

Prepared for  
Heritage Institute



START HERE  
GO FURTHER.  
FEDERAL STUDENT AID

OPE ID 03035800  
PRCN 201140427676

Prepared by  
U S Department of Education  
Federal Student Aid  
School Participation Team -- Atlanta

# Final Program Review Determination

January 25, 2012

U S Department of Education  
61 Forsyth Street Room 18T40  
Atlanta GA 30303

## Table of Contents

	Page
A Institutional Information	3
B Scope of Review	4
C Findings and Final Determinations	4
Resolved Finding	4
Finding 1 Incorrect Return to Title IV Aid Calculation	
Finding with Final Determinations	
Finding 2 Improper/Undocumented Professional Judgment	
D Summary of Liabilities	7
E Payment Instructions	8
F Appendices	
Appendix A Student Level Detail	
Appendix B HI s Written Response to the Program Review Report	
Appendix C Program Review Report dated November 9, 2011	
Appendix D Estimated Actual Loss Worksheet	
Appendix E Cost of Funds Worksheet	

**A Institutional Information**

Sonnie Willingham, Director  
Heritage Institute  
4130 Salisbury Road Suite 1100  
Jacksonville, FL 32216

Type Proprietary

Highest Level of Offering One year non degree

Accrediting Agency Accrediting Bureau of Health Education Schools

Current Student Enrollment 205 (2011/2012)

% of Students Receiving Title IV 85%

Title IV Participation Common Origination & Disbursement

2010/2011

Title IV Program	Amount Disbursed
Federal Pell Grant	\$1,586,332
William D Ford Federal Direct Loan Program – Unsub	\$1,777,241
William D Ford Federal Direct Loan Program- Sub	\$1,306,772
Parent Loan Unsubsidized (PLUS)	\$ 54,369

Default Rate FFEL/DL	2009 - 16.5%
	2008 - 10.7%
	2007 - 8.9%

There are no Federal Perkins default rates for Heritage Institute

## **B Scope of Review**

The U S Department of Education (the Department) conducted an on/off site program review at Heritage Institute (HI) from September 13, 2011 until October 3, 2011. The review was conducted by Jon Finkelstein and Jean Kelly.

A sample of 15 files was identified for review from the 2010/2011 award year. Appendix A lists the names and 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 HI'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 HI 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 Finding**

*HI has taken the corrective actions necessary to resolve finding 1 of the program review report. Therefore, this finding may be considered closed. However, Finding 2 requires further action by HI and is discussed below. Refer to Appendix B.*

### **Findings with Final Determinations**

The program review report finding requiring further action is summarized below. At the conclusion of this finding is a summary of HI's response to the finding and the Department's final determination for that finding. A copy of the program review report issued on November 9, 2011 is attached as Appendix C.

*Note: Any additional costs to the Department including interest, special allowances, cost of funds, unearned administrative cost allowance, etc. is included in finding 2 and in the summary of liabilities table on page 7 of this report.*

### **Finding 2 Improper/Undocumented Professional Judgment**

*Citation: The Higher Education Act of 1965, as amended, part F, Section 479 (a) allows a financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow*

*for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in a family's income, a family's assets, or a student's status. Special circumstances are conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students.*

*Additionally, 34 C.F.R. § 668.16 (f) states that to begin and continue to participate in any Title IV HEA program, an institution must demonstrate to the Secretary that it develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV HEA programs.*

*Noncompliance: During the course of the review, we identified that school officials used professional judgment to change the adjusted gross income from \$27,221 to \$10,000 for student #15 without documentation. It appears this student became unemployed during the 2010/2011 award year but no documentation was in the file to support the new earnings.*

### **Required Action**

*School officials must provide documentation to support the change in adjusted gross income (tax return, pay stubs, etc) for student 15. If documentation is not provided, HI will be responsible for returning \$7,400 in Federal Pell Grants, \$4,180 in DL Unsubsidized and \$3,500 in DL Subsidized loan funds.*

### **HI's Response Appendix B**

HI school officials stated in their December 5, 2011 letter that the 1040A 2010 tax return for student 15 is sufficient to change the income from \$27,221 to \$7,618.

