



March 5, 2015

Erie Chiusolo, President
Heritage College
4704 Harlan Avenue
Suite 420
Denver, Colorado 80212-7413

Certified Mail
Return Receipt Requested
7012 1640 0000 0215 7699

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 02611000
PRCN: 2012 1 08 27737

Dear Mr. Chiusolo:

From November 14, 2011 through November 18, 2011, Kerry O'Brien and Sarah Heuerman conducted a review of Heritage College's administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was to determine Heritage College'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 Heritage College'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 judgmental sample of 30 files was identified for review from the 2010/2011 and 2011/2012 (year to date) award years. The files were selected from three sources: 1) All withdrawn Title IV, HEA recipients reported to the National Student Loan Data System (NSLDS), 2) All Title IV, HEA recipients which had no corresponding High School diploma or GED information populated in NSLDS, and 3) All Title IV, HEA recipients that graduated as identified from institutional data.

Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Protection of Personally Identifiable Information (PII):

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

Federal Student

U.S. DEPARTMENT OF EDUCATION
400 ...
Washington, DC 20520-5480
Phone: (202) 708-1000
Toll-free: 1-800-4ED-USA
www.ed.gov

The School Participation Team- Chicago/Denver has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Program Findings and Final Program Review Determinations:

Finding 1: Incorrect Cost of Attendance

Citation: Section 471 of the Higher Education Act, as amended, defines the amount of need for Title IV, HEA funds as: The Cost of Attendance (COA) minus the student's EFC minus any other estimated financial assistance. Section 472 defines COA and the allowances and thresholds associated with it which includes among other allowances tuition and fees; a minimum standard allowance for room and board; books, supplies, transportation and miscellaneous personal expenses; dependent care; and handicap-related expenses.

34 CFR 682.610(b)(2), requires institutions to maintain documentation of a student's COA, estimated financial assistance, and Estimated Family Contribution (EFC) used to calculate the amount of loan eligibility (the amount of *need* for loan funds).

34 C.F.R. § 682.603(a) informs an institution that it must certify that the information it provides in connection with a loan application about the borrower is complete and accurate. 34 C.F.R. § 682.603(b)(1) further explains that the information to be provided by the school about the borrower making application for the loan pertains to the borrower's eligibility for a loan, as determined in accordance with 34 C.F.R. § 682.201 and § 682.204.

Noncompliance: Heritage College failed to properly package/award Title IV, HEA program funds. Specifically, Heritage College failed to award Title IV, HEA program funds beyond the amount of tuition and fees. The amount of Title IV, HEA program funds a student is eligible to receive is determined as the student's COA minus the student's EFC minus any other estimated financial assistance. As stated previously in the citation section, COA is comprised of not only tuition and fees but also a minimum standard allowance for room and board; books, supplies, transportation and miscellaneous personal expenses; dependent care; as well as handicap-related expenses.

Heritage College's practice of packaging/awarding Title IV, HEA funds up to a student's tuition and fees resulted in students not being offered the full amount of Title IV, HEA loan funds that they were eligible to receive to cover the additional expenses associated with the cost of attending the institution.

Institutional Action Taken to Resolve Noncompliance: Heritage College indicated that, on August 26, 2011, it had ceased the practice of awarding Title IV, HEA funds up to tuition and fees and also implemented a new packaging policy. A copy of its new packaging policy was provided in response to this finding and specifically states that each student will be packaged and awarded all Title IV, HEA funds to the extent they are eligible.

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

Finding 2: Direct Loan Delay Delivery Requirement Not Met

Citation: 34 C.F.R. § 685.303(b)(4)(i) states: If a student is enrolled in the first year of an undergraduate program of study and has not previously received a Federal Stafford, Federal Supplemental Loans for Students, Direct Subsidized, or Direct Unsubsidized Loan, a school may not disburse the proceeds of a Direct Subsidized or Direct Unsubsidized Loan until 30 days after the first day of the student's program of study unless: --

(A)(1) Except as provided in paragraph (b)(4)(i)(A)(2) of this section, the school has a cohort default rate, calculated under subpart M of 34 CFR part 668, or weighted average cohort rate of less than 10 percent for each of the three most recent fiscal years for which data are available; or

(2) For loans first disbursed on or after October 1, 2011, the school in which the student is enrolled has a cohort default rate, calculated under either subpart M or N of 34 CFR part 668 of less than 15 percent for each of the three most recent fiscal years for which data are available.”

