

# Index Sheet

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September 26, 2013

Mr. Martin J. Calihan, CEO  
Hickey College  
940 West Port Plaza  
St. Louis, MO 63146-3127

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RE: **Final Program Review Determination**  
OPE ID: 01027900  
PRCN: 201240728008

Dear Mr. Calihan:

The U.S. Department of Education's (Department's) School Participation Division – Kansas City issued a program review report on February 13, 2013 covering Hickey College's (HC) administration of 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), for the 2011-12 and 2012-13 award years. The institution's final response was received on March 8, 2013.

The School Participation Division – Kansas City has reviewed HC's response to the program review report. A copy of the program review report (and related attachments) and HC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by HC 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 notify HC of the Department's final determinations. Please note that this FPRD contains one or more findings regarding HC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

**Federal Student Aid**  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Federal Student Aid, School Participation Team – Kansas City  
1010 Walnut, Suite 336, Kansas City, MO 64106  
[www.StudentAid.ed.gov](http://www.StudentAid.ed.gov)

**Record Retention:**

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

The Department expresses its appreciation for the courtesy and cooperation extended during the review. HC has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, HC may consider the program review closed with no further action required.

If you have any questions concerning this report, please contact Mr. Rick Moore at 816-268-0421 or via email at [richard.moore@ed.gov](mailto:richard.moore@ed.gov).

Sincerely,

(b)(6)

Ralph A. LoBosco  
Division Director

Enclosure: Final Program Review Determination  
Program Review Report  
HC's Response to the Program Review Report

cc: Ms. Sandra Faris, Director of Corporate Financial Aid  
Missouri Coordinating Board for Higher Education  
Accrediting Council for Independent Colleges and Schools

Prepared for

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**Hickey College**

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OPE ID 01027900  
PRCN 201240728008

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

## Final Program Review Determination

September 26, 2013

U.S. Department of Education, Federal Student Aid, School Participation Division – Kansas City  
1010 Walnut, Suite 336, Kansas City, MO 64106  
[www.StudentAid.gov](http://www.StudentAid.gov)

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**A. Institutional Information**

Hickey College  
940 West Port Plaza  
St. Louis, MO 63146-3127

Type: Public

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Current Student Enrollment: 712 (2011-2012)

% of Students Receiving Title IV: 87%

Title IV Participation (Postsecondary Education Participants System, G5):

	<u>2010-11</u>
Federal Pell Grant	\$ 1,723,963.00
Supplement Education Opportunity Grant (SEOG)	57,583.00
Federal Direct Loan (DL)	5,762,406.00
Perkins Loan	82,704.00

Default Rate FFEL/DL:	2009	11.6%
	2008	5.0%
	2007	5.6%

Default Rate Perkins:	2011	13.0%
	2010	14.3%
	2009	6.9%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Hickey College (HC) from July 30, 2012 to August 3, 2012. The review was conducted by Rick Moore, Kathy Feith, and John Nading.

The focus of the review was to determine HC'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 HC'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 total of 101 student files/records were examined as part of the program review. A sample of 30 files was identified for review from the 2011-12 and 2012-13(year to date) 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, 11 files were selected for further review of Return of Title IV calculations, nine files were selected for further review of Federal SEOG and 51 files were selected for further review of Perkins Loans due diligence compliance. Appendices A, B, C and D of the Program Review report listed 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 HC'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 HC 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

HC has taken the corrective actions necessary to resolve findings 1, 3, 4, 5 and 6 of the program review report. Therefore, these findings may be considered closed.

### Resolved Finding with Comments

The following program review finding has been resolved by the institution and may be considered closed. This finding is included solely for the purpose of discussing resolution of the finding.

#### ***Finding 2. Crime Awareness Requirements Not Met***

##### ***Citation Summary:***

*The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require institutions by October 1 of each year, to publish and distribute its Annual Security Report (ASR). It must be distributed to all enrolled students and current employees directly by publications and mailings that include: (1) a statement of the report's availability; (2) a list and brief description of the information contained in the report; (3) the exact electronic address (URL) of the internet or intranet web site at which the report is posted; and (4) a statement saying the institution will provide a paper copy upon request. If an institution chooses to fulfill the distribution requirement by posting the crime report on an internet or intranet web site, an individual notice of such posting must be distributed to each student and current employee. Upon request, an institution must provide its annual campus security report to a prospective student or prospective employee.*

*When compiling the ASR an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of specific types of crimes that are reported to local police agencies or to a campus security authority. An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. An institution must also, among other factors, provide a geographic breakdown of the crime statistics according to the following categories: (1) On campus; (2) in or on a non-campus building or property; (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime. 34 C.F.R. § 668.46(c)(1)*

*In addition, an institution must report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability, any crime it reports pursuant to 34 C.F.R. § 668.46(c)(1)(i) through (vii). The following categories are to be included under hate crimes; larceny-theft, simple assault, intimidation, destruction/damage/vandalism of property, and any other crime involving bodily injury. 34 C.F.R. § 668.46(c)(3).*

***Noncompliance Summary:***

*Although there were no incidents of hate crimes reported, HC did not include all of the required hate crime categories as shown above in its reporting and classification of hate crimes.*

