



July 01, 2014

Robert Brinson
Paul Mitchell the School Atlanta
882 W. Marietta Street, Suite A
Atlanta, GA 30318

UPS Tracking #1ZA879640292030162

RE: **Final Program Review Determination**
OPE ID: 04147000
PRCN: 201410428485

Dear Mr. Brinson:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on February 18, 2014 covering Paul Mitchell the School Atlanta's (PMATL) administration of programs authorized by 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. PMATL's final response was received on May 16, 2014. A copy of the program review report (and related attachments) and PMATL's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by PMATL 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.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal and (4) close the review.

The total liabilities due from the institution from this program review are \$563. Since the total liability amount owed to the Department is minimal (less than \$1,000), a receivable is not being established with the Department's Accounts Receivable Group. However, PMATL remains responsible, in its role as a fiduciary for Title IV, HEA federal funds, for making restitution to the appropriate account in the amount indicated in the applicable finding and must satisfy all program reporting requirements in making any required adjustments in the Department's Common Origination and Disbursement System (COD). Upon making any necessary adjustments in COD, any funds owed must be returned to the Department via G5.

This final program review determination contains detailed information about the liability determination for all findings.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division Atlanta, 61 Forsyth Street, SW, Atlanta, GA 30303-8918
StudentAid.gov

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)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Vinita Simpson at 404-974-9260.

Sincerely,

(b)(6)

Chris Miller
Division Director

Enclosure:

Protection of Personally Identifiable Information

Program Review Report (and appendices)

Final Program Review Determination Report (and appendices)

cc: Memory Gough, Financial Aid Administrator
GA Board of Cosmetology
GA Non-Public Postsecondary Education Commission
National Accrediting Commission of Cosmetology Arts and Sciences

Prepared for
Paul Mitchell the School Atlanta

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OPE ID 04147000
PRCN 201410428485

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

Final Program Review Determination July 01, 2014

Table of Contents

	<u>Page</u>
A. Institutional Information	3
B. Scope of Review	4
C. Findings and Final Determinations.....	
Resolved Findings.....	5
Resolved Findings with Comments	5
Finding 1: Verification Discrepancies/Conflicting Information	5
Finding 3: Leave of Absence (LOA) Policy Not Followed/Inadequate ..	7
D. Summary of Liabilities	10
Appendices	
Appendix A: Program Review Report	
Appendix B: School Response to Program Review Report	
Appendix C: Student Sample	
Appendix D: Students Selected for Verification	

A. Institutional Information

Paul Mitchell the School Atlanta
887 W. Marietta Street, Suite A
Atlanta, GA 30318

Type: Proprietary

Highest Level of Offering: Non-Degree 1 year

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 207 (2013)

% of Students Receiving Title IV: 89.37% (2013)

Title IV Participation, Per Funding Summary Report:

	2012-2013
Federal Pell Grant Program (Pell Grant)	\$ 680,324
William D. Ford Federal Direct Loan Program (Direct Loan)	\$1,815,929

Default Rate FFEL/DL:	2011	7.2%
	2010	3.4%
	2009	0 0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Paul Mitchell the School Atlanta (PMATL) from December 9, 2013 to December 13, 2013. The review was conducted by Vinita Simpson, Alicia Scott and Sherry Blackman.

The focus of the review was to determine PMATL's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of PMATL'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 from the 2012-2013 and 2013-2014 (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 B lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on February 18, 2014.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Finding 2:

PMATL has taken the corrective actions necessary to resolve Finding 2 of the Program Review Report. Therefore, this finding may be considered closed. Findings requiring further action by PMATL are discussed below.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 1: **Verification Discrepancies/Conflicting Information**

Citation Summary:

34 C.F.R. § 668.54 states, a school shall require each applicant whose application is selected for verification on the basis of edits specified by the Secretary to verify all of the applicable items specified in 34 C.F.R. § 668.56.

The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount. Students are selected for verification on the basis of application edits specified by the Secretary. A school must establish procedures to request, receive, and verify applicant data for each award year. Schools are also responsible for resolving conflicting information related to a student's application for Title IV aid.

34 C.F.R. § 668.54(a)(2)(i) of the General Provisions regulation states that a school must verify all applications CPS selects for verification.

The 2012-2013 Application and Verification Guide of the Federal Student Aid Handbook states that for the 2012-2013 award year there is no longer a \$400 tolerance. However, to receive subsidized student aid, students or the school must submit for processing any changes resulting from verification to a non-dollar item or a single dollar item of \$25 or more.

In general, a school must have correct data before it can pay the student. If a school has conflicting information concerning a student's eligibility or has any reason to believe a student's application information is incorrect, the school must resolve the discrepancies before disbursing Title IV funds. If a school discovers discrepancies after disbursing

Title IV funds, the school must still reconcile the conflicting information and take appropriate action under the specific program requirements.

Noncompliance Summary:

PMATL did not accurately complete verification or resolve conflicting information for the following four students:

- Student #3 – Transaction 03 of the 2012-2013 Institutional Student Information Record (ISIR) has a parent's taxes paid amount of \$678. However, the 2011 parent tax transcript shows \$0. This is a verification violation.*
- Student #8 – Transaction 04 of the 2013-2014 ISIR has parent exemptions claimed listed as 4. However, the 2011 parent tax transcript shows 2 exemptions claimed. This is conflicting information.*
- Student #13 – Transaction 06 of the 2012-2013 ISIR has a student taxes paid amount of \$1282. However, the 2012 tax transcript shows \$0. The untaxed income amount on the 2012-2013 ISIR transaction 06 is \$0. However, a 2012 W2 in the student file shows \$112 that should have been reported as untaxed income. This is a verification violation.*
- Student #15 – Transaction 02 of the 2012-2013 ISIR has a student taxes paid amount of \$124. However, the 2011 tax transcript shows \$0. This is a verification violation.*
- Student #30 – The parent's income earned from work on the 2013-2014 ISIR transaction 02 is \$180,612. However, the parent's 2012 1040 tax transcript has a total income earned from work of \$22,939. The student's income earned from work on ISIR transaction 02 is \$9,000. However, the student 2012 1040 tax transcript has an income earned from work amount of \$14,009. While this is not an item that is required to be reviewed in the verification process, it does constitute conflicting information and should have been resolved prior to disbursing any federal student aid for this award year.*

Required Action Summary:

PMATL was required to make the appropriate verification corrections for all students above. The school was instructed to then determine if those corrections would have constituted a change to the students Estimated Family Contribution (EFC) and/or award amounts.

