



APR 22 2015

Mr. John Kirsten
Performance Training Institute
C/O Diablo Management
3502 Mars Way, Suite 121
Tracy, CA 95377

Certified Mail Return Receipt Requested
Domestic Return Receipt #
7006 0810 0004 0470 6531

RE: Final Program Review Determination
OPE ID: 036253
PRCN: 201210227017

Dear Mr. Kirsten:

The U.S. Department of Education's (Department's) School Participation Team – NE issued a program review report on September 28, 2012 covering Performance Training Institute's (PTI) 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). PTI's responses were received on February 4, 2013 and February 28, 2013. A copy of the program review report (and related attachments) and the institution's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by PTI upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by PTI. 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, and, (3) notify the institution of its right to appeal.

Due to the serious nature of one or more of the enclosed findings, in the normal course, this FPRD would have been referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action (e.g. fine). Since PTI is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should PTI apply for reinstatement in the future, in addition to meeting all other requirements, this matter will need to be addressed. Please note that the appeal instructions contained herein apply only to the appeal of the financial liabilities established in this final program review determination.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – NE

Financial Square, 32 Old Slip, 25th Floor, New York, NY 10005

StudentAid.gov

The total liabilities due from the institution from this program review are \$18,930,782.00 which reflects the amount due after the Letter of Credit in the amount of \$2,350,000 was applied to the liability.

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

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the September 28, 2012 program review report. If PTI wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date PTI receives this FPRD. An original and four copies of the information PTI submits must be attached to the request. The request for an appeal must be sent to:

Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

PTI's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to PTI's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

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 Jane Eldred at (646) 428-3753. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,



Betty Coughlin
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Abby Nickerson, Financial Aid Administrator
NJ Department of Education Private Vocational Schools
Accrediting Commission of Career Schools and Colleges

Prepared for
Performance Training Institute

OPE ID 036253
PRCN 201210227177

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – New York/Boston

Final Program Review Determination

APR 2 2015

A. Institutional Information

Performance Training Institute
 1012 Cox Cro Road
 Toms River, NJ 08753-1306

Type: Proprietary

Highest Level of Offering: Non- Degree One Year, Diploma, Certificate

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: 841 (2010/2011)

% of Students Receiving Title IV: 93% (2010/2011)

Title IV Participation (from National Student Loan Data System (NSLDS):

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
William D. Ford Federal Direct Loan Program (Direct Loan)	N/A	\$1,007,719	\$4,375,687	\$5,707,254	\$2,156,400
Federal Pell Grant (Pell)	\$7,779	\$ 573,261	\$2,934,834	\$3,253,179	\$1,123,445
TOTALS:	\$7,779	\$1,580,980	\$7,310,521	\$8,960,433	\$3,279,845

Default Rate FFEL/DL:	2009	0.00%
	2010	0.00% ¹
	2011	0.00% ²

¹ PTI did not have any loan recipients enter repayment in 2009 and had an insufficient number of recipients to calculate a default rate for 2010.

² Effective with the September 2014 publication of rates, the Department began publishing 3 year cohort default rates. There is no rate available since PTI did not have loan recipients enter repayment for the 3 years covered by the new reporting period.

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Performance Training Institute (PTI) from October 24, 2011 to October 28, 2011. The review was conducted by Jacqueline Watford and Jane Eldred.

The focus of the review was to determine PTI'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 PTI's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 15 files was identified for review from the 2010/2011 and 2011/2012 (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. In addition, 10 files were selected from the 2009/2010 award year and 4 files were selected to further test the withdrawn student population.

Appendix A contains a copy of the program review report that was issued September 28, 2012. The appendix to the report lists the names and social security number of the files that were examined as part of 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 PTI'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 PTI 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

Findings 1, 3, 4, 10, 13, 17

PTI notified the Department on January 28, 2013 that its owners had retained a dissolution company to begin an orderly closure of the school. Subsequent to that notification, the Department was notified that PTI ceased all instruction effective 2/10/2013 and that PTI had entered into a teach-out arrangement with Daytona College. Therefore, due to its closure, the Department will not require confirmation that the

required corrective actions necessary to resolve findings 1, 3, 4, 10, 13, and 17 of the program review report were completed since the closure of PTI negates the necessity of these corrective actions. Due solely to the closure of the institution, these findings may be considered closed.

Findings 7, 8, 9, 11, 12, 15, 18, 19 and 20

PTI has taken the corrective actions necessary to resolve findings 7, 8, 9, 11, 12, 15, 18, 19 and 20 of the program review report. Therefore, these findings may be considered closed. A copy of PTI's response is provided as Appendices B and C. Findings requiring further action by PTI are discussed below.