### **Final Determination**

The 1040A tax return alone is not sufficient documentation to use professional judgment in changing the original adjusted gross income of \$27,221 to \$7,618 for student #15. HI should have provided a letter from a former employer stating the student lost his/her job, or notification of dismissal from the unemployment office. As a result, HI will be responsible for returning \$7,400 in Federal Pell Grants and paying \$1,581 to the Federal Direct Loan program for ineligible loans.

Note that the amount of \$1 581 was derived after using an estimated actual loss formula. The estimated actual loss formula was developed to provide the Department with an estimate of its costs or potential costs as a result of institutions disbursing ineligible loans. The formula calculates the interest and special interest on the amount of ineligible loan principal. A copy of the results of that calculation is included as Appendix D.

In addition, the Department incurs a cost when it makes funds available for an institution because those funds are borrowed from the U.S. Department of Treasury and interest is charged of the Department on those funds. The costs for this finding are \$64. Refer to Appendix E.

Repayment for the liabilities totaling \$ 9,045 is addressed on page 8 of this letter.

**D Summary of Liabilities**

**Established Liabilities – Duplicate Liabilities Removed**

<b>Initial Liabilities</b>	<b>Pell (Closed Award Year)</b>	<b>FWS</b>	<b>TEACH</b>	<b>DL / FFEL</b>	<b>Perkins</b>	<b>EALF DL</b>	<b>EALF FFEL</b>	
Finding 2	\$7 400							
<b>Subtotal 1</b>	\$7 400	\$	\$	\$	\$	\$1 581		
Interest/SA	\$64							
ACA								
<b>Subtotal 2</b>	\$7 464	\$	\$	\$	\$			
<b>TOTAL (add subtotal 1 + 2)</b>	\$7 464	\$	\$	\$	\$	\$1 581		
<b>Payable To</b>								<b>Totals</b>
Department	\$7 464					\$1 581	LD	\$9 045 00
Students								\$
Lenders								\$
Inst Accounts								\$
<b>COD Adjustments</b>	<b>Pell Current Year</b>							
Current Year	(note 2)							

## **E Payment Instructions**

### **I Liabilities Owed to the Department**

HI owes to the Department \$9,045 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 GAPS/G5 will not be accepted as payment of this liability**

The following identification data must be provided with the payment

Amount	\$9,045
DUNS	006195254
TIN	841499709
PRCN	201140427676

### **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 HI 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 HI'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 6111

Washington, DC 20202 4461  
Attn Renu Kapur

If within 45 days of the date of this letter, HI 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 HI from the Federal Government. HI may object to the collection by offset only by challenging the existence or amount of the debt. To challenge the debt, HI 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.

Final Program Review Determination  
PRCN 201140427676

## Appendix A

### Student Appendix

Heritage Institute Appendix A

Student Listing 2010/2011 Award Year

Name

SSN

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

## PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. 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).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender)

PII data cannot be sent via fax.

Final Program Review Determination  
PRCN # 201140427676

Appendix B

HI's Response to the November 9, 2011  
Program Review Report



# HERITAGE COLLEGE.

*Careers for lifelong fulfillment*

December 5 2011

Christopher Miller Team Leader  
Federal Student Aid School Participation Team  
61 Forsyth Street Room 18T40  
Atlanta GA 30303

RE: Program Review Response  
OPE ID 03035800  
Heritage Institute Jacksonville FL

Dear Mr Miller

We received the Program Review Report dated November 9 2011. The response to each finding identified in this review is enclosed along with supporting documentation.

We appreciate this opportunity to respond. If you should have any questions please let us know.

Sincerely

Richard Shepard  
President

Enc  
Responses  
Exhibit 1  
Exhibit 2  
Exhibit 3

**Finding 1      Incorrect Return to Title IV (R2T4) Calculation**

Citation 34 C F R 668.22 General Provisions require refunds made under the R2T4 provisions be returned within 30 days of a student's official withdrawal date and clear the bank within 45 days of the student's official withdrawal date to be considered timely

**Noncompliance**

The R2T4 calculation was incorrect for student #2 because school officials used the incorrect number of days in the calculation. For instance, HI used the number of days in the enrollment period instead of the payment period in Step 2 of the calculation. As a result, the student earned 82.5% of the Title IV aid received and no refund was due. If the school used the correct number of days in the payment period (as opposed to the enrollment period) the student might have been due a refund. For instance, the student withdrew during the second payment period on November 16, 2010. If the correct number of days were used in the calculation, the student might have been due a refund.

