

Index Sheet

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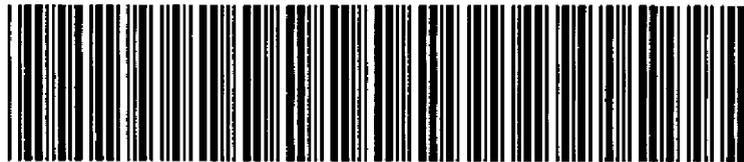
School Year: 2013

ACN:

PRCN:

Box ID: 1473

Unique ID: SC1000000818808





February 4, 2013

Mr. Wade Dyke
President
Kaplan University
6301 Kaplan University Avenue
Fort Lauderdale, FL 33309-3861

UPS: Tracking # 1ZA5467Y0191520305

RE: **Final Program Review Determination**
OPE ID: 00458600
PRCN: 20124072804

Dear Mr. Dyke:

The U.S. Department of Education's (Department's) School Participation Division – Kansas City issued a program review report on November 20, 2012 covering Kaplan University's (Kaplan) 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 2010-2011 and 2011-2012 award years. The institution's final response was received on January 18, 2013.

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

Kaplan's responses have resolved all findings. In addition, Kaplan has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, Kaplan 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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Kaplan University
OPE ID 00458600
PRCN 201240728048
Page 2 of 2

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 Joy Frazier at (816)-268-0517.

Sincerely,

(b)(6)

Ralph LoBosco
Director, Kansas City School Participation Division

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

cc: David Adams, Deputy General Counsel
Iowa Department of Education
North Central Association of Colleges and Schools

Kaplan University

OPE ID 00458600

PRCN 201240728048

Program Review Response
January 18, 2013

Findings

During the review, one area of noncompliance was noted. The finding of noncompliance is referenced to the applicable statutes and regulations and specific actions to be taken by Kaplan to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Verification Violations

Citation: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's ISIR. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. In addition, if the verification process uncovers errors in the student's household size or number in college, these items must be updated at the time of verification. 34 C.F.R. § 668.16 (f); 34 C.F.R. § 668.24 (c) (1) (i); 34 C.F.R. § 668.56.

Furthermore, when an institution disburses a Federal Pell Grant, the student's verification status must be reported through Common Origination and Disbursement (COD). The institution must update COD with the appropriate code: "V", the student was selected by the Central Processing System (CPS) or the institution and was subsequently verified; "S", the student was selected for verification by the CPS but the institution did not perform verification; Blank, the student was not selected by the CPS or the institution and verification was not performed. *2010-2011 and 2011-2012 Federal Student Aid Handbook, Application and Verification Guides.*

Noncompliance: Kaplan failed to complete the requirements of the Department's verification process for Student #2 outlined below. In addition, Kaplan failed to report the correct verification status code for Students #1, #3, #7 and #14 appropriately. The students identified did not have a status code reported in COD even though the student's ISIR was selected for verification and documents provided by the institution indicated verification was completed.

Student #2: The student's 2010-2011 ISIR indicates there are 3 members in the family's household with 2 members attending college. The Verification Worksheet collected by Kaplan indicated there were only 2 members of the family's household with 1 attending college. The "Peer Review Form" that Kaplan included indicated the institution noted the discrepant data and confirmed there was no change in the

