number	Program	Net Amount	COD Disbursement Date	Student Account Disbursement Date
#2	Federal Pell Grant	\$2,775	10/19/2012	10/24/2012
#6	Federal Pell Grant	\$1,136	01/11/2013	01/16/2013
#10	Direct Unsubsidized Loan	\$1,733	09/14/2012	09/20/2012
#14	Direct Subsidized Loan	\$1,733	10/16/2012	10/19/2012
#23	Federal Pell Grant	\$1,300	07/09/2012	08/08/2012

**Required Action:** EFA must revise its COD reporting procedures to ensure that the institution accurately reports to COD the date that the institution disburses Title IV, HEA funds to each student's account. A copy of these procedures must accompany EFA's response to this report.

### **Finding 6. Incorrect Proration of Federal Direct Loans**

**Citation:** In the case of an undergraduate student who has successfully completed the first year of a program but has not successfully completed the second year, and the remaining portion of the program of study is less than a full academic year, the scheduled annual loan limit for the student's grade level is multiplied by the lesser of the two following fractions to determine the prorated loan limit:

$$\frac{\text{Number of weeks in program}}{\text{Number of weeks in academic year}}$$

vs.

$$\frac{\text{Number of clock hours in a program}}{\text{Number of clock hours in academic year}}$$

*34 C.F.R. §685.203*

**Noncompliance:** Documentation provided by EFA indicated the institution had been systemically performing incorrect proration calculations for the remainder of the Esthetics program for all students. EFA utilized the proration of 12 weeks/26 weeks versus 100 clock hours/ 900 clock hours for students in their second academic year of the Esthetics program. The correct proration for the week comparison is 3.5 weeks/26 weeks, as defined by the institution's academic year. However, EFA's incorrect week proration did not result in changes to student awards because the institution had utilized the proration of 100 clock hours/ 900 clock when calculating funds. EFA staff and its third party servicer concurred with the program review team and has since updated the proration formula.

**Required Action:** EFA corrected this discrepancy during the onsite portion of the review. EFA must devise and implement internal policies and procedures to ensure that the institution properly prorates Federal Pell Grant and Federal Direct Loans for students enrolled in a final period of study that is less than a full academic year in the future. A copy of these procedures must accompany EFA's response to this report.

**Finding 7. Direct Loan Eligibility Not Documented/Failure to Maintain Documentation**

**Citation:** Federal regulations state that a student is eligible to receive a Federal Direct Subsidized Loan, a Federal Direct Unsubsidized Loan, or PLUS loan, if the student meets the following requirements:

- (4) The student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Federal Direct Loan Program.
- (5) The student meets the requirements for an eligible student required by general provisions regulations.
- (6) In the case of an undergraduate student who seeks a Direct Subsidized Loan or a Direct Unsubsidized Loan at a school that participates in the Federal Pell Grant eligibility for the period of enrollment for which the loan is sought. *34 C.F.R. §685.200*

The school must provide the Department borrower information that includes but is not limited to the borrower's eligibility for a loan in accordance with student eligibility requirements and Direct Loan Program limits; the anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. *34 C.F.R. §685.301(a)(2)*

In addition, an institution must maintain application data submitted to the Department by the institution on behalf of the student or parent; documentation of each student's or parent borrower's eligibility for Title IV, HEA program funds; documentation relating to each student's or parent borrower's receipt of Title IV, HEA program funds, including but not limited to documentation of the amount of the loan, its payment period; its loan period, if appropriate; and the calculations used to determine the amount of the loan. *34 C.F.R. §§668.24(c)(1)(ii), (iii), and(iv)(A)*

**Noncompliance:** In two instances, EFA could not produce the necessary documentation relating to each student's or parent borrower's eligibility for Title IV, HEA funds. Specifically, EFA failed to require Federal Direct PLUS Loan borrower's to fully complete the Federal Direct PLUS Loan consent to credit check form. Subsequently, the borrowers were not fully informed before the credit check was performed. In addition, Federal Direct PLUS Loans processed 90 days or more after the credit check was performed have a higher risk of adverse credit due to the increased timeframe; therefore, increasing risks associated with repayment.