*In addition, HC indicated in its IPEDS reporting that it did maintain 'on-campus' housing. Although the housing units are not located at the main educational location and are not owned by the institution, HC does appear to maintain control of a certain section of the apartment complex (West Pointe Apartments) for exclusive use of its students. However, for Clery Act reporting purposes, the Department does not consider this to be 'on-campus' housing. No further action is required at this time regarding this issue but HC should endeavor to alleviate this apparent discrepancy related to the IPEDS reporting.*

***Required Action Summary:***

*HC was required to publish and disseminate an ASR that includes all required information and categories concerning campus crime statistics for the calendar years 2010 through 2011, as well as all other attendant components, in accordance with current Federal regulations and the guidance found in the Department's Handbook for Campus Safety and Security Reporting. HC was required to submit a copy of this ASR, as well as institutional assurances on how it had been disseminated to all students and employees and made available to all prospective students and employees.*

***HC's Response:***

*In the official response, HC stated its concurrence with the finding and submitted a revised 2012 ASR that included the omitted and inadequate disclosures noted in the program review report.*

*Specifically, HC added the required hate crimes statistics categories to its revised 2012 ASR. In addition, the College added the following narrative to the ASR to explain the hate crime reporting requirement:*

**“Hate Crimes:** Hate crimes are criminal offenses committed against a person or property that are motivated, in whole or in part, by the offender’s bias. Bias is a preformed negative opinion or attitude toward a group of persons based on their actual or perceived race, gender, religion, disability, sexual orientation, or ethnicity/national origin. Included in these statistics are hate crimes of murder and non-negligent manslaughter, forcible sex offenses, non-forcible-sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, arson, larceny-theft, simple assault, intimidation, and destruction/damage/vandalism of property. For the years 2009, 2010, and 2011 there were no reported hate crimes at any of the above-listed geographic locations.

Hickey College has prepared a catalog addendum that contains this revised campus security report and has distributed it to all current students and employees (Included as Exhibit B in the school’s response). Additionally, a copy of this catalog addendum has been inserted in all print catalogs at the campus, and the online catalog has been updated to include the hate crime statistics. This information is available to all prospective students and employees.

Hickey College has compared its ASR and the federal regulations at 34 C.F.R. § 668.46. Hickey College has made provisions to meet all of these requirements.”

The response also stated that HC officials consulted with the Department officials who administer the Integrated Postsecondary Education Data System (IPEDS) and the Campus Safety and Security Data Analysis Cutting Tool (CSSDACT) to ensure that the College understood the reporting requirements and to resolve any data discrepancies. HC officials stated that the IPEDS and CSSDACT representatives indicated that there are differences in the campus crime reporting requirements between these two systems and that HC should submit data to each system in accordance with the specific survey instructions and stated further that data from these different systems cannot be reconciled completely in some cases. The College also represented to the review team that no hate crimes were reported during the review period thereby suggesting that the omission of required categories from the ASR statistical disclosures did not result in an actual reporting violation.

**Final Determination:**

Finding # 2 of the program review report cited HC for its failure to properly disclose hate crime statistics in any of its recent ASRs. As a result of this violation, HC was required to review and revise its 2012 ASR as needed to ensure that it contained all of the statistical and policy disclosures required by 34 C.F.R. § 668.46(b). Once all necessary modifications were made, the College was required to actively distribute the revised report to current students and employees in accordance with 34 C.F.R. § 668.41(e)(1). In its response, the College concurred with the finding and submitted a revised ASR and the other material summarized in the “Response” section above.

The review team examined the institution's materials including the revised ASR and noted that the previously-omitted hate crime categories had been added. The response was found to be in generally good order and at least minimally adequate. Based on the team's evaluation of the response and HC's representations that the violations and their underlying causes have been addressed, the Department now considers this finding to be closed. Although the College's response was found to be acceptable, HC officials are reminded that they must initiate additional corrective actions that are necessary to ensure that the deficiencies identified in prior ASRs and in this finding do not recur.

As part of its compliance assurance activities, the Department strongly recommends that the College re-examine all of its campus safety, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. As part of this process, the Department encourages the College to reassess its ASR distribution policy to ensure that the report is actively distributed to all current students and employees in the required manner. Moreover, HC is advised to regularly reevaluate the terms and conditions of any and all real estate transactions, lease agreements, and/or student housing arrangements to determine if any such business activity has had the effect of expanding the campus, its control of non-campus buildings and properties, and/or its ownership of any student residential facility in ways that may impact *Clery Act* reporting.

Although the finding is now closed, HC is reminded that these violations constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a *Clery Act* violation once it occurs. HC officials must understand that any failure to prepare, publish, and distribute an accurate and complete ASR deprives students and employees of important campus safety information and that such failures undermine the intent of the *Clery Act*. For these reasons, the College is advised that its corrective actions, whether already taken or planned for the future, cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require other corrective measures.