Finding 14

As outlined in the program review report, PTI was not offering the correct number of hours in its traditional classroom programs offered in New Jersey. No aid was awarded or disbursed for the students in these programs. Although this finding is indicative of the school's general lack of administrative capability, there are no liabilities since no aid was disbursed. Further, there is no correction required due to the school's closure. Consequently this finding is closed.

Findings with Final Determinations 2, 5, 6 and 16

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of PTI's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on September 28, 2012 is attached as Appendix A.

Finding 2 - Improper Definition of Clock Hour/ Ineligible Program as Offered

Noncompliance:

If a non-degree granting institution offers an undergraduate educational program in credit hours, the institution must use the formula established in the regulations to determine if the program meets minimum program length requirements, and to determine the number of credit hours eligible for Title IV funding. See 34 C.F.R. § 668.8(l). Prior to June 30, 2011, quarter hour institutions, such as PTI, were required to have at least 20 hours of instruction for each credit claimed. 34 C.F.R. § 668.8(l)(1)(iii)(2011). Effective July 1, 2011, quarter hour institutions were required to have 25 clock hours of instruction for each credit claimed. 34 C.F.R. § 668.8(l)(1)(iii)(2012). For time periods subsequent to July 1, 2011, an institution may be permitted to use less than 25 clock hours for the conversion to a credit hour if it's accrediting agency and licensing body did not identify any deficiencies with the institution's policies and procedures, or their implementation,

and student work outside of class combined with the clock-hours of instruction include at least 20 hours for a quarter credit hour. 34 C.F.R. § 668.8(1)(2)(2012).

For purposes of the Title IV programs, an institution is considered a clock hour institution, if it does not provide the clock hours that are the basis for the credit hours awarded for the program and the institution requires attendance in the clock hours that are the basis for the credit hours awarded. 34 C.F.R. § 668.8(k)(2)(iii). Under these circumstances, the institution is subject to all regulatory requirements of a clock hour institution. The Title IV regulations define a clock hour as a period of time consisting of one of the following:

- (1) A 50 to 60 minute class, lecture, or recitation in a 60 minutes period
- (2) A 50 to 60 minute faculty supervised laboratory, shop training, or internship in a 60 minutes period; or
- (3) Sixty minutes of preparation in a correspondence course

34 C.F.R. § 600.2(definition of clock hour).

During the course of the review the Department found that PTI did not comply with the credit/clock hour conversion requirements set forth in the regulations. PTI's Medical Office & Administrative Specialist with Billing and Coding program (MOASBC) is offered 100% online. The program was approved by the New Jersey State Department of Education and Department of Labor, and accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC). The program, however, was structured so that it did not offer the underlying clock hours of instruction as required by the regulation. Instead, the program relies almost completely on the students completing self-directed study and completing coursework without direct supervision.

In reaching this conclusion, the Department reviewed school documentation including the Accreditation approval document and class master schedules. According to documentation reviewed, the program content of the Medical Office & Administrative Specialist with Billing and Coding program was structured and offered as follows:

Course Number	Course Titles	Classroom Hours	Lab/Shop/Independent Study Hours	Total Instructional Clock Hours
GB305	Computer & Office Applications	10	50	60
CS814	Word Processing	10	50	60
ME117	Medical Terminology	10	90	100

ME118	Anatomy & Physiology	10	90	100
ME121	Medical Office Procedures & Admin	10	50	60
ME119	Transcription I	10	25	35
ME120	Transcription II	10	25	35
ME122	Automated Medical Office	10	50	60
ME123	Medical Billing & Insurance I	10	50	60
ME 124	Medical Billing & Insurance II	10	50	60
ME125	Fundamentals of Coding I	10	40	50
ME126	Fundamentals of Coding II	10	40	50
PD104	Professional & Career Development	10	30	40
KB204	Keyboarding I	0	50	50
KB205	Keyboarding II	0	50	50
KB206	Keyboarding III	0	50	50
	TOTALS:	130	790	920

The hours identified as “Lab/Shop/Independent Study Hours” were comprised of students reading study material offline unsupervised, students completing discussion forum questions and answering chat discussions when they were able. Additionally, while there were quizzes that were part of the program offering, they were not timed quizzes that were administered on a particular schedule, but rather quizzes that could be taken over and over at the convenience of the student. None of this self-directed learning meets the federal definition of a clock hour of instruction.

Interviews with staff confirmed that the program was structured so that there was customarily one live lecture a week per topic and one chat session. In addition, instructors had weekly office hours which customarily were only one or two hours a week. Some instructors stated that they taught multiple topics during the same term, and customarily their office hours were the same for all topics that they were teaching. Regardless, office hours were not a required part of the program. Instructors stated that they were regularly accessible by phone and email and that they interacted with students in their course on a regular basis. Additionally, instructors stated that if they noticed a

student had not been attending their class, they would make attempts to reach that student.