34 C.F.R. § 685.303(b)(4)(ii) & (iii) further clarify that:

“Paragraphs (b)(4)(i)(A) and (B) of this section do not apply to any loans originated by the school beginning 30 days after the date the school receives notification from the Secretary of a cohort default rate, calculated under subpart M or subpart N of 34 CFR part 668, that causes the school to no longer meet the qualifications outlined in paragraph (A) or (B), as applicable.

Paragraph (b)(4)(i)(B) of this section does not apply to any loans originated by the school beginning 30 days after the date the school receives notification from the Secretary of a cohort default rate, calculated under subpart M or subpart N of 34 CFR part 668, that causes the school to no longer meet the qualifications outlined in that paragraph.”

Noncompliance: Heritage College failed to wait the required 30 days prior to disbursing loan proceeds for student 4. Specifically, this student had not previously received an FFEL or Direct Loan and therefore they were not eligible to receive their first loan disbursement until 30 days after the first day of their program.

Student 4 went on to earn their disbursement. Therefore, there are no liabilities associated with this finding.

Institutional Action Taken to Resolve Noncompliance: Heritage College acknowledged that student 4's Direct Loan funds had been drawn down prior to the 30th day from her program's start date. Heritage College also indicated that it believes that this finding was the result of

human error and that it has procedures in place to ensure that the first loan disbursement is delayed for all first-time, first-year borrowers.

Final Program Review Determination: Heritage College's response indicates that it has the necessary procedures in place to prevent this finding from reoccurring in the future. Therefore, Heritage College may consider this finding closed, with no further action required.

Finding 3: Verification Policy Inadequate

Citation: 34 C.F.R. § 668.53 states:

“(a) An institution shall establish and use written policies and procedures for verifying information contained in a student aid application in accordance with the provisions of this subpart. These policies and procedures must include:

- (1) The time period within which an applicant shall provide the documentation;
- (2) The consequences of an applicant's failure to provide required documentation within the specified time period;
- (3) The method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's EFC changes and results in a change in the applicant's award or loan;
- (4) The procedures the institution requires an applicant to follow to correct application information determined to be in error; and
- (5) The procedures for making referrals under §668.16(g).

(b) The institution's procedures must also provide that it shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of:

- (1) The documentation needed to satisfy the verification requirements; and
- (2) The applicant's responsibilities with respect to the verification of application information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.”

Noncompliance: Heritage College's verification policy failed to address 34 C.F.R. § 668.53(a)(5) which requires institutions to have procedures for making referrals to the Office of Inspector General.

Institutional Action Taken to Resolve Noncompliance: Heritage College revised its verification policy to include the missing element. A copy of the revised verification policy was provided as evidence of compliance.

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

FINDING 4: Satisfactory Academic Progress Policy Inadequate

Citation: 34 C.F.R. § 668.34 stipulates the requirements that an institution's Satisfactory Academic Progress policy must adhere to. The final program integrity regulations published on October 29, 2010, included numerous changes throughout 34 C.F.R. § 668.34 with an effective date of July 1, 2011 for those changes.

Noncompliance: At the time of the review Heritage College's Satisfactory Academic Progress (SAP) policy had not been revised to reflect the new regulatory requirements that became effective on July 1, 2011.

Institutional Action Taken to Resolve Noncompliance: Heritage College revised its SAP to include the new regulatory changes and submitted a copy of the revised policy as evidence of compliance.

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

Record Retention:

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call **Mary Murray** at (312)730-1715.

Sincerely,

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(b)(6)

Douglas Parrott
Division Director

cc: **Gina Pryor**, Financial Aid Director
CA Bureau for Private Postsecondary Education
Accrediting Bureau of Health Education Schools
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

APPENDIX A – Student Sample

Appendix (Student Sample) contains personally identifiable information and will be emailed to Heritage as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

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.