HC officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the *Clery Act*. The handbook is available online at: [www2.ed.gov/admins/lead/safety/handbook.pdf](http://www2.ed.gov/admins/lead/safety/handbook.pdf). The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finally, HC officials are reminded to review the accuracy and completeness of its Drug and Alcohol Abuse Prevention Program (DAAPP) as required by the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. FSA is now responsible for monitoring compliance with the *DFSCA*. Therefore, it is essential that the College makes sure that it has developed and

implemented a comprehensive DAAPP and that it conducts substantive biennial reviews and completes its biennial review reports on the proper schedule. For assistance or more information on the *Clery Act* and/or the *DFSCA*, please contact your institutional review specialist or another member of the Kansas City School Participation Division.

**D. Appendices**

**Appendix A: Program Review Report**

Prepared for

**Hickey College**

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OPE ID 01027900

PRCN 201240728008

Prepared by:

U.S. Department of Education

Federal Student Aid

School Participation Division – Kansas City

## Program Review Report

February 13, 2013

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**A. Institutional Information**

Hickey College  
940 West Port Plaza  
St. Louis, MO 63146-3127

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## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Hickey College (HC) from July 30, 2012 to August 3, 2012. The review was conducted by Rick Moore, Kathy Feith, and John Nading.

The focus of the review was to determine HC'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 HC'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 total of 101 student files/records were examined as part of the program review. A sample of 30 files was identified for review from the 2011-12 and 2012-13 (year to date) 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, 11 files were selected for further review of Return of Title IV calculations, nine files were selected for further review of Federal SEOG and 51 files were selected for further review of Perkins Loans due diligence compliance. Appendices A, B, C and D list 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 HC'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 HC 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 HC to bring operations of the financial aid programs into compliance with the statutes and regulations.

#### **1. Late Return of Title IV Funds**

**Citation:** When a recipient of Title IV, HEA grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV, HEA grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a).

For a student who ceases attendance at an institution that is not required to take attendance, the student's withdrawal date is—

- (1) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;
- (2) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;
- (3) If the student ceases attendance without providing official notification to the institution of his or her withdrawal, the mid-point of the payment period (or period of enrollment, if applicable);
- (4) If the institution determines that a student did not begin the institution's withdrawal process or otherwise provide official notification (including notice from an individual acting on the student's behalf) to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the date that the institution determines is related to that circumstance. 34 C.F.R. § 668.22(c).

An institution must return the amount of Title IV, HEA funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the—

- (1) Payment period or period of enrollment;
- (2) Academic year in which the student withdrew;
- (3) Educational program from which the student withdrew. 34 C.F.R. § 668.22(j).

A school must calculate the amount of earned Title IV, HEA funds by applying a percentage to the total amount of Title IV, HEA program assistance that was disbursed and that could have been disbursed. Under step one of the Return worksheet, a school fills in the amount of each type of Title IV, HEA funds that were disbursed and could have been disbursed. When entering the amount of loan funds, a school should enter the net amount disbursed and that could have been disbursed.

The school must return the unearned Title IV, HEA aid for which the school is responsible by repaying funds up to the total net amount disbursed from each source. *2010-2011 Federal Student Aid Handbook, Volume 5.*

**Noncompliance:** During the review of Return to Title IV funds calculations, it was found that HC failed to make all of the necessary Returns within the required time frames.

Per regulations, HC is required to determine the withdrawal date no later than 30 days after the end of the payment period. HC was required to return any funds identified from the Return of Title IV Funds calculation within 45 days of the institution's determination that the student withdrew (75 days after the last date of the term). However, if the institution uses an earlier determination date, any funds must be returned within 45 days of that determination date.

Student #41: According to the R2T4 calculation in the student file, this student's last date of attendance was on 2/21/12 and the date of determination was 2/24/12. The required refund was not made until 6/27/12.

**Required Action:** In response to this finding, HC must review and revise its internal policies and procedures to ensure that Returns of Title IV Funds are performed in a timely manner in the future. A copy of these procedures must accompany HC's response to this report.

## 2. Crime Awareness Requirements Not Met

**Citation:** The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require institutions by October 1 of each year, to publish and distribute its Annual Security Report (ASR). It must be distributed to all enrolled students and current employees directly by publications and mailings that include: (1) a statement of the report's availability; (2) a list and brief description of the information contained in the report; (3) the exact electronic address (URL) of the internet or intranet web site at which the report is posted; and (4) a statement saying the institution will provide a paper copy upon request. If an institution chooses to fulfill the distribution requirement by posting the crime report on an internet

or intranet web site, an individual notice of such posting must be distributed to each student and current employee. Upon request, an institution must provide its annual campus security report to a prospective student or prospective employee.

When compiling the ASR an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of specific types of crimes that are reported to local police agencies or to a campus security authority. An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. An institution must also, among other factors, provide a geographic breakdown of the crime statistics according to the following categories: (1) On campus; (2) in or on a non-campus building or property; (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime. 34 CFR § 668.46(c)(1)

In addition, an institution must report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability, any crime it reports pursuant to 34 C.F.R. § 668.46(c)(1)(i) through (vii). The following categories are to be included under hate crimes; larceny-theft, simple assault, intimidation, destruction/damage/vandalism of property, and any other crime involving bodily injury. 34 CFR § 668.46(c)(3).