**Required Action**

HI officials must perform a new R2T4 calculation for student #2 and provide a copy of the calculation to this office for review. If a refund is due, repayment of liabilities will be addressed in the final program review determination letter.

**Heritage Institute Response to Finding 1**

Student #2 withdrew from a nonterm credit hour program. Per 34 C F R 668.4 (b) Payment periods for an eligible program that measures progress in credit hours and does not have academic terms (2) for a student enrolled in an eligible program that is more than one academic year in length (i) for the first academic year and any subsequent full academic year (A) the first payment period is the period of time in which the student completes **half the number of credit hours** in the academic year and half the number of weeks in the academic year and (B) the second payment period is the period of time in which the student completes the academic year.

The dates used in Step 2 are reflective of the entire 1<sup>st</sup> payment period (Exhibit 1). HI's definition of an academic year is 36 weeks and 36 credits. At the time of withdraw, student #2 had been enrolled 30 weeks but had only successfully completed 12 credits, thereby not completing enough credits to be eligible to enter the 2<sup>nd</sup> payment period (Exhibit 2). According to class scheduling and the fact that student #2 still needed 6 of the required 18 credits to successfully complete the payment period when he withdrew, the earliest he would have been able to achieve the credit requirement would have been 1/14/11.

## **Finding 2 Improper/Undocumented Professional Judgment**

Citation The Higher Education Act of 1965 as amended part F section 479(a) allows a financial aid administrator on the basis of adequate documentation to make adjustments on a case by case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school medical or dental expenses not covered by insurance unusually high child care costs recent unemployment of a family member or other changes in a family's income a family's assets or a student's status. Special circumstances are conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for adjustments shall substantiate such special circumstances of individual students.

Additionally 34 C.F.R. § 668.16(f) states that to begin and continue to participate in any Title IV HEA program an institution must demonstrate to the Secretary that it develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV HEA programs.

Noncompliance During the course of the review we identified that school officials used professional judgment to change the adjusted gross income from \$27,221 to \$10,000 for student #15 without documentation. It appears this student became unemployed during the 2010/2011 award year but no documentation was in the file to support the new earnings.

Required Action School officials must provide documentation to support the change in adjusted gross income (tax return pay stubs etc) for student 15. If documentation is not provided HI will be responsible for returning \$7,400 in Federal Pell Grants \$4,180 in DL Unsubsidized and \$3,500 in DL Subsidized loan funds.

### **Heritage Institute Response to Finding 2**

The 1040A 2010 tax return for student #15 is provided as requested demonstrating the student's income of \$7,618 (Exhibit 3).

Form 1040A U S Individual Income Tax Return (99) 2010

IRS Use Only - Do not write or type in this space

Name Address and SSN

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

See separate instructions

Presidential Election Campaign

Check here if you or your spouse if filing jointly want \$3 to go to this fund (see instructions) You Spouse

Filing status

- 1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately Enter spouse's SSN above and full name here
4 Head of household (with qualifying person) (See instructions) If the qualifying person is a child but not your dependent, enter this child's name here
5 Qualifying widow(er) with dependent child (see instructions)

Check only if you are a dependent

Exemptions

6 a X Yourself If someone can claim you as a dependent do not check box 6a

b Spouse

c Dependents

If more than one dependent see instructions

Table with columns: (1) First name Last name, (2) Dependent's social security number, (3) Dependent's relationship to you, (4) Child under age 17 for child tax credit (see instructions), and a section for 'If child on 6c with you'.

d Total number of exemptions claimed

Add on line 6b 1

Income

Attach Form(s) W 2 here Also attach Form(s) 1099 R if tax was withheld

Table listing income sources: 7 Wages salaries tips etc Attach Form(s) W 2; 8 a Taxable interest Attach Schedule B if required; 9 a Ordinary dividends Attach Schedule B if required; 10 Capital gain distributions (see instructions); 11 a IRA distributions; 11 b Taxable amount; 12 a Pensions and annuities; 12 b Taxable amount; 13 Unemployment compensation and Alaska Permanent Fund dividends (see instructions); 14 a Social security benefits; 14 b Taxable amount; 15 Add lines 7 through 14b (far right column) This is your total income.