Due to the significant error rate found in the 2012-2013 award year files, PMATL was required to perform a full file review for all students selected for verification and verified by the school for the award year 2012-2013 only. There was no systemic verification or conflicting information issue found in the 2013-2014 award year.

In addition to the 2012-2013 file review, the school was required to provide in writing an explanation of corrective actions that will be/have been taken to complete verification and resolve applicant discrepancies in the future.

PMATL's Response:

The school agrees that the process of verification and resolving conflicting information was not done properly for the five students cited in the finding. The school engaged an IPA and performed the full file review required for all students selected for verification for the 2012-2013 award year. To avoid future discrepancies, the school is now utilizing the most current version of the Department's published tax return matrix each time verification is completed.

Final Determination:

As a result of the full review, the school determined five out of 73 students where verification was processed incorrectly. These five students did not result in a change in eligibility.

Additional, the school reviewed the five students cited in the finding and reprocessed their verification based on the accurate information. Students 8, 13, 15, and 30 resulted in no change in eligibility. Student #3 was reprocessed using the correct parent's taxes paid amount. This change resulted in a change in the student's EFC from \$679 to \$829. This change in EFC creates a Federal Pell Grant (Pell) overpayment in the amount of \$200.

The school must provide, as proof, a copy of the adjustment to each student's COD record, as well as proof that the funds were returned through G5, if applicable, must be sent to Vinita Simpson **within 25 days of the date of this letter.**

Finding 3: Leave of Absence (LOA) Policy Not Followed/Inadequate

Citation Summary:

34 C.F.R. § 668.22 (d) states for purposes of this section (and, for a title IV, HEA program loan borrower, for purposes of terminating the student's in-school status), an institution does not have to treat a leave of absence as a withdrawal if it is an approved leave of absence. A leave of absence is an approved leave of absence if—

- (i) The institution has a formal policy regarding leaves of absence;*
- (ii) The student followed the institution's policy in requesting the leave of absence;*
- (iii) The institution determines that there is a reasonable expectation that the student will return to the school;*

(iv) The institution approved the student's request in accordance with the institution's policy;

(v) The leave of absence does not involve additional charges by the institution;

(vi) The number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12-month period;

(viii) If the student is a title IV, HEA program loan recipient, the institution explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.

(2) If a student does not resume attendance at the institution at or before the end of a leave of absence that meets the requirements of this section, the institution must treat the student as a withdrawal in accordance with the requirements of this section.

(3) For purposes of this paragraph—

(i) The number of days in a leave of absence is counted beginning with the first day of the student's initial leave of absence in a 12-month period.

(ii) A "12-month period" begins on the first day of the student's initial leave of absence.

(iii) An institution's leave of absence policy is a "formal policy" if the policy—

(A) Is in writing and publicized to students; and

(B) Requires students to provide a written, signed, and dated request that includes the reason for the request, for a leave of absence prior to the leave of absence. However, if unforeseen circumstances prevent a student from providing a prior written request, the institution may grant the student's request for a leave of absence, if the institution documents its decision and collects the written request at a later date.

Noncompliance Summary:

PMATL placed one student on a School Mandated Suspension. When questioned about this, the Financial Aid Director indicated that students placed on a School Mandated Suspension are treated as students on an approved LOA. PMATL currently includes a LOA policy in its catalog, pp. 27. The policy is as follows:

"Students must request a leave of absence, in writing, using the school's Leave of Absence request form and must be signed by the student. The School Director must approve a leave of absence."

No policy was provided for School Mandated Suspension, nor is it found in the school catalog.

Student #23 - This student started school on 8/20/13. The student was placed on school mandated suspension as of 9/27/13. The suspension was scheduled to end on 1/13/14. There is no documentation that the student requested this LOA.

Required Action Summary:

PMATL was required to review its LOA policy and/or LOA form for any missing regulatory requirements and adhere to the requirements in its LOA policy. In response to this Program Review Report, PMATL was required to submit a revised LOA policy and procedures to the Department for review. PMATL was also required to create and submit its policy and procedures regarding School Mandated Suspensions, if applicable.

Since Student #23 did not meet the requirements for an approved leave of absence per the school's policy, a Return to Title IV (R2T4) calculation was required to be performed. The R2T4 calculation and any supporting documentation were required to be submitted in response to the PRR.

PMATL's Response:

The school has updated their Leave of Absence policy to include details regarding mandated suspensions. All documentation required in the PRR was submitted in the school response.

Final Determination:

In response to the PRR, the school submitted a copy of the updated policy and procedures regarding school mandated suspensions.

The school did perform an R2T4 calculation for the student cited in the finding and provided it in response to the PRR. The R2T4 calculation resulted in a total amount of Title IV funds earned for the student of \$2,460.35. Since the school had previously paid this student \$2,823 in Pell, a refund of \$363 is required to be returned to the Pell program.

The school must provide, as proof, a copy of the adjustment to each student's COD record, as well as proof that the funds were returned through G5, if applicable, must be sent to Vinita Simpson **within 25 days of the date of this letter.**

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. This information is provided so that the institution understands the liabilities associated with each finding. Please see Section E for further payment instructions.

Established Liabilities							
Liabilities	Pell (Closed Award Year)	FSEOG	FWS	DL	EALF DL	EALF FFEL	
Finding 1	\$ 200	\$ -	\$ -	\$ -			
Finding 3	\$ 363	\$ -	\$ -	\$ -			
Subtotal 1	\$ 563	\$ -					
Interest/SA	\$ -	\$ -	\$ -	\$ -			
Excess Cash	\$ -	\$ -	\$ -	\$ -			
ACA	\$ -	\$ -	\$ -	\$ -			
Subtotal 2	\$ -	\$ -	\$ -	\$ -			
TOTAL (add subtotal 1 + 2)	\$ 563	\$ -					
Payable To:							Totals
Department	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 563
Students	\$ -	\$ -	\$ -	\$ -			\$ -
Inst. Accounts	\$ -	\$ -	\$ -	\$ -			\$ -

Final Program Review Determination
PRCN #: 20141048485

Appendix A

PMATL's
Program Review Report

**FYI**

February 18, 2014

Robert Brinson
Paul Mitchell the School Atlanta
882 W. Marietta Street, Suite A
Atlanta, GA 30318

UPS Tracking #1ZA879640290070515

RE: Program Review Report
OPE ID: 04147000
PRCN: 201410428485

Dear Mr. Brinson:

From December 9, 2013 through December 13, 2013, Vinita Simpson as a representative of the U.S. Department of Education conducted a review of Paul Mitchell the School Atlanta's (PMATL) 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 PMATL. The response should include a brief, written narrative for each finding that clearly states PMATL's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, PMATL 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 inspection by PMATL upon request. Copies of the program review report, the institution's

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).