**Noncompliance:** Although there were no incidents of hate crimes reported, HC did not include all of the required hate crime categories as shown above in its reporting and classification of hate crimes.

In addition, HC indicated in its IPEDS reporting that it did maintain 'on-campus' housing. Although the housing units are not located at the main educational location and are not owned by the institution, HC does appear to maintain control of a certain section of the apartment complex (West Pointe Apartments) for exclusive use of its students. However, for Clery Act reporting purposes, the Department does not consider this to be 'on-campus' housing. No further action is required at this time regarding this issue but HC should endeavor to alleviate this apparent discrepancy related to the IPEDS reporting.

Failure to prepare an accurate and complete ASR and in accordance with Federal regulations deprives the campus community of important campus crime information.

**Required Action:** In response to this report, HC must publish and disseminate an ASR that includes all required information and categories concerning campus crime statistics for the calendar years 2010 through 2011, as well as all other attendant components, in accordance with current Federal regulations and the guidance found in the Department's

*Handbook for Campus Safety and Security Reporting* which can also be found at the following link: <http://www2.ed.gov/admins/lead/safety/campus.html>. A copy of this ASR, as well as institutional assurances on how it has been disseminated to all students and employees and made available to all prospective students and employees, must be included with HC's response.

HC must develop and implement procedures to ensure that an appropriate ASR will be produced and disseminated on an annual basis to all current students and employees. As part of this process, HC must review in their entirety the Federal regulations at 34 CFR § 668.46 to ensure that it has made provisions to meet all of the requirements. A copy of the revised procedures should accompany HC's response to this report.

Based on an evaluation of all available information, including HC's response, the Department will determine if additional action will be required and will advise HC accordingly in the FPRD.

### **3. Federal Perkins Loan Funds – Ineligible Write-off**

**Citation:** Institutions are required to follow the Due Diligence requirements of Subpart C of the Perkins regulations and must afford the borrower maximum opportunity to repay a Federal Perkins Loan. 34 CFR § 674.41-50

If the institution has followed all due diligence procedures, some Perkins loan accounts may be written off under certain circumstances. An institution may write off an account with a balance of less than \$25.00 (including outstanding principal, accrued interest, collection costs, and late charges. A school may write off an account with a balance of less than \$50.00 if your school appropriately billed the borrower for at least two years. If a school writes off an account, the borrower is relieved of all payment obligations and the school must deduct the amount of the account from Perkins Loan Fund. If a payment is received from a borrower after the balance has been written off, the payment must be deposited into the Perkins Loan fund. 34 CFR § 674.47(h)

**Noncompliance:** During the review of Federal Perkins Loan records, reviewers found several student records where loans had been written off for amounts over \$25.00. Eight of those records reviewed showed that amounts above \$50.00 had been written off.

Students #60, 62, 67, 71, 78, 80, 82, 99: These Perkins Loan fund recipients were found to have had defaulted loan amounts written off by HC in excess of the \$50.00 amount allowed by regulations.

**Required Action:** In response to this report, HC must conduct an analysis of its Federal Perkins Loan records and provide a report listing all Perkins loan balances which have

been written off for amounts greater than \$50.00. The report should include the amount of any write offs. The report should also include a listing of any write off amounts less than \$50 where the borrower was not appropriately billed for that amount for a period of at least two years as required.

HC may be held liable for any of these incorrect write offs. Instructions for the repayment of any liabilities will be provided in the Final Program Review Determination Letter.

In addition, HC must devise and implement procedures that will ensure, in the future, no Perkins loan accounts will be written off for amounts that exceed \$50.00. A copy of those procedures must accompany HC's response.

#### **4. Incorrect Federal Perkins Loan Period**

**Citation:** An institution shall advance in each payment period a portion of a loan awarded for a full academic year. The institution shall determine the amount advanced each payment period by the following fraction:

Loan Amount divided by N, where Loan Amount equals the total loan awarded for an academic year and N equals the number of payment periods that the institution expects the student will attend in that year. 34 C.F.R. §674.16(b)(1) and (2)

An academic year for a program of study is defined as a program which must include for a program offered in credit hours, a minimum of 30 weeks of instructional time. For an undergraduate educational program, an amount of instructional time is the period whereby a full-time student is expected to complete at least twenty-four semester or trimester credit hours or 36 quarter credit hours for a program measured in credit hours. 34 C.F.R. § 668.3(1) and (2)

Every eligible program, including graduate programs, must have a defined academic year. The academic year is one component used in determining the student's eligibility for Title IV aid. *2011-2012 Federal Student Handbook, Volume 3.*

**Noncompliance:** During the program review, it was found that HC utilizes a third-party software, Greentree, to process its Federal Perkins Loans. In five instances reviewers noted students with Perkins Loan fund disbursements which had loan periods which exceeded an academic year.

Students #57, 58, 64, 70 94: These Perkins Loan recipients were found to have loan periods which exceeded one full academic year.

According to HC personnel, the Perkins Loan periods were incorrectly reported based on an unresolved issue with a technical update in the institution's third-party servicer's software that occurred in 2000.