If you did not get a W 2 see instructions

Be close but do not attach a payment Also please use Form 1040 v

Adjusted gross income

Table listing adjustments: 16 Educator expenses (see instructions); 17 IRA deduction (see instructions); 18 Student loan interest deduction (see instructions); 19 Tuition and fees Attach Form 8917; 20 Add lines 16 through 19 These are your total adjustments; 21 Subtract line 20 from line 15 This is your adjusted gross income.

BAA For Disclosure Privacy Act and Paperwork Reduction Act Notice see separate instructions

Form 1040A (2010)

Tax credits and payments

22 Enter the amount from line 21 (adjusted gross income) 22 7 618

23 a Check  You were born before January 2 1946  Blind } Total boxes checked 23 a  
 if  Spouse was born before January 2 1946  Blind } 23 b

b If you are married filing separately and your spouse itemizes deductions see instructions and check here 23 b

24 Enter your standard deduction (see instructions) 24 5 700

25 Subtract line 24 from line 22 If line 24 is more than line 22 enter 0 25 1 918

26 Exemptions Multiply \$3 650 by the number on line 6d 26 3 650

27 Subtract line 26 from line 25 If line 26 is more than line 25 enter 0 This is your taxable income 27 0

28 Tax including any alternative minimum tax (see instructions) 28 0

29 Credit for child and dependent care expenses Attach Form 2441 29

30 Credit for the elderly or the disabled Attach Schedule R 30

31 Education credits from Form 8863 line 23 31 0

32 Retirement savings contributions credit Attach Form 8880 32

33 Child tax credit (see instructions) 33

34 Add lines 29 through 33 These are your total credits 34 0

35 Subtract line 34 from line 28 If line 34 is more than line 28 enter 0 35 0

36 Advance earned income credit payments from Form(s) W 2 box 9 36

37 Add lines 35 and 36 This is your total tax 37 0

38 Federal income tax withheld from Forms W 2 and 1099 38 901

39 2010 estimated tax payments and amount applied from 2009 return 39

40 Making work pay credit Attach Schedule M 40 400

41 a Earned income credit (EIC) 41 a 446  
 b Nontaxable combat pay election 41 b

42 Additional child tax credit Attach Form 8812 42

43 American opportunity credit from Form 8863 line 14 43 1 000

If you have a qualifying child attach Schedule EIC

Refund

44 Add lines 38 39 40 41a 42 and 43 These are your total payments 44 2 747

45 If line 44 is more than line 37 subtract line 37 from line 44 This is the amount you overpaid 45 2 747

46 a Amount of line 45 you want refunded to you If Form 8888 is attached check here 46 a 2 747  
 Direct deposit? See instructions and fill in 46b 46c and 46d or Form 8888  
 b Routing number (b)(6); (b)(7)(C) c Type  Checking  Savings  
 d Account number

47 Amount of line 45 you want applied to your 2011 estimated tax 47

Amount you owe

48 Amount you owe Subtract line 44 from line 37 For details on how to pay see instructions 48

49 Estimated tax penalty (see instructions) 49

Third party designee

Do you want to allow another person to discuss this return with the IRS (see instructions)?  Yes Complete the following  No

Sign here

Under penalties of perjury I declare that I have examined this return including accompanying schedules and statements, and to the best of my knowledge and belief they are true and correct. Declaration of preparer (other than the taxpayer) is based on all information furnished to him. I am a preparer registered with the IRS.