Reviewers asked instructors how many hours that they spent on each course, and one instructor, who stated that she taught between 4-5 courses each term, broke out her tasks as follows:

- Administrative – this included tasks such as grading, tutoring, phone calls with students (4-5 hours per week);
- Instructional – this was described as a 45 minute lecture for each class and a one hour chat session for each class (5 hours for all classes combined);
- Other – this was described as continuing education (1 to 2 hours a week).

Subsequently, this instructor stated that she devoted approximately 5 hours a week to each course. Since there was no written documentation, it is unclear exactly how many hours were spent on student instruction.

A different instructor stated that she was teaching 3 courses that term and that she spent approximately 12-15 hours per week on each course. She also described a similar format for the course which she stated included a live content lecture, but some of her time was spent preparing for this lecture. Similarly, she also had office hours, which were 2 hours a week for all students that she taught in all the modules. This instructor stated that she spent 2-3 hours grading and providing feedback to students via her grading. Also, this instructor told reviewers that students were able to access all components of the course elements at any time during a module, with the exception of the live lecture, but that students would still be required to log-on and post to a discussion forum to be counted as active for a particular week.

Another instructor stated that she was available to students during a live chat session that occurred one hour prior to her live lecture and that she was also available during her office hours, and that she would regularly respond to student questions via email or phone. This instructor stated that quizzes were not timed and that they were available to be taken at the student's convenience but due by Sunday at midnight.

One student interviewed relayed similar information. She stated that she spent about 10 hours per week on her studies and that most of the time was spent reading the assigned reading material offline. The student stated that there was one hour per week of live lecture and that for harder topics there were two hours per week. She also explained that the whole course outline was online during the entire session so that she could actually do work ahead of time, if for example, she was going to be away. The student explained that she was required to log on at least once a week, and that she believed a counselor looked over their grades and that if a student had not checked in they would receive a letter from PTI. When asked about her overall experience with the program, the student replied that she thought that there should be more interaction, especially during the latter part of the

program. When pointedly asked if there any other live events or other prescheduled events other than the live lecture, the student stated that there were not.

During the onsite portion of the program review and after interviewing instructors, reviewers discussed the issue with the institutional officials who were present. Reviewers relayed the fact that their instructors had confirmed that there was a lack of underlying clock hours in their program. Institutional officials did not seem aware of the requirement for a non-degree granting school, and stated that "All schools are doing it this way."

Based on the documentation reviewed and the interviews conducted, the Department concluded that the MOASBC online certificate does not meet the Title IV clock to credit conversion requirements.

Improper determination of hours of instruction offered can result in incorrect calculations of students' Title IV eligibility. Further, the failure to offer the number of clock hours required results in a decrease of supervised instructional time, which is detrimental to students.

Directives From Program Review Report:

In order to meet the requirement for offering programs in quarter credit hours, PTI was directed to ensure that it offered the corresponding number of clock-hours necessary to meet the Title IV requirements. Additionally, PTI was directed to undertake a review of its MOASBC online program and accurately report how many hours of its program are legitimate pre-scheduled offered hours of instruction that also meet the federal regulatory definition of a clock hour. For each offered hour of instruction PTI was required to document that it is a 50 to 60 minute class, lecture or recitation within a 60 minute period, or it must meet the requirement that it is a 50 to 60 minute faculty supervised laboratory, shop training, or internship in a 60 minutes period.

PTI was informed that it must only include and document hours that PTI offered and scheduled as part of its program. Each hour reported must have been a directly supervised hour that is an integral and required component of the program. To assist the institution in correctly completing the review, the Department provided examples of what would constitute a valid clock hour of instruction.

"For example, PTI may include live lectures delivered by an instructor that are at least 50 minutes in length if the lecture was a scheduled event that all students were informed of and it was considered part of their coursework. PTI may not include hours that are student directed, or are independently undertaken by the student, even if PTI provided the ability to communicate with an instructor via email or phone call on a 24/7 basis. Therefore, office hours offered by an instructor, even though they were previously scheduled and likely known by students may not be included as programmatic hours.

Additionally, coursework that a student may be required to complete on their own and are doing so at a time of their choosing, may not be included, even if PTI can establish that it must have taken the student a certain number of hours to complete the assignment. However, these hours may be included, in a separate notation, since such hours may be considered as possible out of classroom hours, if and when credit hour equivalence is being considered.”