For example, the loan period information for student #70 was forwarded to NSLDS with a loan period of 08/30/2010 to 10/22/2011. In the case of Student #58, the loan period in NSLDS is displayed as 07/06/2010 to 02/24/2012. In each instance, the loan period should have been originated at no more than the prescribed timeframe referenced above.

**Required Action:** HC must review its policies and procedures regarding the processing and originating of Federal Perkins Loans to ensure compliance with all awarding requirements. As part of this review, HC must work with its servicer to ensure recordkeeping is in compliance with Department standards. A copy of these policies and procedures must accompany HC's response to the PRR.

#### **5. Federal Perkins Loan Promissory Note Missing**

**Citation:** Before making its first Federal Perkins loan disbursement to a student, an institution must require the student to sign a promissory note. 34 C.F.R. § 674.16(a)(1). Furthermore, the institution must ensure that each Federal Perkins loan is supported by a legally enforceable promissory note as proof of the borrower's indebtedness. 34 C.F.R. § 674.16(d)(2). As required by 34 C.F.R. § 674.19(e), the institution must keep the original promissory note and repayment schedule until the borrower satisfies the Federal Perkins loan obligation. If required to release original documents in order to enforce the loan, the institution must retain certified and true copies of the note and repayment schedule for each Federal Perkins Loan. After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note to the borrower and retain a copy for the prescribed period.

**Noncompliance:** HC was unable to provide the promissory notes and repayment schedules for several borrowers who previously received Federal Perkins Loan funds. During the program review, reviewers requested information on several Perkins loan recipients whose loans had been in default. HC indicated that some of the loans had previously been assigned to the Department, or had been written off by HC. However, in several cases, NSLDS records still showed HC as the current holder of the loans although HC was unable to provide the promissory note for each of those students as indicated below. In the case of some notes that were written off, HC indicated that those records had been purged and no other information was available.

Students #57, 58, 61, 70, 77, 87, 88, 97: The institution was unable to provide any of the Perkins Loan file documentation, including the promissory note for these students

although NSLDS still shows HC as the current holder of the notes for these Perkins Loans. HC had indicated that these loans had been assigned to the Department.

Students #60, 62, 67, 71, 78, 80, 82, 99: As identified in finding #3, these students' loans were written off in excess of the \$25.00 allowance and subsequently the institution had purged the records related to these Perkins loans and thus was unable to provide any of the Perkins Loan documentation.

Student #101: HC indicated that the student's loan had been paid in full. However, NSLDS still shows an outstanding principal balance and does not indicate that the loan has been assigned to the Department. HC was unable to provide the promissory note or other Perkins loan documentation for this student.

**Required Action:** In response to this report, HC must provide copies of the aforementioned Federal Perkins Loan promissory notes and repayment schedules to the Department. If unable to do so, HC will be responsible for reimbursing their Federal Perkins fund for all loan funds which have not been assigned to the Department and/or which are now deemed uncollectible.

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.

#### **6. Failure to Maintain Documentation Regarding Due Diligence Efforts and Update Required Information**

**Citation:** An institution may cease collection activity on a defaulted account with a balance of less than \$200, including outstanding principal, accrued interest, collection costs, and late charges, if the institution has carried out the due diligence procedures described in subpart C of this part with regard to this account; and for a period of at least 4 years, the borrower has not made a payment on the account, converted the account to regular repayment status, or applied for a deferment, postponement, or cancellation on the account. Notwithstanding any other provision of this subpart, an institution may write off an account, including outstanding principal, accrued interest, collection costs, and late charges, with a balance of less than \$25; or less than \$50 if, for a period of at least 2 years, the borrower has been billed for this balance in accordance with § 674.43(a). When the institution writes off an account, the borrower is relieved of all repayment obligations. 34 C.F.R. § 674.47(g) and (h)

The institution is responsible for ensuring compliance with the billing and collection procedures set forth in this subpart. The institution may use employees to perform these duties or may contract with other parties to perform them. An institution that contracts for performance of any duties under this subpart remains responsible for compliance with

the requirements of this subpart in performing these duties, including decisions regarding cancellation, postponement, or deferment of repayment, extension of the repayment period, other billing and collection matters, and the safeguarding of all funds collected by its employees and contractors. 34 C.F.R. § 674.48(a) and (b)

For Perkins Loans that are accepted for assignment by the Department, the institution will receive written notice of the acceptance of the assignment of the note by the Department. Also, the Secretary may determine that a loan assigned to the Department is unenforceable in whole or in part because of the acts or omissions of the institution or its agent. If a loan is accepted by the Department, the institution should store all information appropriately and maintain record of the written acceptance provided by the Secretary. 34. C.F.R. § 674.50(f) and (g)

**Noncompliance:** During the review of Federal Perkins Loan records, reviewers found that several Perkins loan accounts had been coded as "write-off" by HC. However, HC was unable to substantiate the required due diligence activities had been conducted. In many instances the records which reviewers requested were coded as "purged" or unavailable. In the case of those loans which were written off which were in excess of the limits discussed above, HC was required to continue due diligence efforts. Students with incorrect write-offs are referenced in Finding #3, as well as, in Finding #5 where required promissory note documentation could not be provided.

