



December 30, 2014

Stephen J. Hodges, Ph.D.
President
Hult International Business School
One Education Street
Cambridge, Massachusetts 02141

UPS Tracking #:
1Z A87 964 02 9153 4478

RE: **Program Review Report**
OPE ID: 04143200
PRCN: 2014-401-28797

Dear Dr. Hodges:

From September 17, 2014 through September 19, 2014, Edward Buckley and Lonny Meloon conducted a review of Hult International Business School's (Hult) 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 Hult. The response should include a brief, written narrative for each finding that clearly states Hult's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Hult 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 report¹ 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.

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

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

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New York/Boston School Participation Division

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inspection by Hult 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 Edward Buckley of this office within 30 calendar days of receipt of this letter.

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. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail. 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 Edward Buckley at 617-289-0132 or edward.buckley@ed.gov.

Sincerely,



Tracy M. Nave
Compliance Manager

cc: Ms. Karen Van Dyne, Director of Financial Aid

Enclosure:

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

Prepared for
Hult International Business School

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OPE ID: 04143200
PRCN: 2014-401-28797

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division- New York/Boston

Program Review Report

December 30, 2014

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A. Institutional Information

Hult International Business School
One Education Street
Cambridge, Massachusetts 02141

Type: Private Nonprofit

Highest Level of Offering: Master's Degree

Accrediting Agency: New England Association of Schools and Colleges

Current Student Enrollment: 2013-2104
Graduate: 2,585
Undergraduate: 675

% of Students Receiving Title IV: 2013/2014
Graduate: 2.75%
Undergraduate: 1%

Title IV Participation – Institution's Data

	<u>2012-2013</u>
Federal Pell Grant	\$ 11,290
FDLP Stafford Subsidized	\$ 30,185
FDLP Stafford Unsubsidized	\$1,406,336
FDLP Graduate Professional PLUS	<u>\$2,474,638</u>
Total:	\$3,922,449

Default Rate FFEL/DL: N/A – Hult has not participated in Title IV long enough to have a calculated rate.

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Hult International Business School (Hult) from September 15, 2014 to September 17, 2014. The review was conducted by Edward Buckley and Lonny Meloon.

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

A sample of 30 files was identified for review, 15 from the 2012-2013 and 15 from the 2013-2014 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. 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 Hult'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 Hult of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

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

C. Findings

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

Finding 1. Late Reporting to the National Student Loan Data System (NSLDS)

Citation: *34 C.F.R. § 685.309(b)* states that a school shall, upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt and, unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct

Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who: (1) enrolled at that school but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address.

Noncompliance: Reviewers found that enrollment status changes during the 2012-2013 award year were not made timely and/or correctly.

Student 1 graduated on August 17, 2013. The enrollment status in NSLDS at the time of the onsite portion of the review still showed the student as enrolled full time.

Student 2 graduated on August 16, 2013. The student's graduation was reported to NSLDS on May 27, 2014. This should have been reported in the student status confirmation report sent to NSLDS on or before October 15, 2013. In addition, this student's graduation date was reported incorrectly as August 15, 2013.

Student 3 graduated on August 16, 2013. The student's graduation was reported to NSLDS on May 27, 2014. This should have been reported in the student status confirmation report sent to NSLDS on or before October 15, 2013. In addition, this student's graduation date was reported incorrectly as August 15, 2013.

Similarly, enrollment status changes for Students 4 through 15 were also reported to NSLDS late and/or incorrectly.

A review of the 2013-2014 student sample confirmed that enrollment status changes were reported correctly and timely.

Required Action: Hult must conduct a review of all students enrolled during the 2012-2013 award year to determine if the separation dates reported to NSLDS are correct. If Hult finds that the separation date for any student was reported incorrectly, it must correct the date in NSLDS. The institution must send the results of its review to this office in spreadsheet format. The report must contain the following information:

1. Student's name
2. Student's social security number
3. Date of separation (graduation date, withdrawal date, administrative withdrawal date, etc.)
4. Date of separation originally reported to NSLDS
5. Date of separation reported to NSLDS after the correction, if applicable

Hult's current procedures appear to be in compliance as a review of the 2013-2014 award year confirmed that enrollment status changes were reported correctly and timely for the students in

the program review sample. Hult should continue to ensure that all changes in enrollment status are reported to NSLDS timely and correctly.