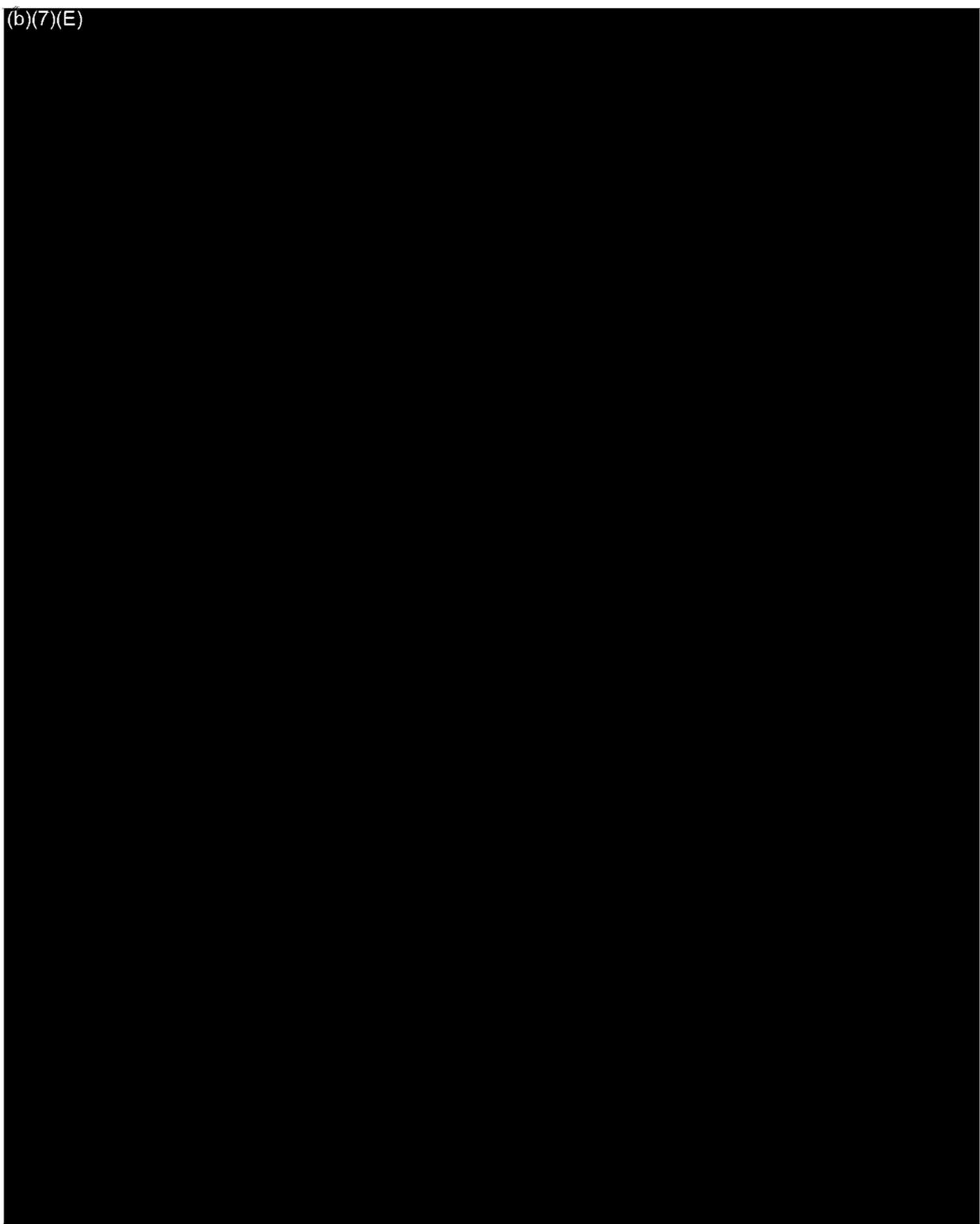
Student's Expected Family Contribution EFC calculation but no changes were made to the student's ISIR.

Required Action: Kaplan must review a COD report of students selected for verification by CPS for the 2010-2011 and 2011-2012 award years that have a blank verification status code. Kaplan must update the verification status codes in COD for all students identified on the aforementioned report. Kaplan must submit a listing of correct student records and updated policies and procedures to address COD status codes and updates to verification in its response to this program review report.

Institutional Response:

1. Attached to this response is the current policy that specifies how the COD status codes and updates to verification are completed. (See Attachment 2)
2. For Student #2 we concur with the assessment, and our procedures were adjusted in 2012 to ensure that all corrections to non-dollar errors are reported to the Central Processing System (CPS), and that a corrected Institutional Student Aid Report (ISIR) is received from the CPS before disbursements of funds are made to students. For Student #1, #3, #7, and #14; their verification status codes have been updated.
3. For the 2010-2011 and 2011-2012 award years we have secured from the Common Origination & Disbursement (COD) system the Pell Grant Verification Report (PGVR), and updated each student's record with the verification status code. Attached to this report is a copy of those records which were updated in COD. (See Attachment 1) It is important to note that in many cases a student was not selected for verification on their first ISIR; but after additional activities at the Central Processing System (CPS), the student was selected for verification on a subsequent ISIR. In these cases students were notified they were subject to the verification requirements. Future disbursements were placed on hold. In some cases the students were not enrolled when the subsequent ISIR was received, and in other cases the student may have transferred and was attending another school. In some instances the initial disbursement was made with a valid ISIR. If during our review of the PGVR data we determined that a disbursement should not have been made, we have corrected our records, refunded the funds to the program account, and adjusted the data in the COD system.

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