In addition, HC had assigned several Perkins loans to the Department and some of those loans had been accepted by the Department. However, HC or its servicer failed to update all assignment information in NSLDS as required to show that the Department was the new holder of the loans. Finding #5 references students whose loans are still held by HC according to NSLDS but whose required promissory note documentation could not be provided.

Failure to update all information as required may cause possible erroneous information to be reported to various financial institutions concerning the status of these loans.

**Required Action:** HC must review its policies regarding the maintenance of due diligence documentation to ensure adequate documentation is maintained as required to show due diligence efforts were exercised. As part of this review, HC must work with its servicer to ensure all documents are maintained/updated and that policies and procedures support all efforts. A copy of these policies and procedures must accompany HC's response to this program review report.

**D. Appendices**

**Appendix A: Student Sample**

<b>Student No.</b>	<b>Award Year</b>	<b>Last Name</b>	<b>First Name</b>	<b>SSN(last 4)</b>
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**Appendix B: Additional Student Sample (R2T4)**

<b>Student No.</b>	<b>Last Name</b>	<b>First Name</b>	<b>SSN(last 4)</b>
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**Appendix C: Additional Student Sample (SEOG)**

<b>Student No.</b>	<b>Last Name</b>	<b>First Name</b>	<b>SSN (last 4)</b>
42			
43			
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**Appendix D: Additional Student Sample (Perkins)**

<b>Student No.</b>	<b>Last Name</b>	<b>First Name</b>	<b>SSN (last 4)</b>
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**Appendix B: Hickey College's Response to the Program Review Report**



March 6, 2013

Mr. Rick Moore  
Federal Student Aid, School Participation Team – Kansas  
U.S. Department of Education  
8930 Ward Parkway, Suite 2028  
Kansas City, MO 64114-3302

RE: Program Review Report  
Hickey College (OPE 01027900)  
PRCN 201240728008

Dear Mr. Moore:

We are in receipt of the Program Review Report for Hickey College, St. Louis, MO, for the review conducted July 30, 2012 through August 3, 2012. The report included six findings, none of which pertained to the students' academic or financial aid files. Our response to these findings is as follows:

**Finding 1: Late Return of Title IV Funds**

During the review, one instance was found of a late TIV refund after the Return to Title IV funds calculation was made.

**Response and Actions Taken:**

During this program review conducted last summer and the compliance audit conducted for submission to the Department of Education last fall, a total of 19 files were tested for compliance in the Return to Title IV Funds calculation procedures. Both reviews found the same isolated incident for which it was noted that the return of funds was not made in a timely manner. The calculation was done in a timely manner, and it was found that there were VA funds involved. During a recent VA audit it was requested that the school contact the VA office in the event of a withdrawal for a determination of the proper refund of VA funds. While waiting for that response, the student's file was inadvertently filed away before the necessary follow up was completed. The outstanding refunds were discovered during a routine internal review (self-

audit) and immediately refunded upon discovery. During the self-audit no other instances of non-compliance were found.

Procedures were reviewed and reinforced including the procedure not to wait for a VA response (or any other response) before processing the refunds for Title IV funds as those other outcomes would have no impact on the required Title IV refunds. Our procedures are attached in Exhibit A.

**Finding 2: Crime Awareness Requirements Not Met**

In the preliminary report and during the review, it was noted that although there were no instances of hate crimes reported, the school did not include all of the required hate crime categories as listed in 34 CFR §668.46(c)(3). It was also noted that there has been a discrepancy between Clery Act reporting and IPEDS reporting over the definition of 'on-campus' housing.

**Response and Action Taken:**

Hickey College has been in contact with the departments administering IPEDS and the Clery Act/Safety Security and Campus Crime Reporting to resolve apparent conflicts in reporting definitions regarding 'on campus' housing. The current position of these distinct surveys is that they each adhere to their own separate definitions and that the school should report accordingly on each survey. The reports to the two different surveys cannot be compared or construed to be in conflict with one another.

Regarding the Annual Security Report (ASR), Hickey College has revised its Annual Security Report (ASR) to include all required categories of hate crimes. We have added the following narrative to the ASR:

**Hate Crimes:** Hate crimes are criminal offenses committed against a person or property that are motivated, in whole or in part, by the offender's bias. Bias is a preformed negative opinion or attitude toward a group of persons based on their actual or perceived race, gender, religion, disability, sexual orientation, or ethnicity/national origin. Included in these statistics are hate crimes of murder and non-negligent manslaughter, forcible sex offenses, non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, arson, larceny-theft, simple assault, intimidation, and destruction/damage/vandalism of property. For the years 2009, 2010, and 2011 there were no reported hate crimes at any of the above-listed geographic locations.

Hickey College has prepared a catalog addendum that contains this revised campus security report and has distributed it to all current students and employees. (See Exhibit B for a copy of the revised ASR.) Additionally, a copy of this catalog addendum has been inserted in all print catalogs at the campus, and the online catalog has been updated to include the hate crime statistics. This information is available to all prospective students and employees.

Hickey College has compared its ASR and the federal regulations at 34 CFR§668.46. Hickey College has made provisions to meet all of these requirements.

