



February 19, 2015

Ms. Lisa Agresti  
President  
Institute of Medical Careers  
133 Jefferson Road  
Suite 101  
Pittsburgh, PA 15235-3718

Sent Via Email

RE: Final Program Review Determination  
OPE ID Number: 04155100  
PRCN: 201510328839

Dear Ms. Agresti:

The U.S. Department of Education's (Department's) School Participation Team - Philadelphia issued a program review report on January 9, 2015 covering Institute of Medical Careers' (IMC's) 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 2013-2014 and 2014-2015 award years. The institution's final response was received on January 26, 2015.

The School Participation Team - Philadelphia has reviewed IMC's response to the program review report. A copy of the program review report (and related attachments) and IMC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by IMC 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.

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

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OFFICE OF THE U.S. DEPARTMENT OF EDUCATION  
School Participation Division - Philadelphia

The Wanamaker Building, 100 Pine Square East, Suite 511, Philadelphia, PA 19107

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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(c)(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 Nancy Della Vecchia at (215) 656-6444.

Sincerely,

(b)(6)

Nancy Paula Gifford  
Division Director

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

cc: Ms. Shannon Edmonds, Financial Aid Administrator  
Accrediting Bureau of Health Education Schools  
PA Department of Education State Board of Private Licensed Schools  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau



January 9, 2015

Ms. Lisa Agresti  
President  
Institute of Medical Careers  
133 Jefferson Road  
Suite 101  
Pittsburgh, PA 15235-3718

Sent Via Email and UPS  
Tracking # 1ZA879640298594481

RE: Program Review Report  
OPE ID Number: 04155100  
PRCN: 201510328839

Dear Ms. Agresti:

From October 27, 2014 through October 20, 2014, Ms. Nancy Della Vecchia and Ms. Diane Sarsfield conducted a review of Institute of Medical Careers' (IMC's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

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

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

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

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

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by IMC 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 Ms. Della Vecchia 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 Ms. Della Vecchia at (215) 656-6444 or [nancy.della.vecchia@ed.gov](mailto:nancy.della.vecchia@ed.gov).

Sincerely,

(b)(6)

John S. Loreng  
Compliance Manager

cc: Ms. Shannon Edmonds, Financial Aid Administrator

Enclosure:  
Protection of Personally Identifiable Information

## **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.

Prepared for  
Institute of Medical Careers

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**OPE ID: 04155100**  
**PRCN: 201510328839**

**Prepared by**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division - Philadelphia**

## Program Review Report

January 9, 2015

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**A. Institutional Information**

Institute of Medical Careers  
133 Jefferson Road  
Suite 101  
Pittsburgh, PA 15235-3718

Type: Proprietary

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Bureau of Health Education Schools

Current Student Enrollment: 78

% of Students Receiving Title IV: 98%

Title IV Participation:

Program	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Pell Grant	\$46,038	\$15,748	\$11,120	\$0	\$0
FDLP Stafford Subsidized	\$28,874	\$17,790	\$7,777	\$0	\$0
FDLP Stafford Unsubsidized	\$45,819	\$25,688	\$4,832	\$0	\$0
Total Title IV - Reported	\$120,731	\$59,226	\$23,729	\$0	\$0

Default Rate FFEL/DL: No Rates Yet Calculated

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at the Institute of Medical Careers (IMC) from October 27, 2014 through October 30, 2014. The review was conducted by Ms. Nancy Della Vecchia and Ms. Diane Sarsfield.

A sample of 33 student files was identified for review from the 2013-2014 and 2014-2015 (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. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning IMC'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 IMC 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 IMC to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding # 1: Student Credit Balance Deficiencies**

#### **Citation:**

Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or the parent as soon as possible but no later than 14 days after the balance occurred. 34 C.F.R. § 668.164(e).

If an institution obtains written authorization from a student or parent, the institution may hold on behalf of the student or parent any Title IV, HEA program funds that would otherwise be paid directly to the student or the parent. 34 C.F.R. § 668.165(b)(1)(ii).

### **Noncompliance:**

IMC utilized a series of forms for students to authorize IMC to hold credit balance funds and to subsequently request those funds from IMC, should the student change his or her mind. IMC used the form entitled, "Authorization for IMC to Retain Direct Subsidized and Unsubsidized Stafford Loan Proceeds for Tuition and Request for Budgetary Assistance" to gather students' authorizations for IMC to hold credit balance funds.

