



August 18, 2014

Dr. Ezat Parnia, President
Pacific Oaks College
55 Eureka Street
Pasadena, CA 91103-3592

Certified Mail
Return Receipt Requested
#: 70070710000106756711

RE: **Final Program Review Determination**
OPE ID: 00125500
PRCN: 201420928493

Dear Dr. Parnia:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report (PRR) on April 15, 2014 covering Pacific Oaks College's (POC'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 2012-2013 and 2013-2014 award years. POC's final response was received on May 19, 2014.

The San Francisco/Seattle School Participation Division has reviewed POC's responses to the PRR. A copy of the program review report (and related attachments) and POC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by POC 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.

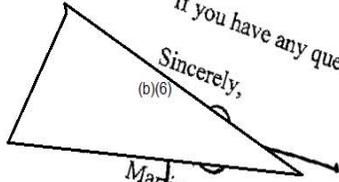
POC's responses have resolved the findings. In addition, POC has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, POC may consider the program review closed with no further action required.

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 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 Tracy Simmonds at 415-486-5688.

Sincerely,

(b)(6)



Martina Fernandez-Rosario
Division Director
San Francisco/Seattle School Participation Division

Enclosures: Program Review Report
POC Response to the Program Review Report

cc: Tonya Henry, Associate Vice President of Student Finance, TCS Education System
California Bureau for Private Postsecondary Education
Western Association of Schools and Colleges - Senior College and University
Commission



April 15, 2014

Dr. Ezat Parnia, President
Pacific Oaks College
55 Eureka Street
Pasadena, CA 91103-3592

Certified Mail
Return Receipt Requested
#: 70070710000106752140

RE: **Program Review Report**
OPE ID: 00125500
PRCN: 201420928493

Dear Dr. Parnia:

From January 27, 2014 through January 31, 2014, Tracy Simmonds and Danna Harper conducted a review of Pacific Oaks College's (POC'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 POC. The response should include a brief, written narrative for each finding that clearly states POC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, POC 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

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).

response will not be attached to the FPRD. However, it will be retained and available for inspection by POC 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 Tracy Simmonds 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 Tracy Simmonds at (415) 486-5688 or by email at tracy.simmonds@ed.gov.

Sincerely,

(b)(6)

Gayle E. Palumbo, Ed.D.
Compliance Manager
San Francisco/Seattle School Participation Division

cc: Mr. Seph R. Rodriguez, Student Finance Director

Enclosures:

Program Review Report
Protection of Personally Identifiable Information

Prepared for
Pacific Oaks College

OPE ID: 00125500
PRCN: 201420928493

Prepared by
U.S. Department of Education
Federal Student Aid
San Francisco/Seattle School Participation Division

Program Review Report
April 15, 2014

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OPE ID: 00125500
PRCN: 201420928493
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A. Institutional Information

Pacific Oaks College
55 Eureka Street
Pasadena, CA 91130-3606

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Western Association of Schools and Colleges – Senior Colleges
and Universities

Current Student Enrollment: 1506 students

% of Students Receiving Title IV: 86.4%

Title IV Participation per U.S. Department of Education Records:

	<u>2011-2012 Award Year</u>	<u>2010-2011 Award Year</u>
Federal Pell Grant Program (Pell)	\$ 476,023	\$ 217,109
Federal Work Study Program	\$ 35,697	\$ 17,364
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$ 18,800	\$ 26,410
Federal Direct Loan Program - Subsidized	\$ 4,683,444	\$ 2,765,389
Federal Direct Loan Program - Unsubsidized	\$ 6,345,890	\$ 3,177,519
Federal Direct Loan Program – PLUS	\$ 5,000	\$ 12,000
Federal Direct Loan Program – Grad Professional PLUS	\$ 108,091	\$ 83,591
Federal Perkins Loans	\$ 0	\$ 21,214
Default Rate FFEL/DL:	2011	6.0%
	2010	9.9%
	2009	4.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Pacific Oaks College (POC) from January 27, 2014 through January 31, 2014. The review was conducted by Tracy Simmonds and Danna Harper.

The focus of the review was to determine POC'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 POC'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 31 files was identified for review from the 2012-2013 and 2013-2014 (year to date) award years, which were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds. 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 POC'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 POC 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, some areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by POC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Incorrect Return to Title IV (R2T4) Calculation

Citation: 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: (1) the payment period or period of enrollment of the student; (2) the academic year in which the student withdrew; or (3) the educational program from which the student withdrew. An institution must also return the amount of Title IV funds

for which it is responsible, after a student withdraws from school prior to the completion of a payment period, as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j)

Noncompliance: POC incorrectly calculated funds to return to Title IV by utilizing the incorrect date of withdrawal.

Student #3: The date of withdrawal used to calculate this student's R2T4 was October 12, 2012 instead of October 10, 2012. As an institution that is not required to take attendance, POC uses the last, documented date of participation in an academic activity in order to determine the date of withdrawal. In this student's case, the last date of participation in an academic activity was October 10, 2012. POC returned \$825 to the Direct Loan program for this student on November 7, 2012, but it should have returned \$1006.39 Unsubsidized Direct Loan to the Department. Therefore, POC owes an additional refund of \$181.39. Using an incorrect date of withdrawal when it calculated this student's R2T4 allowed POC to retain Title IV funds that it was not entitled to keep.

Required Action: POC must review its policies and procedures for the proper calculation of R2T4 and make any changes necessary to avoid this error in the future. A copy of any revised policies and procedures must be submitted in response to this Program Review Report (PRR). In addition, POC must provide the revised R2T4 calculation for Student #3, and evidence that funds were returned to the appropriate Title IV account.

Finding 2. Drug and Alcohol Abuse Prevention Program Requirements Not Met Multiple Violations

Citation: The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations requires each participating institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, the institution must distribute written information about its drug and alcohol abuse prevention program to each employee and student who is taking one or more classes for any type of academic credit. The IHE's drug prevention program must, at a minimum, include the following:

- 1) A written statement of the institution's standards of conduct prohibiting the unlawful possession, use, and distribution of illicit drugs and alcohol by students and employees;