September 30, 2014

Mr. Kevin Modany
President
ITT Technical Institute
9511 Angola Court
Indianapolis, IN 46268-1119

Certified Mail
Return Receipt Requested
7012 2920 0001 6930 0846

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 00732913
PRCN: 201440628799

Dear President Modany:

From September 8, 2014, through September 11, 2014, Ms. Crystal Brennan and Ms. Michelle Allred conducted a review of ITT Technical Institute's (ITT'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 ITT's compliance with excess cash. The review consisted of, but was not limited to, an examination of ITT'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 15 files was identified for review from the 2013-2014 award year. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year.

A list containing the names and social security numbers of the students whose files were examined was provided to ITT 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.

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

The issuance of this FPRD does not preclude the Department from conducting additional testing for any area of non-compliance identified herein in a subsequent program review or compliance audit for the award year included in the scope of this program review.

The Dallas School Participation Division 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. Return of Title IV Funds Not Made

Citation: According to 34 C.F.R § 668.22(g)-(j) an institution is required to return funds to the applicable Title IV, HEA program when a recipient withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. A return must be paid to the applicable Title IV, HEA program within 45 days after the date of determination that the student withdrew.

Noncompliance: ITT did not perform a return calculation for Student #5 on a timely basis. Consequently, ITT did not return funds to the Title IV program within 45 days of the date the institution determined a Return of Title IV (R2T4) calculation was required. The student started attending classes on 03/17/2014 and withdrew on 04/29/2014. According to a termination form in the student's file, the student completed 53.0% of the program during the payment period. Direct Loan funds in the amounts of $1,979.00 (Unsubsidized) and $1,484.00 (Subsidized) were disbursed on 04/09/2014. Based on the R2T4 calculations, ITT should have returned $1,627.61.

Institutional Action Taken to Resolve Noncompliance: ITT completed the R2T4 calculation for student #5 and returned the funds while the review team was on site

Final Determination: This was an isolated instance and the funds were returned. Therefore, no further action is necessary.

Finding 2. Improper Disbursement - Student Submitted ESAR With Incorrect Information

Citation: According to 34 C.F.R. §690.6 a student's duration of eligibility for Pell Grant funds ends when the student receives his or her first baccalaureate degree.

Noncompliance: ITT awarded a Pell Grant to Student #7, who had received a baccalaureate degree in Thailand. In addition, admissions documents indicated that the student had a master's degree from Mississippi State University (MSU). The MSU transcript also acknowledged the bachelor's degree from Thailand. Therefore, student #7 was not eligible for a Pell Grant.

Institutional Action Taken to Resolve Noncompliance: ITT agreed with the finding and returned the Pell Grant funds for Student #7 while the review team was on site.

Final Determination: This was an isolated instance and funds were returned. Therefore, no further action is required.

Finding 3. Incorrect Cost of Attendance Calculation

Citation: Information that the institution must make readily available to enrolled and prospective students includes, but is not limited to, the cost of attending the institution; tuition and fees charges to full-time and part time students; estimates of costs of necessary books and supplies; estimates of typical charges for room and board; estimates of transportation costs for students; and any additional cost of a program in which a student is enrolled or expresses specific interests. *34 C.R.F. § 668.43(a)(1)*

Furthermore, the financial aid administrator has the authority, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance to allow for treatment of an individual eligible applicant with special circumstances. Adequate documentation for such adjustments shall substantiate such special circumstance of individual students. *Section 472 of the HEA*

Noncompliance: ITT failed to correctly document the cost of attendance for enrolled students. When the program reviewers added up the cost of attendance components for Students #1 and #2, there was a discrepancy between the cost of attendance amount used and the cost of attendance amount presented to the review team as the one used for awarding.

Institutional Action Taken to Resolve Noncompliance: ITT reviewed the two indicated students and determined that an error in the system caused the fees for those students to be duplicated, thus increasing the cost of attendance utilized by the system in awarding. ITT fixed this system issue while the program review team was on site.

Final Determination: The error did not result in an over-award in either need or cost of attendance. Because the issue has been resolved, no further action is necessary.

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 Ms. Crystal Brennan at (214) 661-9519.

Sincerely,

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Cynthia Thornton, Director
Dallas School Participation Division

cc: Mick Lindvay, Director of Financial Aid
Accrediting Counsel for Independent Colleges and Schools
Texas Workforce Commission

Appendix A: Student Sample (provided under separate cover)

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