PTI was informed that the report must include a review of the MOASBC online program from its inception, and identify the number of directly supervised scheduled hours offered to its students in all iterations of the MOASBC program. The report had to cover each module and make a determination as to the number of offered hours that comprised each week of each module during each structure of the course. PTI was directed to provide documentary evidence for each hour that it included as a programmatic hour. PTI was directed to provide the results in a spreadsheet.

Final Determination:

PTI’s first response which was received February 4, 2013 and provided as Appendix B³, disagreed with the reviewer’s interpretation of the definition of a clock hour and maintained that PTI had at all times offered the clock hours of instruction to support the credit hours awarded.

Due to this disagreement, PTI did not follow the instructions for the file review requirement but instead provided its own definition of a clock hour and provided course charts with what it asserted were the clock hours of instruction. According to the review that PTI conducted, both the MOASBC-I and the MOASBC –II programs contained 920 clock hours. PTI’s review also identified five (5) outside classroom hours for every 20 hours of instruction and stated that it should be allowed the lesser conversion rate since its Accreditor had not noted any deficiencies. In preparing the course charts in response to this finding, PTI stated that it included the following activities as 50-60 minutes of lecture, class or recitation within a 60 minute period: class lecture, live workshop (only in MOASBD-II), online chat sessions, reading activities and quizzes. PTI included case studies and discussion forum as faculty –supervised laboratory. PTI stated that these activities are supervised by faculty who review and grade these assignments and who are also available by phone or email to answer the student’s question. PTI also provided a list of exhibits which are noted on page 61 of the written response. Most of the exhibits pertained to its initial application to its Accreditor, its AZ license and the catalogs for the courses. The exhibit did include a spreadsheet of all Title IV recipients in pdf format.

³ PTI’s first response contained 1400 pages, most of which contained student specific information. Only the narrative portion of the response is provided in Appendix B. Pages 8-31 contain the full written response to this finding.

PTI's primary disagreement with this finding stemmed from the idea that reviewers had added an additional requirement to the definition of the clock hour by suggesting that it needed to be a "pre-scheduled" or a "directly supervised" hour of instruction. PTI claimed that requiring clock hours to be "pre-scheduled" is not conducive to developing a sustainable distance education program. PTI quoted the Department in part of its response by stating that the greatest benefit of online learning is that it provides "more flexible access to content and instruction, at any time from any place." PTI stated that distance education programs are meant to utilize technology to make education available to learners with more flexible content and that given the interpretation of a clock hour by reviewers as noted in this finding, a distance education program would not be able to provide instructional time that a student could access on a flexible schedule.

With respect to its disagreement with the use of the phrase "directly supervised" as used in the narrative of the finding, PTI stated that there was only one reference to supervision in the regulatory definition of a clock hour and that it appeared in the second bullet point of the definition. PTI stated that the "direct supervision" terminology does not appear anywhere in the definition and that it is absent from the definition precisely because a requirement for direct supervision would limit the flexibility of online students and online delivery systems, contrary to the Department and Congressional policy. PTI stated that the first part of the definition of a clock hour at § 600.2, when it refers to a 50 to 60 minute class, lecture or recitation, contains no stated supervision requirement. PTI further stated that the second part, while it does require that laboratory work be "faculty supervised," it does not mean that a student must be directly supervised at all times during the 50-60 minutes. PTI furthered this idea by stating that even during a traditional laboratory or shop or internship where an instructor may be present, the instructor is not directly supervising every student for every minute of the 50-60 minute period.

Upon receiving the incomplete response, the Department contacted PTI officials who then requested that they be allowed to review a statistical sample of the populations that were required to be reviewed. The Department agreed to this request as long as the sample achieved a 95% confidence level and PTI was granted additional time, until February 28, 2013, to complete the review.

The information responsive to this request was received on February 28, 2013. Later clarification was obtained which indicated that PTI had conducted a separate statistical sample for both Graduates and Withdrawn students for all four (4) award years. In addition, a master spreadsheet was provided which included the disbursements for each student identified by both program and award year and whether that student was a graduate, withdrawn or active. In addition to the review of the statistical samples, PTI provided a copy of the course outlines for both the MOASBC-I and MOASBC-II programs and examples of when certain course activities were scheduled to take place.

The second response is all collectively provided as Appendix C. The response included the file review as instructed, course outlines, as well as two examples of supporting documentation to support the offered instructional hours.

The Department has reviewed all of the arguments and information submitted by PTI and concluded that the program does not meet Title IV eligibility requirements. In discussing the requirement, the Department used the phrase “pre-scheduled” when referring to the clock hours that it would accept from PTI. By using this phrase, the Department does not agree that it has added another requirement to the clock hour definition, but rather that it was attempting to communicate the idea that a clock hour is a specific, concrete period of time that is being offered by the institution and that students are scheduled to complete. Activities such as contacting a professor during office hours or completing an assignment off-line would not meet these definitions.