**Finding 3: Federal Perkins Loan Funds – Ineligible Write-off**

In the preliminary report and during the review, it was noted that several student records had been found where loans had been improperly written off under 34 CFR§674.47(h).

**Response and Action Taken:**

The finding and regulation verbiage for 34 CFR§674.47(h) cited by the reviewers in this report is the regulation currently in place and effective December 2, 2002. While this current rule was apparently also the regulation during a period in the 1990s (effective February 4, 1993), we have documentation that this regulation has varied over time from as little as \$5 (effective July 1, 1996) to as much as \$200 (prior to February 14, 1993). The loan records requested for this particular scope of the program review included students who attended in the late 1970s and early 1980s. The write offs in question occurred between January 16, 1990 and November 11, 1992 during the period for which the regulation allowed write offs of **\$200 or less**. We have documentation (attached in Exhibit C) from the 1992-1993 Federal Student Aid Handbook that the rule during this period was "A school may write off a student's defaulted loan if the total amount owed on the account is \$200 or less." A footnote to this sentence states "This provision may be amended by future regulations of the Proposed Rule published in the Federal Register November 13, 1990." The following year, the 1993-1994 Federal Student Aid Handbook states "A school may write off a student's defaulted loan if the total amount owed on the account is less than \$25 (refer to regulations published December 21, 1992)." The December 21, 1992 regulations were effective February 4, 1993. While these very old regulations and the Federal Registers themselves are not easy to find, there are multiple references to their content.

We have reviewed the eight students cited in this report and five (not eight) of these had write offs of more than \$50. We also reviewed all other write offs to date. We found no single instance of an improper write off based on regulations in effect at the date of each write off. In addition to the application of proper write off amounts, we have also verified that all students were in default and, when applicable, were properly billed for the designated period. As was

dated 2007. To start, we note that there are no fields labeled loan period (begin or end dates); the only fields referring to a period of time are those referring to the enrollment period (begin and end dates). After reviewing this material, we are uncertain as to the accurate interpretation of the instructions for the field, 'Date Enrollment Period Ends.' In the May 19, 2000 Introduction to Appendix A: Data Dictionary (page A-2), the instructions read "Loan Definition - For the purpose of reporting Federal Perkins loans to National Student Loan Data System, NSLDS generally defines a "loan" to include all disbursements to a borrower that were advanced to the borrower under the same promissory note and under the same borrower terms and conditions." It goes on to say "For disbursements made on or after July 1, 1993, schools must adhere to the above rule. You would continue to report on that loan until such time as the terms and conditions of the Federal Perkins Loan Program change." This begins the implication that the Perkins "loan" includes all disbursements for all academic terms under the note. Related to this concept, further into Appendix A: Data Dictionary, the instructions for the field 'Date Enrollment Period **Begins**' (page A-70) state "Report the date classes start during the academic term in which the student receives the first disbursement on a loan. This date will remain the same regardless of the number of academic terms included in the loan. Then, the instructions for 'Date Enrollment Period **Ends**' (page A-72) state "Report the date classes end for the academic term in which the student receives the latest disbursement on a loan. **This date will change if disbursements are made in a new academic term.**" These instructions do not conform to the perception that the reporting period should be no more than 12 months. In fact, one of the error messages for these fields state that the "Dt Enroll Per End must be  $\leq$  the Dt Enroll per Begin + 15 yrs." Since there is not a different set of fields for the "loan period" versus the "enrollment period" we remain confused as to the proper procedure and how the data transmitted is used and reflected in NSLDS. We have understood for many years that loan disbursements were to be individually reported to NSLDS and, as documented with our sample students, we have followed those guidelines when reporting each disbursement. But, when we review these instructions for the field 'Date Enrollment Period Ends,' we are concerned that although our software servicer has now acquiesced to our request and made the programming change requested by this program review report, perhaps this revision is not correct. **Please review these materials and let us know as soon as possible if the software servicer should not have made this change and that the 'Date Enrollment Period Ends' should, in fact, change with new disbursements throughout the enrollment period.**

Finally, we must note that whether or not this enrollment data submission was in error, this submission procedure would never have resulted in a student being overawarded since the awarding procedures are and always have been based on the academic year. This is supported by the students' academic year plans. Awarding policies and procedures for originating and disbursing of Perkins loans are in compliance with regulations. These policies are attached and do not require revision. However, we remain confused about the proper 'Date Enrollment Period Ends' and request clarification based on the above stated conflicts. For example, based on our

reading of these data instructions, the period reported in NSLDS for student #58 appears accurate. (This was one of the two students listed as an example in the audit report.) Finally, as mentioned above, we did contact our servicer immediately upon receipt of this program review and worked with them to continue to report each academic year by disbursement, but to not overwrite or change any of these dates as additional disbursements are made or as the student is exited. This is documented in Exhibit D with the servicer's notification and program update made February 15, 2013. Now, as explained, we are uncertain that this was the correct action to take and will wait for further clarification before taking any other action.

**Finding 5: Federal Perkins Loan Promissory Note Missing**

In the preliminary report, it was noted that the school was unable to locate the promissory note and repayment agreement schedules for several borrowers.