Federal Student

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School Participation Division • Atlanta, 61 Forsyth Street, SW • Atlanta, GA 30303-8918
Student.Vic@ed.gov

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 Vinita Simpson of this office within **90 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 of the findings reference students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendix B also contains PII. 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 Vinita Simpson at 404-974-9260 or Vinita.simpson@ed.gov.

Sincerely,

(b)(6)

Christopher Miller
Compliance Manager

cc: Memory Gough, 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
Paul Mitchell the School Atlanta

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OPE ID 04147000
PRCN 201410428485

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

Program Review Report

February 18, 2014

Table of Contents

	Page
A. School Information	3
B. Scope of Review	4
C. Findings	4-10
Finding #1 <u>Verification Discrepancies/Conflicting Information</u>	4
Finding #2 <u>Satisfactory Academic Progress (SAP) Policy Not</u> <u>Monitored/Developed</u>	7
Finding #3 <u>Leave of Absence (LOA) Policy Not Followed/Inadequate</u>	8
D. Appendices	10
Appendix A: Student Sample	11
Appendix B: Students Selected for Verification	12

A. Institutional Information

Paul Mitchell the School Atlanta
887 W. Marietta Street, Suite A
Atlanta, GA 30318

Type: Proprietary

Highest Level of Offering: Non-Degree 1 year

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 207 (2013)

% of Students Receiving Title IV: 89.37% (2013)

Title IV Participation, Per Funding Summary Report:

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William D. Ford Federal Direct Loan Program (Direct Loan)	\$1,815,929

Default Rate FFEL/DL:	2011	7.2%
	2010	3.4%
	2009	0.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Paul Mitchell the School Atlanta (PMATL) from December 9, 2013 to December 13, 2013. The review was conducted by Vinita Simpson, Alicia Scott and Sherry Blackman.

The focus of the review was to determine PMATL'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 PMATL'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 from the 2012-2013 and 2013-2014 (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 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 PMATL'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 PMATL 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 PMATL to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Verification Discrepancies/Conflicting Information

Citation:

34 C.F.R. § 668.54 states, a school shall require each applicant whose application is selected for verification on the basis of edits specified by the Secretary to verify all of the applicable items specified in 34 C.F.R. § 668.56.

The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount. Students are selected for verification on the basis of application edits specified by the Secretary. A school must establish procedures to request, receive, and verify applicant data for each award year. Schools are also responsible for resolving conflicting information related to a student's application for Title IV aid.

34 C.F.R. § 668.54(a)(2)(i) of the General Provisions regulation states that a school must verify all applications CPS selects for verification.

The 2012-2013 Application and Verification Guide of the Federal Student Aid Handbook states that for the 2012-2013 award year there is no longer a \$400 tolerance. However, to receive subsidized student aid, students or the school must submit for processing any changes resulting from verification to a non-dollar item or a single dollar item of \$25 or more.

In general, a school must have correct data before it can pay the student. If a school has conflicting information concerning a student's eligibility or has any reason to believe a student's application information is incorrect, the school must resolve the discrepancies before disbursing Title IV funds. If a school discovers discrepancies after disbursing Title IV funds, the school must still reconcile the conflicting information and take appropriate action under the specific program requirements.

Noncompliance:

PMATL did not accurately complete verification or resolve conflicting information for the following four students:

- Student #3 – Transaction 03 of the 2012-2013 Institutional Student Information Record (ISIR) has a student taxes paid amount of \$678. However, the 2011 tax transcript shows \$0. This is a verification violation.
- Student #8 – Transaction 04 of the 2013-2014 ISIR has parent exemptions claimed listed as 4. However, the 2011 parent tax transcript shows 2 exemptions claimed. This is conflicting information.
- Student #13 – Transaction 06 of the 2012-2013 ISIR has a student taxes paid amount of \$1282. However, the 2012 tax transcript shows \$0. The untaxed income amount on the 2012-2013 ISIR transaction 06 is \$0. However, a 2012 W2 in the student file shows \$112 that should have been reported as untaxed income. This is a verification violation.
- Student #15 – Transaction 02 of the 2012-2013 ISIR has a student taxes paid amount of \$124. However, the 2011 tax transcript shows \$0. This is a verification violation.
- Student #30 – The parent's income earned from work on the 2013-2014 ISIR transaction 02 is \$180,612. However, the parent 2012 1040 tax transcript has a total income earned from work of \$22,939. The student's income earned from work on ISIR transaction 02 is \$9000. However, the student 2012 1040 tax transcript has an

income earned from work amount of \$14,009. While this is not an item that is required to be reviewed in the verification process, it does constitute conflicting information and should have been resolved prior to disbursing any federal student aid for this award year.

Required Action:

PMATL must make the appropriate verification corrections for all students above. The school must then determine if those corrections would have constituted a change to the students Estimated Family Contribution (EFC) and/or award amounts.

Due to the significant error rate found in the 2012-2013 award year files, PMATL must perform a full file review for all students selected for verification and verified by the school for the award year 2012-2013 only. There was no systemic verification or conflicting information issue found in the 2013-2014 award year. The students that will be included in this file review are all 2012-2013 Title IV recipients that were selected for verification. A list of these students will be emailed to the school in Appendix B. File reviews must be performed for all students in this category, except those included in selected sample (Appendix A) of this Program Review Report.