Signature: (b)(6); (b)(7)(C) Date: \_\_\_\_\_ Your occupation: Security

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Spouse's occupation: \_\_\_\_\_

Print/Type preparer name: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Check  if PTIN self employed

Paid preparer use only

Print/Type preparer name: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Form's name: Self Prepared

Form's address: \_\_\_\_\_ Form's EIN: \_\_\_\_\_ Phone: \_\_\_\_\_

**Calculation of Title IV Funds When a Student Withdraws from a Credit Course Program**

Student's Name (b)(6); (b)(7)(C)  
 Date Form Completed 11/29/10 686897 Date of the institution's determination that the student withdrew 11/22/10

Period used for calculation (Check one)  Payment Period  Period of Enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny)  
 Round to three decimal places when calculating percentages (For example 4486 would be 449 or 44.9%)

Title IV Grant Programs	Amount Disbursed	Amount that Could Have Been Disbursed	E Total Title IV aid disbursed for the payment period or period of enrollment
1 Pell Grant	\$2 675 00	\$0 00	A <u>\$2 675 00</u>
2 Academic Competitiveness Grant	\$0 00	\$0 00	+ B <u>\$3 462 00</u>
3 National SMART Grant	\$0 00	\$0 00	= E \$ <u>\$6 137 00</u>
4 FSEOG	\$0 00	\$0 00	F Total of Title IV grant aid disbursed + could have been disbursed for the payment period or period of enrollment
	A <u>\$2 675 00</u>	C <u>\$0 00</u>	A <u>\$2 675 00</u>
	Subtotal	Subtotal	+ C <u>\$0 00</u>
			= F \$ <u>\$2 675 00</u>
Title IV Loan Programs	Net Amount Disbursed	Net Amount that Could Have Been Disbursed	G Total of Title IV aid disbursed + could have been disbursed for the payment period or period of enrollment
5 Unsubsidized FFEL/Direct Stafford Loan	\$1 720 00	\$0 00	A <u>\$2 675 00</u>
6 Subsidized FFEL/Direct Stafford Loan	\$1 742 00	\$0 00	+ B <u>\$3 462 00</u>
7 Perkins Loan			+ C <u>\$0 00</u>
8 FFEL/Direct PLUS (Graduate Student)			+ D <u>\$0 00</u>
9 FFEL/Direct PLUS (Parent)	\$0 00	\$0 00	= G \$ <u>\$6 137 00</u>
	B <u>\$3 462 00</u>	D <u>\$0 00</u>	
	Subtotal	Subtotal	

4/19/10	1/14/11	11/16/2010
Start Date	Scheduled End Date	Date of Withdrawal

A school that is not required to take attendance may for a student who withdraws without notification enter 50% in Box H and proceed to Step 3. Or the school may enter the last date of attendance at an academically related activity for the withdrawal date and proceed with the calculation as instructed. For a student who officially withdraws enter the withdrawal date.

**H Percentage of payment period or period of enrollment completed**  
 Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (excluding scheduled breaks of five days or more AND days that the student was on an approved leave of absence)

203 / 246 = 82.5%

Completed Days / Total Days =

If this percentage is greater than 60% enter 100% in Box H and proceed to Step 3

If this percentage is less than or equal to 60% enter that percentage in Box H and proceed to Step 3

H 100 00%

Multiply the percentage of Title IV aid earned (Box H) times the total of the Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box G)

100 00% X \$6 137 00 = I \$ \$6 137 00

Box H                      Box G

- If the amount in Box I is greater than the amount in Box E go to Post withdrawal disbursement (Item J)
- If the amount in Box I is less than the amount in Box E go to Title IV aid to be returned (Item K)
- If the amount in Box I and Box E are equal STOP. No further action is necessary.

**J Post Withdrawal disbursement**  
 Subtract Total Title IV aid disbursed for the payment period or period of enrollment (Box E) from the amount of Title IV aid earned (Box I). This is the amount of post withdrawal disbursement due. STOP here and enter the amount in Box 1 on Page 3 (Post withdrawal disbursement tracking sheet)

\$6 137 00 - \$6 137 00 = J \$ \$0 00

Box I                      Box E                      Step 4 continued

Student's Name

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

**K Title IV aid to be returned**

Subtract the amount of Title IV aid earned (Box I) from the Total Title IV aid disbursed for the payment period or period of enrollment (Box E). This is the amount of Title IV aid that must be returned.

\$6 137 00      \$6 137 00 = **K** \$      \$0 00  
Box E                  Box I

Subtract the amount of title IV aid due from the school (Box O) from the amount of Title IV aid to be returned (Box K).