Finding 2. Incorrect Disbursement Dates Reported to the Common Origination And Disbursement (COD) System.

Citation: *34 C.F.R. §685.301(c)* states that the Secretary accepts a student's Payment Data that is submitted in accordance with procedures established through publication in the FEDERAL REGISTER, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution.

34 C.F.R. §668.164(a)(1) states that an institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with Funds received from the Secretary; funds received from a lender under the FFEL Programs; or Institutional funds used in advance of receiving Title IV, HEA program funds.

The *Federal Register* published on February 28, 2013 and the *Electronic Announcement* published on March 15, 2013 specify for disbursements or adjustments to previously made disbursements made on or after April 1, 2013, an institution must submit the disbursement record to COD no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement.

Noncompliance:

For the 2012-2013 award year the following students had incorrect disbursement dates reported to COD:

Student 1 had \$6,675 in Federal Unsubsidized Direct Loan funds and \$15,960 in Federal Graduate PLUS funds disbursed to his account on December 28, 2012. The disbursement date that was reported to COD was December 27, 2012.

Student 2 had \$6,675 in Federal Unsubsidized Direct Loan funds disbursed to her account on January 1, 2013. The disbursement date that was reported to COD was December 28, 2012.

Student 3 had \$6,765 in Unsubsidized Federal Direct Loan funds disbursed to his account on January 12, 2013. The disbursement date that was reported to COD was December 28, 2012. The student's second disbursement of \$6,766 in Federal Unsubsidized Direct Loan funds was disbursed to his account on May 4, 2013 but the disbursement date reported to COD was May 6, 2013.

Similarly, the disbursement dates reported to COD for Students 4 through 15 were incorrect.

For the 2013-2014 award year the following students had incorrect disbursement dates reported to COD:

Student 16 had \$9,580 in Federal Direct Graduate PLUS funds disbursed to his account on May 20, 2014 but the disbursement date reported to COD was May 19, 2014. A disbursement of \$6,762 in Federal Unsubsidized Direct Loan funds was also made to his account on May 20, 2014 and this disbursement date was also reported to COD as May 19, 2014.

Student 17 had a disbursement of \$6,762 in Federal Direct Unsubsidized Loan funds made to his account on May 20, 2014 but the disbursement date reported to COD was May 19, 2014. A disbursement of \$15,966 in Federal Graduate PLUS funds was also made to his account on May 20, 2014 and the disbursement date reported to COD was May 19, 2014.

Student 18 had a disbursement of \$6,761 in Federal Direct Unsubsidized Loan funds made to her account on May 20, 2014 and the disbursement date reported to COD was May 19, 2014.

Similarly, Students 19 through 30 had incorrect disbursement dates reported to COD.

Required Action: The institution must conduct a full file review of all disbursement dates reported to COD for the 2012-2013 and 2013-2014 award years as well as all dates reported for the current award year. Hult must correct all incorrect dates reported to COD.

In its response, the institution must report in spreadsheet format, the following information:

1. Student's name
2. Student's social security number
3. The disbursement dates that were reported to COD
4. The correct disbursement date, amount and type of Title IV funds disbursed to each student
5. The date that a correction was made to COD, if applicable.

In addition, the institution must include updated procedures that will ensure that correct disbursement dates are reported to COD in the future.

Finding 3. Failure to Delay Loan Disbursement for 30 Days

Citation: *34 C.F.R. §685.303(b)(5)(i)* states that if a student is enrolled in the first year of an undergraduate program of study and has not previously received a Direct Subsidized Loan, a Direct Unsubsidized Loan, a Subsidized or Unsubsidized Federal Stafford Loan, or a Federal Supplemental Loan for Students, 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)(5)(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;

(B) The school is an eligible home institution originating a loan to cover the cost of attendance in a study abroad program and has a Direct Loan Program cohort rate, FFEL cohort default rate, or weighted average cohort rate of less than 5 percent for the single most recent fiscal year for which data are available.