Results of the full file review must be included in PMATL's response to this report. PMATL must identify recalculated EFCs and any changes in student eligibility. The results of this review must be provided in Excel or a similar spreadsheet format and identify over-awards/payments of Federal Pell Grant (Pell Grant) and Federal Subsidized Direct Loans (Sub Loan). The spreadsheet must contain the following fields:

1. Student's Name
2. Student's SSN
3. Current EFC
4. Recalculated EFC
5. Date of Disbursement
6. Difference/ Over-award in amount disbursed and new eligibility amount due to recalculation (by fund source, Pell Grant, Subsidized Loan)

Because Federal Unsubsidized and PLUS Loans are considered non-need based aid, the school is only required to report information on Pell Grant and Sub Loan eligibility and disbursements. If the verification documents for any student in the file review cannot be reviewed, the EFC for any reason cannot be recalculated, or after review there is conflicting information in the file that cannot be resolved, the school must identify the total need based aid for the award year, 2012-2013, and list the total amount as ineligible.

Please send the file review summary reports (spreadsheets) to Vinita Simpson by e-mail at vinita.simpson@ed.gov by the deadline specified. See the enclosure – protection of Personally

Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. Please send a separate e-mail with an access password.

The school must engage an Independent Public Accountant (IPA) to test the file review completed by PMATL. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. **The suggested procedures must be provided to Vinita Simpson within 30 days of the School's receipt of the Program Review Report.** Vinita Simpson will review the procedures, indicate if any changes are needed, and/or approve the procedures. In addition, the auditor must supply a confirmation statement that the file review conducted by PMATL was accurate.

In addition to the 2012-2013 file review, the school must provide in writing an explanation of corrective actions that will be/have been taken to complete verification and resolve applicant discrepancies in the future.

Finding 2: Satisfactory Academic Progress (SAP) Policy Not Monitored/Developed

Citation: 34 C.F.R. 668.34 (a) states an institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. It also states that if the institution places students on financial aid warning, or on financial aid probation, the policy describes these statuses and that—

(i) A student on financial aid warning may continue to receive assistance under the title IV, HEA programs for one payment period despite a determination that the student is not making satisfactory academic progress. Financial aid warning status may be assigned without an appeal or other action by the student; and

(ii) A student on financial aid probation may receive title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's satisfactory academic progress standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further title IV, HEA program funds.

Volume 1, Chapter 1, pp. 8 of the 2012-2013 Federal Student Aid Handbook states, "Your SAP policy must be at least as strict as that for students who are not receiving FSA funds at your school, and it must apply consistently to all educational programs and to all students within categories, e.g., full-time, part-time, undergraduate, and graduate students."

The preamble to the October 29, 2011 final regulations (75 FR 66884) states that institutions must incorporate these regulatory changes into the information they provide to students; this includes ensuring that the information made available by the institution uses the terminology

used in the regulations. Therefore, to the extent that your institution uses the statuses we describe in the new regulations, it must use the terminology in the regulations.

Noncompliance: PMATL's Satisfactory Academic progress policy found on page 23 of the November 19, 2013 catalog states the following:

The student will receive a Satisfactory Academic Progress evaluation from The School at the following scheduled clock hours: 450, 900, and 1200.

If a student, at the time of the satisfactory progress evaluation, has fallen below the attendance and/or the academic criteria, the student will be issued a Satisfactory Progress Probation Notice.

At the end of the satisfactory progress probationary period, the student's progress will be re-evaluated. If the student fails to meet the minimum requirements, the student is then considered to not be making satisfactory progress and therefore no longer eligible to receive Title IV assistance and will be suspended or terminated from the school.

PMATL has not adopted the final regulation language in their written SAP policy. The school currently uses the status of Warning and Probation in the implementation of their SAP policy.

Required Action: PMATL must update its policy to adopt the wording in the regulations. In its response to this Program Review Report, PMATL must submit a revised SAP Policy/Procedures document to the Department.

Finding 3: **Leave of Absence (LOA) Policy Not Followed/Inadequate**

Citation: 34 C.F.R. § 668.22 (d) states for purposes of this section (and, for a title IV, HEA program loan borrower, for purposes of terminating the student's in-school status), an institution does not have to treat a leave of absence as a withdrawal if it is an approved leave of absence. A leave of absence is an approved leave of absence if—

- (i) The institution has a formal policy regarding leaves of absence;
- (ii) The student followed the institution's policy in requesting the leave of absence;
- (iii) The institution determines that there is a reasonable expectation that the student will return to the school;
- (iv) The institution approved the student's request in accordance with the institution's policy;
- (v) The leave of absence does not involve additional charges by the institution;

(vi) The number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12-month period;

(viii) If the student is a title IV, HEA program loan recipient, the institution explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.

(2) If a student does not resume attendance at the institution at or before the end of a leave of absence that meets the requirements of this section, the institution must treat the student as a withdrawal in accordance with the requirements of this section.

(3) For purposes of this paragraph—

(i) The number of days in a leave of absence is counted beginning with the first day of the student's initial leave of absence in a 12-month period.

(ii) A "12-month period" begins on the first day of the student's initial leave of absence.

(iii) An institution's leave of absence policy is a "formal policy" if the policy—

(A) Is in writing and publicized to students; and

(B) Requires students to provide a written, signed, and dated request that includes the reason for the request, for a leave of absence prior to the leave of absence. However, if unforeseen circumstances prevent a student from providing a prior written request, the institution may grant the student's request for a leave of absence, if the institution documents its decision and collects the written request at a later date.

Noncompliance: PMATL placed one student on a School Mandated Suspension. When questioned about this, the Financial Aid Director indicated that students placed on a School Mandated Suspension are treated as students on an approved LOA. PMATL currently includes a LOA policy in its catalog, pp. 27. The policy is as follows:

"Students must request a leave of absence, in writing, using the school's Leave of Absence request form and must be signed by the student. The School Director must approve a leave of absence."

No policy was provided for School Mandated Suspension, nor is it found in the school catalog.

Student #23 - This student started school on 8/20/13. The student was placed on school mandated suspension as of 9/27/13. The suspension was scheduled to end on 1/13/14. There is no documentation that the student requested this LOA.

Required Action: PMATL must review its LOA policy and/or LOA form for any missing regulatory requirements. In addition, PMATL must adhere to the requirements in its LOA policy. In response to this Program Review Report, PMATL must submit a revised LOA policy and procedure to the Department for review. PMATL must also create and submit any policy and procedure regarding School Mandated Suspensions.

As a result of this student not meeting the requirements for an approved leave of absence, a Return to Title IV calculation must be performed on this student. This calculation and any supporting documentation must be submitted in response to this finding.