**Response and Action Taken:**

The program review report divided students whose promissory notes were deemed to be missing into three categories.

The first category was described as students for whom Hickey College indicated their loans were assigned, but the auditors indicated that Hickey College was still the holder in NSLDS. We have reviewed these students. None of these students had been assigned to the Department of Education and we find no indication that, for these students, this claim was made by us during the review. Attached (in Exhibit E) are the students' current statuses. All but one is still held by Hickey College. The one that is not still held, student #87, was paid in full. Furthermore, the school does have the promissory note and repayment agreement on file for all of these students, with the exception of #87 whose note would have been returned to the student. Copies of those notes and repayment agreements are attached in Exhibit E. We find no discrepancy or missing paperwork with regard to these students.

The second category of students is those same students listed in Finding #3 as write offs. These students were properly written off as already documented. As such, the students were relieved of the remaining debt and no longer obligated, and the promissory note would have been returned to the student.

The last category includes just one student, #101. As stated in the report, this student's loan was paid in full in December 1994. The circumstances are that the student was in default, then assigned to a collection agency, and ultimately made a payment directly to the school to pay off the loan. The student's account had been charged a collection fee of \$333.33 and this balance

was later forgiven and reversed. This later action occurred in March 1996 as accounts were being reviewed for assignment to the Department of Education. It was determined then that rather than assign this balance, we could waive it since it was a collection fee. It was at this point that the account was coded as Paid in Full; therefore, the school would have returned the note to the borrower. This action is not reflected in NSLDS although its reporting should have automatically occurred under the Perkins system being used. Hickey College had applied the status of Paid in Full since 1996 but since this was well over 16 years ago, there are no longer any material records to substantiate that this reporting occurred. To satisfy this audit, we have created an NSLDS record for transmission and are now reporting the Paid in Full status (see Exhibit F).

In summary, only the students listed in the first group have their Federal Perkins Loan promissory notes attached. All others were paid in full and returned to the borrower per regulations.

**Finding #6: Failure to Maintain Documentation Regarding Due Diligence Efforts and Updated Required Information**

In the preliminary report, it was stated that Hickey College had loans written off in excess of legal limits and was required to continue due diligence.

It was also stated that Hickey College or its servicer had failed to update NSLDS with assignment information to show that the Department of Education was the new holder of the loan. The report then lists students from Finding #5 that had been assigned, but shown to still be held by Hickey College.

**Response and Action Taken:**

As already discussed in Finding #3, Hickey College has determined that there were no improper write offs and that there were also no missing promissory notes. All due diligence on these and other loans was performed as required by law. No accounts have been purged that were not eligible for such action more than 10 years after the account was (properly) closed.

It was further documented that the students in Finding #5 were not assigned and the promissory notes for those students are available. Furthermore, since June 2003 all Perkins Loan documentation is imaged and has been held. Since the start of imaging, no records have been purged and should the need arise in the future, only loans that have been paid in full for at least 10 years may be purged. However, even in that potential scenario, backup data would exist.

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Lastly, the glitch noted during the review regarding the updating in NSLDS of assigned loans has been resolved. Loans were being coded as assigned and readied for transmission, but those records were not getting picked up by NSLDS. Hickey College has worked with the Department of Education and our software servicer to determine the string of events that was causing the issue. The Department of Education has corrected these records per our instructions. Procedures have been implemented to ensure proper reporting of assignments for current and future loans. (See Exhibit F.)

In closing, we thank the auditors for the opportunity to respond to this preliminary report. We believe we have documented and satisfactorily answered the complaints. We have shown why we disagree with Findings #3, #5 and #6. We believe that these preliminary findings should be struck from the final report. We believe it is quite possible that Finding #4 also deserves reconsideration. Please let us know if you need any further information; otherwise, we look forward to closing this review.

Respectfully submitted,

Sandra Faris  
Director of Corporate Financial Aid

Hickey College Program Review Response  
OPE ID: 01027900  
ORCN: 201240728008

Manifest

Letter of Response – 8 pages

Exhibit A: Finding #1, Change of Status Procedures – 8 pages

Exhibit B: Finding #2, Campus Security Addendum – 5 pages

Exhibit C: Finding #3, 1992-93 and 1993-94 FSA Handbook Excerpts – 3 pages

List of Accounts Written Off Over \$50 – 1 page

Procedures for Perkins Loan Write-offs – 1 page

Exhibit D: Finding #4, Perkins Transmission Data for Students Named – 13 pages

Perkins Data Provider Instructions, Appendix A – 6 pages

Student #58 NSLDS Data – 4 pages

Perkins System Servicer Emails, Documentation of Program Change – 2 pages

Procedures for Loan Advances/Disbursement Procedures – 1 page

Exhibit E: Finding #5, Loan Status Chart for Student Loans Named – 1 page

Copies of Promissory Notes – 35 pages

Exhibit F: Finding #6, Student #101 – 6 pages

Due Diligence Procedures – 1 page

**FPRD Distribution Form**

**Forms or letters available electronically (i.e., can be emailed or are available in CMIS, PEPS, etc.) do not need to be printed.**

(b)(7)(E)