Similarly, the Department disagrees that the instruction that a clock hour be “directly supervised” also added another requirement to the definition of the clock hour that is not in the regulation. The instruction was provided to convey that for it to be included as a programmatic offering it needed to be supervised. This instruction was provided as a result of PTI officials asserting that if a student logs on for two minutes at midnight that it should be counted as a clock hour because a teacher would be reviewing any work product done at a later time and in that manner the work was indeed supervised. The Department was attempting to convey that the hour first needed to be offered and more directly supervised in some manner.

The file review results indicate that when PTI reviewed its program offering based on the definition required by the Department, virtually all graduates of either of the MOASBC online programs were offered less than 300 hours of instruction. This means that the programs were not eligible for any Title IV funding since Federal Pell Grant eligibility requires a minimum of 600 clock hours and Federal Direct Loan eligibility requires 300 clock hours of instruction. Consequently, PTI is responsible for returning all Title IV funds disbursed to students in these programs.

Therefore, the liabilities due, separated by award year are as follows:

2009/2010:

Federal Pell Grant	Federal Direct Subsidized Loan	Federal Direct Unsubsidized Loan	Federal Direct PLUS Loans
\$ 573,261	\$387,229	\$612,729	\$7,761

2010/2011:

Federal Pell Grant	Federal Direct Subsidized Loan	Federal Direct Unsubsidized Loan	Federal Direct PLUS Loans
\$2,934,834	\$1,679,502	\$2,681,356	\$14,829

2011/2012:

Federal Pell Grant	Federal Direct Subsidized Loan	Federal Direct Unsubsidized Loan	Federal Direct PLUS Loans
\$3,253,179	\$2,196,614	\$3,479,959	\$30,681

2012/2013:

Federal Pell Grant	Federal Direct Subsidized Loan	Federal Direct Unsubsidized Loan	Federal Direct PLUS Loans
\$1,123,445	\$878,940	\$1,250,588	\$26,872

	Federal Pell Grant	Federal Direct Subsidized Loan	Federal Direct Unsubsidized Loan	Federal Direct PLUS Loans
TOTAL LIABILITY FINDING #2	\$7,884,719	\$5,142,285	\$8,024,632	\$80,143

The total liability as a result of PTI's failure to offer a program that is in accordance with Federal regulations is \$ 21,131,779 and the cost of those funds.

This is comprised of \$ 7,884,719 of Federal Pell Grant funds and \$ 13,247,060 of Federal Direct Loan funds. The cost of funds for these amounts are \$57,587.07 and \$91,416.00 respectively.

The detail for the liability amounts are provided in Appendix D and the cost of funds calculations are provided as Appendix E.

All of these liability amounts are included in the Summary of Liabilities table in Section D of this determination.

Finding 5 – Return to Title IV Violations

Noncompliance:

If a student ceases to attend an institution prior to the completion of his/her program, an institution must refund all unearned Title IV funds. 34 C.F.R. § 668.22. The amount of Title IV funds an institution is entitled to keep is based on the student's withdrawal date. An institution that is required to take attendance must use the last date of academic attendance from its attendance records for the withdrawal date in the Title IV return calculation. 34 C.F.R. § 668.22(b). As relevant for two of the award years at issue here, an institution is required to take attendance if the institution itself requires instructors to take attendance. 34 C.F.R. § 668.22(b)(3)(2011).

Prior to the 2011 award year, an institution that was not required to take attendance by an outside entity could use the midpoint of the payment period in which the student stopped attending as the student's withdrawal date. 34 C.F.R. § 668.22(e)(1)(iii)(2010). The institution could also use the last date of attendance at an academically related activity. 34 C.F.R. § 668.22(e)(3).

“Academic attendance” and “academically related activity” includes, but is not limited to,

- (1) Physically attending a class where there is opportunity for direct interaction between the instructor and students;
- (2) Submitting an academic assignment;
- (3) Taking an exam, an interactive tutorial, or computer-assisted instruction;
- (4) Attending a study group that is assigned by the institution
- (5) Participating in an online discussion about academic matters; and
- (6) Initiating contact with a faculty member to ask a question about the academic subject studied in the course

34 C.F.R. § 668.22 (1)(7)(i)(A).

An institution may not include activities where a student may be present, but not academically engaged, such as –

- (1) Living in institutional housing;
- (2) Participating in the institution's meal plan
- (3) Logging into an online class without active participation
- (4) Participating in academic counseling or advisement

34 C.F.R. § 668.22 (l)(7)(i)(B). Determinations regarding what constitutes academic attendance must be made by the school and must be documented. See 34 C.F.R. § 668.22 (l)(7)(ii).