D. Appendices

Appendix A (Student Sample) and Appendix B (Statistical Sample – Verification) contain personally identifiable information and will be emailed to PMATL 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.

Appendix A - Student Sample to the Program Review Report

School: Paul Mitchell the School Atlanta

OPEID: 04147000

PRCN: 201410428485

<u>Student No.</u>	<u>Award Year</u>
1	2012-2013
2	2012-2013
3	2012-2013
4	2012-2013
5	2012-2013
6	2012-2013
7	2012-2013
8	2012-2013
9	2012-2013
10	2012-2013
11	2012-2013
12	2012-2013
13	2012-2013
14	2012-2013
15	2012-2013
16	2013-2014
17	2013-2014
18	2013-2014
19	2013-2014
20	2013-2014
21	2013-2014
22	2013-2014
23	2013-2014
24	2013-2014
25	2013-2014
26	2013-2014
27	2013-2014
28	2013-2014
29	2013-2014
30	2013-2014

(b)(6),(b)(7)(C)

Appendix B - Program Review Report - Verification - 12-13

School: Paul Mitchell the School Atlanta

OPEID: 04147000

PRCN: 201410428485

	<u>Award Year</u>
1	2012-2013
2	2012-2013
3	2012-2013
4	2012-2013
5	2012-2013
6	2012-2013
7	2012-2013
8	2012-2013
9	2012-2013
10	2012-2013
11	2012-2013
12	2012-2013
13	2012-2013
14	2012-2013
15	2012-2013
16	2012-2013
17	2012-2013
18	2012-2013
19	2012-2013
20	2012-2013
21	2012-2013
22	2012-2013
23	2012-2013
24	2012-2013
25	2012-2013
26	2012-2013
27	2012-2013
28	2012-2013
29	2012-2013

(b)(6)

30	2012-2013	(b)(6),(b)(7)(C)
31	2012-2013	
32	2012-2013	
33	2012-2013	
34	2012-2013	
35	2012-2013	
36	2012-2013	
37	2012-2013	
38	2012-2013	
39	2012-2013	
40	2012-2013	
41	2012-2013	
42	2012-2013	
43	2012-2013	
44	2012-2013	
45	2012-2013	
46	2012-2013	
47	2012-2013	
48	2012-2013	
49	2012-2013	
50	2012-2013	
51	2012-2013	
52	2012-2013	
53	2012-2013	
54	2012-2013	
55	2012-2013	
56	2012-2013	
57	2012-2013	
58	2012-2013	
59	2012-2013	
60	2012-2013	
61	2012-2013	
62	2012-2013	
63	2012-2013	
64	2012-2013	
65	2012-2013	
66	2012-2013	
67	2012-2013	

68	2012-2013	(b)(6)
69	2012-2013	
70	2012-2013	
71	2012-2013	
72	2012-2013	
73	2012-2013	

Final Program Review Determination
PRCN #: 20141048485

Appendix B

PMATL's Response
to the Program Review Report



Program Review Report Response

PRCN: 201410428485

Finding 1: Verification Discrepancies/Conflicting Information:

Noncompliance:

We agree that verification/resolving conflicting information was not done properly for the following four students (Student #3, Student #8, Student #13, Student #15, and Student #30).

Student #3:

We agree that verification/resolving conflicting information was done incorrectly for Student #3. We awarded the student based on her parents having paid \$678 in taxes for the 2011 tax year; however we were using the previously published 2012-2013 matrix and were not aware of the revised matrix that was made available in March of 2012. This has caused a \$200 overaward in PELL funds.

Student #8:

We agree that exemptions were incorrect on the transaction 03 of the 2012-2013 ISIR. We re-verified the ISIR to correct and there was no change in EFC/awards.

Student #13:

Transaction 06 of the 2013-2014 ISIR has a student taxes paid amount of \$1282. The 2012 tax transcript shows \$0. We agree that her taxes paid should have been \$0. We have re-verified the ISIR and there was no change in the EFC/awards. Also the untaxed income amount on the 2013-2014 ISIR transaction 06 is \$0. However, a 2012 W2 in the file shows \$112 that should have been reported as untaxed income. We re-verified the ISIR to correct and there was no change in EFC/awards.

Student #15:

We agree with the verification violation that transaction 02 of the 2012-2013 ISIR has a student taxes paid amount of \$124. However, the 2011 tax transaction shows \$0. We re-verified the ISIR to correct and there was no change in EFC/awards.

Student #30:

The parent's income earned from work on transaction 02 from ISIR 2013-2014 is \$180,612. However the parent's 2012 1040 tax transcript has a total income earned from work of \$22,939. The student's income earned from work on ISIR transaction 02 is \$9000. However the student's 2012 1040 tax transcript has an income earned from work amount of \$14,009. We agree that this is conflicting information. A correction to the ISIR was submitted, we re-verified, and there was no change in EFC/awards.

Required Action:

Full File Review:

The school performed a full file review for all students selected for verification for the 2012-2013. We engaged Knutte and Associates as our IPA to test the file review. The results of the full file review and corrective action plan are attached.

Corrective Action:

To avoid future verification discrepancies, we are now utilizing the Department of Education's published tax return matrix each time verification is completed to ensure accuracy. The corrective action plan for the full file is attached.

Finding 2: Satisfactory Academic Progress (SAP) Policy Not Monitored/Developed:**Required Action:**

We have updated our SAP Policy to adopt the wording of the regulation. Please see attached revised SAP Policy.

Finding 3: Leave of Absence (LOA) Policy Not Followed/Inadequate:**Required Action:**

We have updated our policy regarding Leave of Absence to include details on school mandated suspensions. The revised policy is attached.

Student #23: A Return to Title IV calculation was completed on Student #23. Please see attached supporting documentation.

**PAUL MITCHELL THE SCHOOL ATLANTA, LLC
REPORT ON APPLYING
AGREED-UPON PROCEDURES
REGARDING THE ACCURACY OF VERIFICATIONS
FOR THE 2012-2013 AWARD YEAR**

PAUL MITCHELL THE SCHOOL ATLANTA, LLC

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	2
Statement of Procedures Regarding the Accuracy of Verifications for the 2012-2013 Award Year	3
Appendix A - Verification Attestation	4 - 5
Corrective Action Plan	6



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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the U.S. Department of Education
Paul Mitchell the School Atlanta, LLC

We have performed the procedures detailed in the Statement of Procedures Regarding the Accuracy of the Verifications for the 2012-2013 award year, which were agreed to by Paul Mitchell the School Atlanta, LLC (the "Institution") and the U.S. Department of Education solely to assist the specified parties in determining the accuracy of verifications for all students selected during the 2012-2013 award year. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Knutte & Associates, P.C.