**Student #11:** The Federal Direct PLUS Loan consent to credit check form does not list an amount requested for 2011-2012 or 2012-2013 academic years. The form was signed by the parent November 13, 2012, and the credit check was performed November 15, 2012. However, the Federal Direct PLUS Loan was originated in COD on March 21, 2013. 126 days after the credit check was performed.

**Student #27:** The student's file did not include a signed Federal Direct PLUS Loan consent to credit check form. Additionally, per COD the credit check was performed October 4, 2012 and the loan was originated January 3, 2013. 91 days after the credit check was performed.

**Required Action:** EFA must submit with its response to this report, policies and procedures that ensure all required documents to substantiate a student or parent's eligibility. Specifically, all Title IV, HEA recipients are to be informed, prior to credit check being performed, of all Federal Direct PLUS Loan details.

### **Finding 8. Consumer Information**

**Citation:** The Higher Education Act of 1965 (HEA), as amended by the Higher Education Opportunity Act of 2008 (HEOA), includes many disclosure and reporting requirements. A disclosure requirement is information that a postsecondary education institution is required to distribute or make available to another party, such as students or employees. Additionally, the Code of Federal Regulations outlines required consumer disclosures in multiple areas, including 34 C.F.R. § 668 and others.

#### **Disaggregated Completion/Graduation Rates:**

The HEOA (Sec. 488(a)(3)) added a provision requiring that the completion or graduation rates must be disaggregated by

- gender;
- major racial and ethnic subgroup (as defined in IPEDS);
- recipients of a Federal Pell Grant;
- recipients of a subsidized Stafford Loan who did not receive a Pell Grant; and
- students who did not receive either a Pell Grant or a subsidized Stafford Loan.

Students are to be considered to have received a grant or loan if they received it for the period used for determining the cohort fall term or full year.

*HEOA Sec. 488(a)(2): amended HEA Sec. 485(a); New HEA Sec. 485(a)(4); HEOA Sec. 488(a)(3): amended HEA Sec. 485(a); New HEA Sec. 485(a)(7); 34 C.F.R. §668.41(a)-(d); 34 C.F.R. §668.45; 34 C.F.R. §668.8(b)(1)(ii)*

#### **National Student Loan Data System**

All institutions participating in Title IV, HEA loan programs are required to inform student or parent borrowers that loans will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and institutions determined to be authorized users of the data system.

*HEOA Sec. 489 amended HEA Sec. 485B(d)(4)*

**Availability of GED Program**

All institutions participating in the Title IV, HEA programs are required to disclose the availability of a GED program, if the institution admits students who do not have a high school diploma or equivalent.

*34 C.F.R. §668.14(b)(13)*

**Noncompliance:** EFA failed to disclose information in three areas required by regulation, including:

- Disaggregated Completion/Graduation Rates;
- National Student Loan Data System;
- Availability of GED program.
- 

**Required Action:** EFA must immediately make missing information available to students and employees. A written explanation of the online updates along with a copy of EFA's revised policies and procedures should accompany its response to this report.

#### **D. Recommendations**

The following are recommendation based upon observations made by the review team during the program review. EFA is not required to provide a response to, nor is EFA required to act upon, these recommendations. However, the review team believes that adoption of these recommendations will assist the institution in its administration of Title IV, HEA program funds.

- 1) Upon review of student files, it appeared that in several instances Title IV, HEA funds awarded in the student's first academic year were used to pay for charges incurred in the student's second award year. EFA officials were able to explain that there was no violation even though the account card could not clearly illustrate this. EFA should develop a clear student ledger reporting system so that it does not appear the institution is holding Title IV, HEA funds from the first academic year to pay for second academic year charges.
- 2) EFA distributes two award letters to all students that receive financial aid assistance. In most cases the award amounts for Federal Direct Loans do not match on these award letters. Due to the process EFA follows, it appears that full loan amount is being originated in COD, but not being fully disbursed. This action appears like a line of credit for these students. Students are being disbursed generally to direct costs. While EFA was able to explain how the institution counsels students it does have the appearance of limiting student's borrowing. Furthermore, when a student requests the additional loan amounts for which he or she is eligible it leads to unequal loan disbursements. The Department recommends EFA revises its awarding policy so there is no question what aid a student is eligible to receive or will be disbursed. Furthermore, a new loan should be originated if the student chooses to take out more monies.