Noncompliance: Student 13 began attendance at Hult on September 20, 2012. The student was a first year undergraduate student who had not previously received a Direct Loan. Regulations mandate that the earliest day that the institution should have disbursed funds would have been October 20, 2012. The student received the first disbursement of his Federal Subsidized Direct Loan (\$1,156.00) and the first disbursement of his Federal Direct Unsubsidized Loan (\$495.00) on September 12, 2012.

Required Action: Since the student completed the term in which the early disbursement was made, there is no liability associated with this finding. The institution must ensure that, in the future, first year first time borrower disbursements are delayed 30 days. In response to this report, the institution must provide procedures that will ensure regulatory compliance in the future.



June 25, 2015

Stephen J. Hodges, Ph.D.
President
Hult International Business School
One Education Street
Cambridge, Massachusetts 02141

UPS Tracking #:
1ZA879640290641514

RE: **Final Program Review Determination**
OPE ID: 04143200
PRCN: 2014-401-28797

Dear Dr. Hodges:

The U.S. Department of Education's (Department's) School Participation Division – New York/Boston issued a program review report on December 30, 2014 covering Hult International Business School's (Hult) 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 2012-2013 and 2013-2014 award years. The institution's final response was received on January 30, 2015.

The School Participation Division –New York/Boston has reviewed Hult's response to the Program Review Report. A copy of the program review report (and related attachments) and Hult's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Hult 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.

Hult's response has resolved all findings. In addition, Hult has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, Hult may consider the program review closed with no further action required.

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

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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)].

If you have any questions please call Mr. Edward Buckley at 617-289-0132

Sincerely,



Bc
Betty Coughlin
Division Director

Enclosure: Program Review Report (with attachments)
Hult's Response to the Program Review Report

cc: Ms. Karen Van Dyne, Director of Financial Aid
New England Association of Schools and Colleges
Massachusetts Board of Higher Education
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Buckley, Edward

From: Karen Van Dyne <karen.vandyne@hult.edu>
Sent: Thursday, January 29, 2015 3:21 PM
To: Buckley, Edward
Subject: Program Review Response
Attachments: Program Review.zip

Hello,

Thank you for the timely response to our program review. We consider reviews such as this to be a useful tool for our institution, and have made the following corrections to our prior data and updates to our policies:

Finding Number 1

Hult performed a review of all students from the 2012-2013 school year and found and corrected 8 files. Seven of these students were listed with a graduation date of 8/31/2013 and one was listed as 9/30/2013. These were all changed to 8/15/2013, which was the correct date.

We have since updated our NSLDS reporting policy. Hult reviews all student records bi-weekly and updates NSLDS as appropriate. In addition, we review graduation records weekly during the months of August and September. The graduating students from 2013-2014 were all updated correctly.

We have updated NSLDS and attached a spreadsheet of corrections.

Finding Number 2

We have done a complete audit of all disbursements, and found a number of incorrect dates. Most of these happened during our first two disbursements, while we were still establishing our policies, and the number of errors decreased after that. However we were surprised to see that our third scheduled disbursement for the 2013-2014 was entirely incorrect. This was the first time we batch uploaded a large disbursement, and review of our systems showed that these were updated after 5pm on May 19th, 2014 and were therefore listed as May 20th 2014.

Hult uses a third party servicer for cash management, and we have met with them to correct this problem moving forward. We now agree on a draw date for our bank, and a disbursement date for COD that matches our student account software. Additionally, we are now able to batch upload our disbursement records, and we will do so before 5pm. When we did this by hand, they were not all updated on the same day. If we fail to update any records on the date reported to COD, we will update that COD record within three days.

We have updated COD where necessary and attached a spreadsheet of corrections.

Finding Number 3

We have done an audit of all other first year, first time borrowers and this problem has not reoccurred. To ensure that it will not happen again, Hult now must verify grade level during fund confirmation so that the opportunity to catch this error will happen prior to drawing the funds.

If you have any other questions or comments, please don't hesitate to contact me. I will send a second email with the password to this attachment.

Best Regards,

Karen Van Dyne
Director of Financial Aid