May 13, 2014

Page 2

**PAUL MITCHELL THE SCHOOL ATLANTA, LLC
STATEMENT OF PROCEDURES REGARDING
THE ACCURACY OF VERIFICATIONS
FOR 2012-2013 AWARD YEAR**

Paul Mitchell the School Atlanta, LLC (the "Institution") engaged Knutte & Associates, P.C. to attest to the accuracy of its verifications for all students that were selected during the 2012-2013 award year.

Procedures:

1. Verify the Institution tested all students selected for verification during the 2012-2013 award year by comparing the Institution's list provided in Appendix A to the Program Review Report provided by the U.S. Department of Education for the 2012-2013 award year and to the Institutional Student Information Reports (ISIRs) on file.
2. Trace student name and social security number in Appendix A to ISIRs.
3. Compare Original Expected Family Contribution (EFC) in Appendix A to ISIRs and identify and correct any differences.
4. Review the accuracy of verifications to source documents and the accuracy of disbursements made to students. Identify and report any exceptions.

Summary of Findings:

Five out of the seventy-three students selected were incorrectly verified. The Institution made all corrections and no money was required to be returned.

APPENDIX A

**PAUL MITCHELL THE SCHOOL ATLANTA, LLC
APPENDIX A - VERIFICATION ATTESTATION
FOR THE 2012-2013 AWARD YEAR**

(1) Last Name, First, MI	(2) SSN	(3) Current EFC	(4) Recalculated EFC	(5) Date of Disbursement	Corrected	(6) Ineligible Title IV Disbursement				
						Peil	DL	Sub DL	Unsub DL	PLUS
(b)(6),(b)(7)(C)				10/23/2013	---	0.00	0.00	0.00	0.00	0.00
				11/1/2012	---	0.00	0.00	0.00	0.00	0.00
				3/7/2013	---	0.00	0.00	0.00	0.00	0.00
				6/11/2013	---	0.00	0.00	0.00	0.00	0.00
				2/20/2013	---	0.00	0.00	0.00	0.00	0.00
				9/24/2012	---	0.00	0.00	0.00	0.00	0.00
				1/30/2013	---	0.00	0.00	0.00	0.00	0.00
				11/1/2012	---	0.00	0.00	0.00	0.00	0.00
				8/24/2012	---	0.00	0.00	0.00	0.00	0.00
				8/28/2012	---	0.00	0.00	0.00	0.00	0.00
				4/1/2013	---	0.00	0.00	0.00	0.00	0.00
				3/6/2013	---	0.00	0.00	0.00	0.00	0.00
				11/29/2012	Yes	0.00	0.00	0.00	0.00	0.00
				9/19/2012	---	0.00	0.00	0.00	0.00	0.00
				8/24/2012	---	0.00	0.00	0.00	0.00	0.00
				9/28/2012	---	0.00	0.00	0.00	0.00	0.00
				9/24/2012	---	0.00	0.00	0.00	0.00	0.00
				3/6/2013	---	0.00	0.00	0.00	0.00	0.00
				11/1/2012	---	0.00	0.00	0.00	0.00	0.00
				3/25/2013	---	0.00	0.00	0.00	0.00	0.00
				4/15/2013	---	0.00	0.00	0.00	0.00	0.00
				4/15/2013	---	0.00	0.00	0.00	0.00	0.00
				1/28/2013	---	0.00	0.00	0.00	0.00	0.00
				10/24/2012	---	0.00	0.00	0.00	0.00	0.00
				1/9/2013	Yes	0.00	0.00	0.00	0.00	0.00
				1/30/2013	---	0.00	0.00	0.00	0.00	0.00
				4/15/2013	---	0.00	0.00	0.00	0.00	0.00
				1/9/2013	---	0.00	0.00	0.00	0.00	0.00
				12/10/2012	---	0.00	0.00	0.00	0.00	0.00
				9/24/2012	---	0.00	0.00	0.00	0.00	0.00
				9/14/2012	---	0.00	0.00	0.00	0.00	0.00
				10/24/2012	Yes	0.00	0.00	0.00	0.00	0.00
				5/24/2013	---	0.00	0.00	0.00	0.00	0.00
				11/9/2012	---	0.00	0.00	0.00	0.00	0.00
				8/24/2012	---	0.00	0.00	0.00	0.00	0.00
				10/12/2012	---	0.00	0.00	0.00	0.00	0.00
				5/24/2013	---	0.00	0.00	0.00	0.00	0.00
				1/3/2013	Yes	0.00	0.00	0.00	0.00	0.00
				3/6/2013	---	0.00	0.00	0.00	0.00	0.00
				9/14/2012	---	0.00	0.00	0.00	0.00	0.00
			3/7/2013	---	0.00	0.00	0.00	0.00	0.00	
			9/7/2012	---	0.00	0.00	0.00	0.00	0.00	
			10/26/2012	---	0.00	0.00	0.00	0.00	0.00	
			5/29/2013	---	0.00	0.00	0.00	0.00	0.00	
			10/17/2012	---	0.00	0.00	0.00	0.00	0.00	
			10/24/2012	---	0.00	0.00	0.00	0.00	0.00	
			9/4/2012	---	0.00	0.00	0.00	0.00	0.00	
			10/24/2012	---	0.00	0.00	0.00	0.00	0.00	