An institution must return the lesser of the total amount of unearned Title IV assistance to be returned or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student. 34 C.F.R. § 668.22 (g). An institution must return unearned Title IV funds 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:

Reviewers were informed that PTI was required to take attendance.⁴ PTI reviews attendance on a weekly basis and inputs attendance information into a database system after confirming that a student has some online work that PTI considers to be attendance. After all attendance is input into the database system, a report is run to identify students who have been absent for two consecutive classes for all of their current classes. Since PTI does not monitor students' work on a daily basis, a student would not appear on the report until he/she missed two weeks' worth of classes.

In accordance with PTI procedures, if students fail to attend a class for 14 days, they are withdrawn from the program. To comply with this procedure, PTI reviews available information for students who appear on the report, and attempts to determine if the student has been in email or phone contact with their instructor, and if they have, they are marked present for the week in which the communication occurred. Further, since assignments are due by Sunday of each week, and PTI only monitors attendance on a weekly basis, Sunday of the student's last completed week is the date used in the withdrawal calculation. This is inconsistent with the Title IV regulations which require an institution to use the students last documented date of academic attendance.

PTI's determination of what constitutes academic attendance is also flawed. PTI considers the following online actions as captured in the school's Learning Management System (LMS) to be indicative of actions that reflect attendance:

- Assignment Upload
- Chat Talk
- Chat Update
- Forum Add Post

⁴ For purposes of the Title IV regulations, the Department is considering PTI as not required to take attendance for the 2009 and 2010 award years and required to take attendance for the 2011 and subsequent award years.

- Forum Delete Post
- Forum Search
- Forum Stop Tracking
- Forum Subscribe
- Forum Update Post
- Forum View Discussion
- Game View
- Quiz Attempt
- Quiz Close Attempt
- Quiz Continue Attempt
- Quiz Preview
- Resource View: 01 AAPC Lectures
- Resource View: 01 Typing Master Access
- Resource View: 04 Interview/Stream/Career Connection
- Resource View: LIRN Learning Information & Resource Network
- Resource View: Virtual Classroom (any number)
- Upload

Very few of these activities, without further documentation indicating the academic content of the action, would be sufficient in and of themselves to meet the regulatory definition of “academic attendance.” For example, regulations state that participating in an online discussion pertaining to academic matters would be considered to be academically related, however, capturing an LMS activity as “Chat Talk” would not be sufficient, unless the record of the chat were reviewed to determine that it contained academic content. If a student were in the chat room that is used for class, but the chat content was of a personal nature and did not relate to the class, this would also be captured as “Chat Talk” and this would be insufficient for Return to Title IV purposes.

Based on the school’s failure to adequately monitor attendance, PTI made multiple errors in calculating the Return to Title IV funds due. The Department is including here errors and questions related to specific students that were identified in the program review report.

Student 1 – This student’s return was processed using a Last Date of Attendance (LDA) of 2/6/11, a Sunday, when the online activity records reflect that the student last had activity on the LMS on 2/9/2011. Without further corroborating documentation that the LMS activity was a live lecture where there was direct interaction between the instructor and students, the LMS activity on 2/9/11 may not qualify for regulatory purposes. The activity on the LMS was captured as “Resource View Virtual Classroom 1”. If this was not a lecture in which she was able to interact with the instructor, then her last academically related activity might have been the quiz she attempted on 1/31/2011. However, if the student just “viewed” the quiz, and this was captured by the monitor as a “quiz attempt”, then the quiz attempt would not be a documented academically related

activity that could be used in the withdrawal calculation. Without the additional documentation it is impossible to determine the true withdrawal date.

Student 3 – This return was incorrectly calculated because PTI processed the return using the LDA of 7/10/11, a Sunday, when there is an email documenting her intention to withdraw dated 7/8/11.

Student 6 – This return was incorrectly calculated because PTI processed the return using the LDA of 6/5/11, a Sunday, when her date of attendance at an academically related activity may have been 06/04/11 assuming that she completed and turned in the quiz. Without documentation it is difficult to determine the nature of the activity.

Student 12 – This return was processed effective 5/15/11, a Sunday, for her program that began 5/2/11 after the school learned that the state of Mississippi was unable to confirm that the student had a valid GED. The date on the letter from the state of Mississippi was 5/3/11.

Student 14 – There is a letter in the file dated November 4, 2010, indicating that she is being withdrawn from the program since she had failed both of courses in one module two times. However, there was no Return to Title IV calculation form in the file.