IMC used the "Student Refund Request Form" for students to request credit balance funds they had previously authorized IMC to hold. This form was misleading; the form contained the following notifications to the students:

- If the student meets all of the approval criteria from the school, the student refund check would be available 20 days after the following class start dates...
- This is only a request for a refund. This is not a guarantee that you will receive the funds requested.
- Students must maintain at least a 2.0 QPA and less than 25% absence to qualify for a refund. If these guidelines are not met, the student's refund request may be denied.
- This refund request form must be turned to [sic] Financial Aid no later than the Fifth day of the month in order to be eligible for that refund processing cycle.

IMC further required that students sign and initial a "Financial Aid Disclosure Form" which contained, among other things, the following notifications:

- 2. A student may request living expense monies from their [sic] student account by completing a student refund request form... Examples of living expenses may be daycare transportation, or housing expense and any other monies need to live on. Strict adherence to academic progress and class attendance must be followed by the student.
- 11. To qualify for living expenses IMC recommends that a student maintain at least 85% class attendance and have a passing grade of a "C" or better in the classes the student is taking for the term. Students must maintain satisfactory academic progress (SAP) and be in good school and academic standing in order to receive any Title IV loan monies and/or Pell grant monies.
- 14. The student understands that in order to receive living expense monies, there must be a credit balance on the student ledger card, the student must have "earned" the Title IV funds posted on the student ledger card.
- 15. A student will not have earned their Title IV financial aid funds until the student has attended 60% of their billing period... These dates will be referenced when providing students with any living expense refunds.
- 18. If a student is enrolled in a Clock hour program, students [sic] will earn their Title IV financial aid funds when they reach 60% of their required hourly attendance for the billing period. Students must maintain a good attendance record and be present in school each day to avoid any delay in access to refund monies.

An institution may not predicate a student's receipt of credit balance funds upon the number of hours he or she has completed, his or her academic progress, nor any other requirement. Credit balance funds, by definition, belong to the student.

However, notwithstanding IMC's misleading forms, the review team identified only one instance in which IMC delivered funds late. A credit balance of \$193 was created on student # 6's account on June 28, 2013. IMC did not deliver those funds to student until July 15, 2013. Although the delivery of these funds was three days late, there is no indication that IMC delayed the delivery of those funds based on the criteria established in its various forms.

An institution's failure to deliver student credit balances, without condition, may deprive its student borrowers of access to their own loan proceeds and may deny the students the opportunity to use those proceeds to meet ordinary living expenses incurred while in school.

**Required Action:**

IMC must review the forms it provides to students to ensure that those forms do not improperly condition the students' receipt of credit balance funds upon institutionally determined criteria. IMC must update its forms and provide copies of the updated forms with its response to this program review report.

**Finding # 2: Late National Student Loan Data System (NSLDS) Enrollment Reporting**

**Citation:**

An institution shall upon receipt of a Student Status Confirmation Report (SSCR) from the Secretary or any guaranty agency, complete and return the report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate. An institution shall, unless it expects to submit its next SSCR to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days if it discovers that a Federal Direct Subsidized, Federal Direct Unsubsidized, or Federal Direct Plus Loan has been made to or on behalf of a student who is enrolled at that institution but ceased to be enrolled on at least a half-time basis; has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or has changed his or her permanent address. 34 C.F.R. § 685.309(b).

**Noncompliance:**

IMC failed to report enrollment and withdrawal/graduation data to NSLDS timely for 16 students, as detailed in the following chart.

<b>Student Number</b>	<b>Date of Enrollment</b>	<b>Date of Withdrawal / Graduation</b>	<b>Date IMC Reported the Status to NSLDS</b>	<b>Number of Days Late</b>
3	09/25/2013		12/16/2013	22
5	04/01/2014		06/12/2014	12
6	09/26/2012		12/17/2012	22
6		12/20/2013	02/24/2014	6
8	01/02/2014		06/12/2014	101
9	01/02/2014		04/15/2014	43
10	01/02/2014		06/12/2014	101
12	04/01/2014		06/12/2014	12
13		12/20/2013	02/24/2014	6
14	04/01/2014		06/12/2014	12
16	09/25/2013		06/12/2014	200
18	09/25/2013		12/16/2013	22
21	09/25/2013		06/12/2014	200
22	05/14/2013		06/12/2014	334
25	04/01/2014		06/12/2014	12
27	11/07/2013		06/12/2014	157
28	08/12/2013		06/12/2014	244

An institution's failure to report timely enrollment data to NSLDS may delay or prevent the student's eligibility for in-school status, deferment, grace periods, repayments, and the payment of interest subsidies.