**PAUL MITCHELL THE SCHOOL ATLANTA, LLC
APPENDIX A - VERIFICATION ATTESTATION (CONTINUED)
FOR THE 2012-2013 AWARD YEAR**

(1) Last Name, First, MI	(2) SSN	(3) Current EFC	(4) Recalculated EFC	(5) Date of Disbursement	Corrected	(6) Ineligible Title IV Disbursement				
						Pell	DL	Sub DL	Unsub DL	PLUS
(b)(6),(b)(7)(C)				7/24/2013	---	0.00	0.00	0.00	0.00	
				7/1/2013	---	0.00	0.00	0.00	0.00	
				9/24/2012	---	0.00	0.00	0.00	0.00	
				10/26/2012	---	0.00	0.00	0.00	0.00	
				11/14/2012	---	0.00	0.00	0.00	0.00	
				9/24/2012	---	0.00	0.00	0.00	0.00	
				2/13/2013	---	0.00	0.00	0.00	0.00	
				12/14/2012	---	0.00	0.00	0.00	0.00	
				11/9/2012	---	0.00	0.00	0.00	0.00	
				5/29/2013	---	0.00	0.00	0.00	0.00	
				9/19/2012	---	0.00	0.00	0.00	0.00	
				10/15/2012	---	0.00	0.00	0.00	0.00	
				1/14/2013	---	0.00	0.00	0.00	0.00	
				9/21/2012	---	0.00	0.00	0.00	0.00	
				5/17/2013	Yes	0.00	0.00	0.00	0.00	
				9/7/2012	---	0.00	0.00	0.00	0.00	
				2/1/2013	---	0.00	0.00	0.00	0.00	
				9/28/2012	---	0.00	0.00	0.00	0.00	
				2/22/2013	---	0.00	0.00	0.00	0.00	
				3/5/2013	---	0.00	0.00	0.00	0.00	
				3/7/2013	---	0.00	0.00	0.00	0.00	
				10/24/2012	---	0.00	0.00	0.00	0.00	
				7/1/2013	---	0.00	0.00	0.00	0.00	
			1/30/2013	---	0.00	0.00	0.00	0.00		
			3/7/2013	---	0.00	0.00	0.00	0.00		



Corrective Action Plan for Full File Review

PRCN: 201410428485

Five out of the seventy-three students selected were incorrectly verified. Below are corrective actions taken for each of the five students:

1. **Andy Buckmire:** We re-verified the ISIR so that the education credit matched what was on the tax return transcript. There was no change in EFC/awards.
2. **Lindsay Godfrey:** We re-verified the ISIR by correcting exemptions and taxes paid. There was no change in EFC/awards.
3. **Ashley Hooper:** We re-verified the ISIR so that the education credit matched what was on the tax return transcript. There was no change in EFC/awards.
4. **Nicole Kahwach:** We re-verified the ISIR by correcting taxes paid. There was no change in EFC/awards.
5. **Monifa Sterdivant:** We re-verified the ISIR by correcting household size. There was no change in EFC/awards.



Corrective Action Plan for Full File Review

PRCN: 201410428485

Five out of the seventy-three students selected were incorrectly verified. Below are corrective actions taken for each of the five students:

1. Andy Buckmire: We re-verified the ISIR so that the education credit matched what was on the tax return transcript. There was no change in EFC/awards.
2. Lindsay Godfrey: We re-verified the ISIR by correcting exemptions and taxes paid. There was no change in EFC/awards.
3. Ashley Hooper: We re-verified the ISIR so that the education credit matched what was on the tax return transcript. There was no change in EFC/awards.
4. Nicole Kahwach: We re-verified the ISIR by correcting taxes paid. There was no change in EFC/awards.
5. Monifa Sterdivant: We re-verified the ISIR by correcting household size. There was no change in EFC/awards.

STANDARDS OF SATISFACTORY PROGRESS

I. Satisfactory Progress Policy: Applies to all students, including Title IV student financial aid recipients

Students must maintain satisfactory progress in each unit of the program offered (Cosmetology). The student's Satisfactory Progress will be measured from the beginning of the program. The criteria to determine academic progress is as follows:

1. A theory grade average of 70%,
2. Academic practical worksheet completion average of 70%,
3. Students must maintain a minimum attendance level of 67.5% of their contracted hours (as monitored in monthly increments) Example: Full time students (contracted for 35 hours per week) must earn a minimum of 98 hours per four-week period to maintain satisfactory progress.

NOTE: Students meeting minimum requirements at each evaluation point will be considered making satisfactory progress and eligible for Title IV assistance until the next scheduled evaluation.

II. Evaluations:

The student will receive a Satisfactory Academic Progress evaluation from the school at the following scheduled clock hours: 450, 900, 1200.

III. Financial Aid Warning:

If a student, at the time of the satisfactory progress evaluation, has fallen below the attendance and/or the academic criteria, the student will be placed on Financial Aid Warning. The warning period will last until the next evaluation period and during this time the student will be considered making satisfactory progress and therefore will remain eligible to receive Title IV assistance.

At the end of the Financial Aid Warning period, the student's progress will be re-evaluated. If the student is meeting the minimum requirements in all areas, he/she will be determined as making satisfactory progress and will no longer be on warning and will remain eligible for Title IV assistance. If the student fails to meet minimum requirements, the student is then considered to not be making satisfactory progress and therefore no longer eligible to receive Title IV assistance and will be suspended or may be terminated from the school.

Students may be re-admitted into the school based upon review as follows:

1. Be current with all tuition payments.
2. Students have until the next evaluation period to reach satisfactory standing.
3. Have personal interview with the School Director or Manager to determine compliance for re-entry.
4. Re-admittance fee of \$100.00.
5. Wait the mandatory six (6) month wait time to re-apply.

IV. Complaint and Appeal Procedure:

If a student is determined as not making satisfactory progress or is terminated for not making satisfactory progress, the student may appeal the negative determination. The student must submit a written appeal to the School Director, along with any supporting documentation, reasons why the determination should be reversed, and a request for re-evaluation of progress. This appeal must be received within five (5) business days of termination. Should a student fail to appeal this decision, the decision will stand.

An appeal hearing will take place within fifteen (15) business days of receipt of the written appeal. This hearing will be attended by the student, parents or guardians (if the student is a dependent minor), one instructor, and either the School Director or Education Leader. A decision on the student's appeal will be made within three (3) business days by the School administration and will be communicated to the student in writing. This decision will be final.

Should a student prevail upon his/her appeal and be determined as making satisfactory progress, the student will be automatically re-entered into the program, and financial aid funds (if applicable) will be reinstated to eligible students.

V. Maximum Time Frame:

Full time day students attend either five (5) days/ 35 hours per week, Tuesday – Saturday from 8:00 am – 3:30 pm with a 30 minute lunch and two (2) 15 minute breaks each day or three (3) days/30 hours per week, Wednesday – Friday 8:00 am – 7:00 pm with a 30 minute lunch and a 30 minute dinner break each day and (2) 15 minute breaks each day. The State of Georgia requires 1500 hours for Cosmetology.