Student 41 – There are notes in the file indicating that this student called and notified the institution of her intention to withdraw on August 22, 2011, although this phone call does not appear to have been acceptable to PTI, since they did not take action at that time. Additionally, there are a series of notes in her file beginning on August 3, when PTI first began making attendance phone calls to the student. On 3 successive days the notes indicate that this student hung up on the caller when they called regarding poor attendance. The notes go on to indicate that the student was required to put her request in writing, which she did via email on August 26, 2011. However, the date that appears to have been used in the return calculation was actually August 21, 2011, presumably based on a note in the file indicating that there was attendance in a course on that day. However, the LMS does not indicate any activity that would count as attendance on this day. Additionally, the return was paid on October 5, 2011, so if her return had been processed with an earlier date, this return would have been paid late.

Student 42 – The last activity in LMS was on 7/29/2011. The notes in her file indicate that she first mentioned to a school official that she wanted to withdraw from the program on 7/25/2011, but she was called and asked to put her request in writing. Subsequent to that statement, there are notes in her file indicating multiple phone calls and emails from school officials attempting to contact her. There is a note from an instructor dated 7/27/2011 that indicates the student had not logged on to her class in 14 days. The instructor had called her to speak about her missing assignments and when she returned that call, the instructor counted this as active participation. Student 42 relayed to PTI that her work schedule had changed and she had been working 16 hour days and was

considering dropping the program. Notes from the instructor stated that she could get Week 01 done on Friday, Week 02 done on Saturday and Week 03 on Sunday. Notes indicate that Student 42 agreed to this plan, and it appeared that her logon activity on 7/29/2011 was attempting to accomplish this, as her activity indicated that she was working on assignments from Week 1 and Week 2. There were multiple attempts to contact the student during early August, and when contact was made, the institution learned that she had been in the hospital with health problems. Yet school officials were still trying to urge her to not drop the program. Finally, when the student no longer returned calls, on or about August 16, 2011, notes indicated that a Change of Status form would be processed. The Return to Title IV calculation used an LDA of 7/31/2011 in the calculation.

Student 44 - The student withdrew from the program and, based on activity recorded in the LMS, her last activity that was more than viewing an assignment may have been on 7/24/2011 when she was recorded as having multiple transactions related to attempting a quiz. However, PTI used an LDA of 7/31 and a withdrawal date of 8/1/2011. There is no clear documentation to support the date used.

Directives From Program Review Report:

Due to the systemic nature of this finding PTI was required to identify all students who withdrew from the MOASBC online program prior to program completion for the entire period that the program was offered. For each student, PTI was required to review its records and determine the accurate withdrawal date. PTI was to provide documentation establishing the academic attendance used as the withdrawal dates.

Final Determination:

PTI's complete written response to this finding is quoted verbatim below:

“As requested, Performance Training Institute completed the review of all withdrawn students from the MOASBC online program, and created the requested spreadsheet of data (please see Exhibit 5A). There are three tabs to the spreadsheet. The “Withdrawn Students” includes the listing of all withdrawn students. The highlighted section at the top pertains to the students that have adjusted withdrawal dates. The “Return Review” tab includes only the population of student that have adjusted withdrawal dates, and this tab also includes any additional Title IV liabilities as a result of the adjusted dates, the days in the payment period, the days completed in the period, and notes, if applicable. The “Refund Data” tab includes the refunds and the refund dates for the population of students with the adjusted dates. Performance Training Institute has also provided the supporting documentation for the adjusted withdrawal dates (please see Exhibit 5B).

A copy of the written response is also provided in Appendix B and is contained on page 34. The spreadsheets referred to in this statement as Exhibit 5A are collectively provided

as Appendix F. PTI stated that it had reviewed all withdrawn students and the results of its review identified an additional \$21,289.78 net due to the Department.

The Department is unable to accept the results of the file review. First, as noted in Finding 2, PTI offered very few clock hours of instruction to the students. Consequently, any return calculation will be flawed because the hours the student was scheduled to complete as of the withdrawal date cannot be determined. Similarly, a midpoint cannot be determined for students in the earlier award years because there are no defined hours that could establish set payment periods. Further, even if one could accept the hours noted in the refund calculations, the withdrawal dates used by PTI were not supported by the documentation submitted.

PTI claimed to have reviewed all withdrawn students and provided a copy of documentation supporting the correct withdrawal date. PTI provided computer screen shots for numerous students. Based on the Department's review, it appears PTI provided documentation for 720 individual students. The Department has numbered those students by using a methodology of assigning Number 1 to the first student provided. This methodology is set forth in Appendix G.⁵

Of the 720 students for whom PTI did provide documentation, the Department has noted that there were 52 students who either do not appear to be Title IV recipients, who had all their Title IV funds returned, or were noted as Active Students or Graduates on another portion of the response. In at least two instances, it appeared that two students were included more than once with their first and last name reversed. Therefore, the Department considered the documentation for 668 withdrawn Title IV recipient students.