\$0 00                  \$0 00 = **Q** \$      \$0 00  
Box K                  Box O

**L Institutional charges for the payment period or period of enrollment**

Tuition      \$5 923 00  
Fees              \$100 00  
Supplies        \$62 00  
Books & Other    \$402 00

**Total Institutional Charges**  
(Add all the charges together)      = **L** \$      \$6 487 00

Subtract the Total loans the school must return (Box P) from the Net loans disbursed to the student (Box B) to find the amount of Title IV loans the student is still responsible for repaying (Box R).

These outstanding loans consist either of loan funds the student has earned or unearned loan funds that the school is not responsible for repaying or both and they are repaid to the loan holders according to the terms of the borrower's promissory note.

\$3 462 00                  \$0 00 = **R** \$      \$3 462 00  
Box B                  Box P

If Box Q is less than or equal to Box R STOP  
The only action a school must take is to notify the holders of the loans of the student's withdrawal date.

If Box Q is greater than Box R proceed to Step 9.

**M Percentage of unearned Title IV aid**

100%                  100 0% = **M**      0 0%  
Box H

**N Amount of unearned charges**

Multiply institutional charges for the payment period or period of enrollment (Box L) times the percentage of unearned Title IV aid (Box M).

\$6 487 00 X      0 0% = **N** \$      \$0 00  
Box L                  Box M

**S Initial amount of Title IV grants for student to return**

Subtract the amount of loans to be repaid by the student (Box R) from the initial amount of unearned Title IV aid due from the student (Box Q).

\$0 00                  \$3 462 00 = **S** \$      \$0 00  
Box Q                  Box R

**O Amount for school to return**

Compare the amount of Title IV aid to be returned (Box K) to amount of unearned charges (Box N) and enter the lesser amount.

**O** \$      \$0 00

**T Amount of Title IV grant protection**

Multiply the total of Title IV grant aid that was disbursed and could have been disbursed for the payment period or period of enrollment (Box F) by 50%.

\$2 675 00 X      50% = **T** \$      \$1 337 50  
Box F

**U Title IV grant funds for student to return**

Subtract the protected amount of Title IV grants (Box T) from the initial amount of Title IV grants for student to return (Box S).

\$0 00                  \$1 337 50 = **U** \$      \$0 00  
Box S                  Box T

The school must return the unearned aid for which the school is responsible (Box U) by repaying funds to the following sources in order up to the total net amount disbursed from each source.

**Title IV Programs**

Amount for School to Return

1	Unsubsidized FFEL/Direct Stafford Loan	\$0 00
2	Subsidized FFEL/Direct Stafford Loan	\$0 00
3	Perkins Loan	
4	FFEL/Direct PLUS (Graduate Student)	
5	FFEL/Direct PLUS (Parent)	\$0 00
<b>Total loans the school must return</b>		<b>= P \$</b> \$0 00
1	Pell Grant	\$0 00
2	Academic Competitiveness Grant	\$0 00
3	National SMART Grant	\$0 00
4	FSEOG	\$0 00

Except as noted below, the student must return the unearned grant funds for which he or she is responsible (Box U). The grant funds returned by the student are applied to the following sources in the order indicated up to the total amount disbursed from that grant program minus any grant funds the school is responsible for returning to that program in Step 6.  
**Note that the student is not responsible for returning funds to any program to which the student owes \$50 00 or less.**

1	Pell Grant	\$0 00
2	Academic Competitiveness Grant	\$0 00
3	National SMART Grant	\$0 00
4	FSEOG	\$0 00



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

EVALUATION TRANSCRIPT

Unofficial Document For school use only. Do not distribute to student.