The maximum time frame in which students must complete the program of study is 150% times the normal length of time required to complete the program which is defined in terms of the total number of clock hours attended by the student. Non-transfer cosmetology students reach their maximum time frame when he/she has been in attendance for 2250 scheduled clock hours. Failure to complete the program within the maximum time frame will result in automatic termination of the student's contract and enrollment. The student may apply for consideration for re-enrollment by applying online and contacting the Admissions Department.

NOTE: Although a student is given ample time for program completion under the maximum time frame policy, the student will be charged over-time fees for not completing the program within the allowed or designated period of agreement, as stated in the catalog and enrollment contract. The student is responsible for making up the hours missed due to absences and tardiness. Once the student exceeds the contract end date an \$11.60 per hour, overtime fee/extra instructional charge is charged.

VI. Grading Scale:

90 % - 100% = A

80% - 89% = B

70% - 79% = C

Below 70% = F

Practical and clinical work is graded by signature on their worksheet or client ticket. A signature from an instructor means passing and no signature means fail.

70% = Passing

Below 70% = Failing

VII. Leave of Absence/School Mandated Suspension:

An approved leave of absence or a school mandated suspension will not be included in the maximum time frame and will extend the student's contract period by the same number of days taken in the leave of absence/school mandated suspension; nor will a student be charged any over time for using a leave of absence/school mandated suspension. An approved leave of absence or a school mandated suspension will extend the student's contract period by the same number of days taken in the leave/suspension and will result in no additional charges to the student. The leave of absence can not be back dated unless an appeal is filed to the financial aid office. A student returning from an authorized leave of absence or school mandated suspension will return to the school in the same satisfactory progress status as prior to his/her leave/suspension. A leave of absence must not be less than two (2) weeks and must not exceed six (6) months. A school mandated suspension must not be less than one (1) day and must not exceed six (6) months.

VIII. Withdrawals/Repetition:

Any student who withdraws from his/her contracted program or fails to complete his/her training will have notice placed in his/her student file as to progress at point of withdrawal. A student making satisfactory progress at the point of withdrawal may apply for re-enrollment in the school and will be considered to be making satisfactory progress at the point of re-entry. Course incompletes, repetitions, and non-credit remedial courses have no effect upon the school's satisfactory progress standards.

PAUL MITCHELL.

the school

A T L A N T A

**LEAVE OF ABSENCE/SCHOOL MANDATED SUSPENSION, INTERRUPTIONS,
COURSE INCOMPLETES, WITHDRAWALS**

If enrollment is temporarily interrupted for a leave of absence/school mandated suspension, the student will return to school in the same progress status as prior to the leave of absence/school mandated suspension. The hours elapsed during a leave of absence/school mandated suspension will not be included in the student's cumulative attendance percentage calculation. The leave of absence must be approved by the school prior to the leave of absence starting. Leave of absence requests must be submitted, in writing, to Emily Allen, via Emily@paulmitchellatlanta.edu. The school will notify the student if they are being placed on a school mandated suspension. An approved leave of absence or a school mandated suspension will extend the student's contract period by the same number of days taken in the leave/suspension and will result in no additional charges to the student. Students who withdraw prior to completion of the course of study and wish to re-enter are required to complete a new application and will be considered for re-admittance. Course incompletes, repetitions, and non-credit remedial courses have no effect upon the school's satisfactory progress standards.

Final Program Review Determination
PRCN #: 20141048485

Appendix C
Student Sample

Paul Mitchell the School Atlanta - December 2013 - Student Sample List

Student Number	SSN	Last Name	First Name	Award Year
1	(b)(6),(b)(7)(C)			2012-2013
2				2012-2013
3				2012-2013
4				2012-2013
5				2012-2013
6				2012-2013
7				2012-2013
8				2012-2013
9				2012-2013
10				2012-2013
11				2012-2013
12				2012-2013
13				2012-2013
14				2012-2013
15				2012-2013
16				2013-2014
17				2013-2014
18				2013-2014
19				2013-2014
20				2013-2014
21				2013-2014
22				2013-2014
23				2013-2014
24				2013-2014
25				2013-2014
26				2013-2014
27				2013-2014
28				2013-2014
29				2013-2014
30				2013-2014

Final Program Review Determination
PRCN #: 20141048485

Appendix D

Students Selected for Verification

Appendix D - Program Review Report

Verification - 12-13

School: Paul Mitchell the School Atlanta

OPEID: 4147000

PRCN: 201410428485

	<u>Award Year</u>	<u>Last Name</u>	<u>First Name</u>	<u>Full SSN</u>
1	2012-2013	(b)(6),(b)(7)(C)		
2	2012-2013			
3	2012-2013			
4	2012-2013			
5	2012-2013			
6	2012-2013			
7	2012-2013			
8	2012-2013			
9	2012-2013			
10	2012-2013			
11	2012-2013			
12	2012-2013			
13	2012-2013			
14	2012-2013			
15	2012-2013			
16	2012-2013			
17	2012-2013			
18	2012-2013			
19	2012-2013			
20	2012-2013			
21	2012-2013			
22	2012-2013			
23	2012-2013			
24	2012-2013			
25	2012-2013			
26	2012-2013			
27	2012-2013			
28	2012-2013			
29	2012-2013			
30	2012-2013			
31	2012-2013			
32	2012-2013			

33	2012-2013	(b)(6),(b)(7)(C)
34	2012-2013	
35	2012-2013	
36	2012-2013	
37	2012-2013	
38	2012-2013	
39	2012-2013	
40	2012-2013	
41	2012-2013	
42	2012-2013	
43	2012-2013	
44	2012-2013	
45	2012-2013	
46	2012-2013	
47	2012-2013	
48	2012-2013	
49	2012-2013	
50	2012-2013	
51	2012-2013	
52	2012-2013	
53	2012-2013	
54	2012-2013	
55	2012-2013	
56	2012-2013	
57	2012-2013	
58	2012-2013	
59	2012-2013	
60	2012-2013	
61	2012-2013	
62	2012-2013	
63	2012-2013	
64	2012-2013	
65	2012-2013	
66	2012-2013	
67	2012-2013	
68	2012-2013	
69	2012-2013	
70	2012-2013	
71	2012-2013	
72	2012-2013	
73	2012-2013	