**Required Action:**

IMC must revise its NSLDS reporting policies and procedures to ensure that enrollment information is reported timely to NSLDS. IMC must submit a copy of its revised policies and procedures with its response to this program review report.

**Finding # 3: Late Exit Counseling**

**Citation:**

A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan

borrower shortly before the student borrower ceases at least half-time study at the school. 34 C.F.R. § 685.304(b)(1). If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required. 34 C.F.R. § 685.304(b)(3). The school must maintain documentation substantiating the school's compliance for each student borrower. 34 C.F.R. § 685.304(b)(7).

**Noncompliance:**

IMC was late in sending exit counseling materials to students # 2, 6, 13, 28, each of whom graduated from IMC.

An institution's failure to provide loan counseling to students may result in increased student loan defaults and cause increased expense for the Department.

**Required Action:**

IMC was aware that exit counseling was not provided to all students who ceased enrollment at the institution. In October 2014, prior to the on-site review, IMC conducted its own file review of all students enrolled over the past four years. IMC sent exit counseling materials to all students who ceased enrollment. IMC maintained documentation in the student files to demonstrate that the counseling materials were delivered to the students. As a result, there is no further action required for the students cited in this finding.

However, IMC must review and update its exit loan counseling policies and procedures to ensure that all students receive exit loan counseling before ceasing enrollment at the institution. In those instances where students withdraw without completing exit counseling, the institution must provide the exit counseling materials to the student and maintain documentation to demonstrate that the counseling materials were delivered to the students. IMC must include a copy of its updated policies with its response to this program review report.

**Finding # 4: Improper Return of Title IV (R2T4) Policy**

**Citation:**

When a recipient of Title IV funds 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 assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1).

A student is considered to have withdrawn from a program measured in credit hours if the student does not complete all of the days in the payment period that the student was scheduled to complete. 34 C.F.R. § 668.22(a)(2)(i)(A).

A student is considered to have withdrawn from a program measured in clock hours if the student does not complete all of the clock hours and weeks of instructional time in the payment period that the student was scheduled to complete. 34 C.F.R. § 668.22(a)(2)(i)(B).

**Noncompliance:**

The R2T4 policy stated in IMC's Student Financial Aid Handbook was inaccurate. The Student Financial Aid Handbook stated on page 8:

If the student withdraws from the Institute of Medical Careers after completing at least one course in one term within the quarter, the student is not considered to have withdrawn and the requirements of 668.22 for the Return of Title IV Aid do not apply.

Effective July 1, 2011, an institution must perform an R2T4 calculation for a student who withdraws from a program prior to completing all of the days (in a credit hour program) or clock hours and weeks of instructional time (in a clock hour program) the student was scheduled to complete.

Notwithstanding IMC's inaccurate R2T4 policy, the review team did not identify any unmade returns.

An institution's failure to complete a R2T4 calculation for a withdrawn student may result in increased principal and interest costs for both the student and the Department.

**Required Action:**

IMC must review its R2T4 policies and update them to comply with the July 1, 2011 regulatory change. IMC must submit a description of any changes it makes to the current procedures with its response to the program review report.

**Finding # 5: Lack of Separation of Duties**

**Citation:**

An institution must divide the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions with respect to any particular student aided under the programs. The functions of authorizing payments and disbursing or delivering funds must be divided so that for any particular student aided under the programs, the two functions are carried out by at least two organizationally independent individuals who are not

members of the same family, or who do not together exercise substantial control over the institution. 34 C.F.R. § 668.16(c)(2).

**Noncompliance:**

During August 2014, IMC moved the function of disbursing Title IV funds from an outside CPA firm to an institutional employee, the Business Manager. Both the Business Manager and the Financial Aid staff (who authorize payments) report to the Fiscal Manager. As a result, the functions of authorizing payments and disbursing funds are not carried out by two organizationally independent individuals.

An institution's failure to separate the duties of awarding and disbursing Title IV funds may result in the misuse of Title IV funds.

**Required Action:**

IMC must separate the functions of authorizing and disbursing Title IV funds. IMC must provide a description of how it has realigned the responsibilities with its response to the program review report.

**D. Appendices**

Appendix A (Student Sample) contains personally identifiable information and will be emailed to IMC 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.