Current Status **WITHDRAWAL**  
Program PFT J Session AM

Started 4/19/2010  
Withdrawn 11/16/2010

Print Date December 05 2011

ON FINANCIAL AID HOLD

Class Dates	ClassID Course	Personal Trainer Instructor	Grade		Li	FedCdt	Progress			This info is for FA	Attendance by Class			Status Changes
			GPA	SAP Cuml			Pstbl	Awrd	Cuml		Sched	Regular	Total	
4/19/10	JFTam01y089	Kawanna St Fleur	B	89.0		6	6	6	6	n/a	0.00			
5/28/10	GE230ftj	Business Management	89.0	89.0		6	12.0	12.0	12.0	n/a	6.00	112.00	103.00	92.0%
5/31/10	JFTam01y090	Amanda Arnold	D			6	6	12	12	n/a	12.00			
7/16/10	FT201j	Preventative Fitness	64.0	76.5	6	6	9.0	9.0	21.0	n/a	2.00	116.00	77.50	66.8%
Summer Break during class														
7/19/10	JFTam01y091	Heather Harmon	R			6	0			n/a	12.00			
8/27/10	FT202j	Muscular Fitness	31.0	61.3		6	9.0			n/a	6.00	120.00	33.25	27.7%
8/30/10	JFTam01y092	Heather Harmon	F			6	0			n/a	2.00			
10/8/10	FT203j	Aerobic Fitness	26.0	52.5		6	9.0			n/a	24.00	116.00	16.75	14.4%
Session Change														
10/11/10	JFTam01y093	Amanda Arnold	F			6	0			n/a	12.00			
11/16/10	FT202j	Muscular Fitness	29.0	52.5		6	9.0			n/a	30.00	104.00	26.75	25.7%

Personal Trainer			Grade	F	52.0	Quarter Credits	21.00 of 94.0	Federal Credits	12.00 of 63.0	Attn	45.55%	LDA	11/16/10
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NOTES (a)This class in progress (b)This class under the previous R procedure (c)This class is under the previous attendance policy (d)Under the SAP Policy prior to April 2005 Prior to June 2005 evaluation occurred at 25 / 50 / and 100 / of the credits or hours depending on program (e)Contact Administrator for more information NOTE In July/August 2006 some course numbers were changed See the Director of Education for more information

Final Program Review Determination  
PRCN 201140427676

Appendix C

November 9, 2011 Program Review Report



**FYI**

November 9, 2011

Sonnie Willingham, Director  
Heritage Institute  
4130 Salisbury Road Suite 1100  
Jacksonville, FL 32216

UPS Tracking  
#1ZA5467Y0194706618

RE **Program Review Report**  
OPE ID 03035800  
PRCN 201140427676

Dear Ms Willingham

From September 13, 2011 through October 3, 2011, Jon Finkelstein and Jean Kelly as representatives of the U S Department of Education conducted a review of Heritage Institute's (HI'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 findings of that review are presented in the enclosed report

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations Please review the report and respond to each finding, indicating the corrective actions taken by HI The response should include a brief written narrative for each finding that clearly states HI's position regarding the finding and the corrective action taken to resolve the finding Separate from the written narrative, HI must provide supporting documentation as required in each finding

Please note that pursuant to HEA section 498A (b), the Department is required to

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report<sup>1</sup> and relevant materials related to the report before any final program review report is issued
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
  - a A written statement addressing the institution's response,
  - b A written statement of the basis for such report or determination, and
  - c A copy of the institution's response

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<sup>1</sup> A "preliminary program review report" is the program review report The Department's final program review report is the Final Program Review Determination (FPRD)

Federal Student Aid School Participation Team – Atlanta, GA  
61 Forsyth Street, Room 18T40  
Atlanta, GA 30303

The Department considers the institution's response to be the written narrative (to include e-mail communication) Any supporting documentation submitted with the institution's written response will not be attached to the FPRD However, it will be retained and available for inspection by HI upon request Copies of the program review report the institution's response, 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 the FPRD is issued

The institution's response should be sent directly to Jean Kelly of this office within 30 calendar days of receipt of this letter

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 To protect PII the findings in the attached report does 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 Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII

#### 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 Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report If you have any questions concerning this report please contact Jean Kelly at (404) 974-9295 or jean.kelly@ed.gov

Sincerely

(b)(6)

Christopher Miller  
Team Leader

cc Nikki Penn, Financial Aid Administrator

Enclosure  
Protection of Personally Identifiable Information

Prepared for  
Heritage Institute



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

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OPE ID 03035800  
PRCN 201140427676

Prepared by  
U S Department of Education  
Federal Student Aid  
School Participation Team – Atlanta

# Program Review Report

November 9 2011

U S Department of Education  
61 Forsyth Street Room 18T40  
Atlanta GA 30303

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## Table of Contents

		Page
A	Institutional Information	2
B	Scope of Review	3
C	Findings	3
	Finding 1 Incorrect Return to Title IV Aid Calculation	
	Finding 2 Improper/Undocumented Professional Judgment	
D	Appendix A Student Sample	4

**A Institutional Information**

Sonnie Willingham Director  
Heritage Institute  
4130 Salisbury Road Suite 1100  
Jacksonville, FL 32216

Type Proprietary

Highest Level of Offering One year non degree

Accrediting Agency Accrediting Bureau of Health Education Schools

Current Student Enrollment 205 (2011/2012)

% of Students Receiving Title IV 410 (2010/2011)

Title IV Participation Common Origination & Disbursement

2010/2011

Title IV Program	Amount Disbursed
Federal Pell Grant	\$1,586,332.00
William D Ford Federal Direct Loan Program – Unsub	\$1,777,241.00
William D Ford Federal Direct Loan Program- Sub	\$1,306,772.00
Parent Loan Unsubsidized (PLUS)	\$ 54,369.00

Default Rate FFEL/DL	2009 - 16.5%
	2008 - 10.7%
	2007 8.9%

There are no Federal Perkins default rates for Heritage Institute

## **B Scope of Review**

The U S Department of Education (the Department) conducted an on/off site program review at Heritage Institute (HI) from September 13, 2011 until October 3, 2011 The review was conducted by Jon Finkelstein and Jean Kelly

A sample of 15 files was identified for review from the 2010/2011 award year 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 HI 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 HI 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 letter

## **C Findings**

During the review several areas of noncompliance were noted Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by HI to bring operations of the financial aid programs into compliance with the statutes and regulations

### **Finding 1 Incorrect Return to Title IV (R2T4) Calculation**

Citation 34 C F R § 668 22, General Provisions require refunds made under the R2T4 provisions be returned within 30 days of a student's official withdrawal date and clear the bank within 45 days of the student s official withdrawal date to be considered timely

#### Noncompliance

The R2T4 calculation was incorrect for student 2 because school officials used the incorrect number of days in the calculation For instance HI used the number of days in the enrollment period instead of the payment period in Step 2 of the calculation As a result the student earned 82 5% of the Title IV aid received and no refund was due If the school used the correct number of days in the payment period (as opposed to the enrollment period), the student might have been due a refund For instance the student withdrew during the second payment period on November 16, 2010 If the correct number of days were used in the calculation the student might have been due a refund

#### Required Action

HI officials must perform a new R2T4 calculation for student #2 and provide a copy of the calculation to this office for review. If a refund is due, repayment of liabilities will be addressed in the final program review determination letter.

#### **Finding 2 Improper/Undocumented Professional Judgment**

**Citation** The Higher Education Act of 1965, as amended, part F Section 479 (a) allows a financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in a family's income, a family's assets, or a student's status. Special circumstances are conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students.

Additionally, 34 C.F.R. § 668.16 (f) states that to begin and continue to participate in any Title IV HEA program, an institution must demonstrate to the Secretary that it develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV, HEA programs.

**Noncompliance** During the course of the review, we identified that school officials used professional judgment to change the adjusted gross income from \$27,221 to \$10,000 for student #15 without documentation. It appears this student became unemployed during the 2010/2011 award year but no documentation was in the file to support the new earnings.

#### Required Action

School officials must provide documentation to support the change in adjusted gross income (tax return, pay stubs, etc) for student 15. If documentation is not provided, HI will be responsible for returning \$7,400 in Federal Pell Grants, \$4,180 in DL Unsubsidized and \$3,500 in DL Subsidized loan funds.

#### D Appendix A – Student Listing

## PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. 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).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender)

PII data cannot be sent via fax.

Heritage Institute Appendix A

Student Listing 2010/2011 Award Year

Name

SSN

(b)(6); (b)(7)(C)	
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Final Program Review Determination  
PRCN 201140427676

Appendix D

Estimated Actual Loss Worksheet

Final Program Review Determination  
PRCN 201140427676

Appendix E

Cost of Funds Worksheet