In almost all instances, PTI provided a computer screen shot of a student's recorded activity within the Learning Management System (LMS) used by PTI rather than any evidence that it was an academic activity as required under the Title IV regulations. For example, PTI provided screen shots for students with the activity of "Forum Add Post" and has put forth that this was the LDA for Return to Title IV purposes. In no instance did PTI provide the actual posting, so that a determination could be made as to whether the activity was academic. This type of example was noted in the original finding and without any further documentation that the posting contained academic content the Department has determined that this documentation does not support that the activity that was captured by the keystroke in the LMS was academically related.

This specific documentation was provided for Students 11, 13, 25, 27, 38, 50, 62, 77, 83, 90, 96, 98, 104, 113, 114, 115, 121, 125, 126, 127, 129, 132, 134, 159, 168, 170, 176, 185, 200, 209, 218, 220, 224, 227, 228, 235, 243, 248, 257, 266, 269, 270, 289, 299, 300, 318, 324, 334, 337, 342, 345, 348, 349, 352, 356, 358, 361, 373, 391, 392, 393, 395, 397,

⁵ The withdrawn tab of the file review identifies 1120 students. It is unclear why PTI only provided documentation for 720.

398, 405, 411, 421, 434, 435, 451, 454, 459, 462, 465, 467, 471, 484, 485, 486, 489, 498, 530, 538, 563, 564, 575, 576, 589, 591, 617, 627, 634, 661, 672, 679, 700, 704, 706 and 713.

In addition, the provided documentation revealed that PTI had a practice of contacting students when it was noted that they had not shown any activity in the LMS and if the student responded at all, the response date was considered to be the LDA for Return to Title IV purposes. The regulations specify that the contact must be initiated by the student for this type of activity to be considered academic. Further, the activity must be more than a call regarding a student's return to the institution. There must be true academic content discussed during the teacher/student contact. This type of insufficient documentation was provided for students 10, 124, 131, 142, 307, 329, 407, 526, 555, 556, 622, 657, 683.

In a similar manner, but documenting even less of a contact, were screen shots that contained notes from a teacher or some other PTI official which stated that they had some type of contact with a student. This type of documentation was provided for Students 85, 156, 183, 186, 226, 239, 246, 315, 347, 384, 422, 425, 437, 495, 509, 552, 571, 614, 698 and 717. The Department has never accepted a Teacher's Certification to document academic attendance.

Therefore, taken collectively, the Department has found that the provided documentation was lacking for every student. Of the 668 students that were reviewed, the Department noted it received the following type of documentation:

Type of Documentation Provided	Number of Instances
Screen Shot of "Assignment Upload"	50
Screen Shot of "Course View" or similar	69
Emails, primarily related to Attendance and Initiated by Teacher	24
Notes from Teacher Initiated by Teacher	21
Screen Shot "Forum Add Post" or similar	108
Screen Shot "Forum View Discussion" or similar	97
Screen Shots of "Quiz Attempt, Quiz Close, Quiz Continue Attempt" or similar	230
Screen Shot "Resource View" or similar	53
Screen Shot "Url View"	5
Screen Shot "Page View"	5
Miscellaneous – Did not fit above categories	6
TOTAL:	668

None of this provided documentation was sufficient to demonstrate that a student had documented academic attendance. In the cases of many of the students, it appeared that PTI contacted the students in an attempt to get them to respond and in this manner artificially extended the date at which the withdrawal should have occurred.

PTI was required to perform a file review to respond to this finding and submit the results of that review to this office for review. The Department has determined that PTI submitted an inadequate/incomplete response, and therefore, the Department cannot make adequate determinations regarding the students' last dates of attendance. Consequently, all Title IV funds disbursed to these withdrawal students must be returned.

In making this determination, the Department relied on the disbursement records provided for each student and attempted to determine the payment period from which the student withdrew. Since PTI did not provide sufficient documentation to support the correct withdrawal date for the payment period, the Department has established a liability for all funds disbursed to students who PTI stated had withdrawn not just in this finding, but in other parts of its response.

Therefore, the Cost of Funds, which shows the amount of liability per student for the award years, is provided as Appendix H. The students identified in the Cost of Funds worksheets are numbered using the numbering methodology as stated in this finding in Appendix G. If a student is not numbered on the Cost of Funds spreadsheets, it indicates that the student was one who PTI had identified as a withdrawn student in response to another finding, but did not provide backup documentation to support that particular student's withdrawal date.

Therefore, the Department has determined the liability for withdrawn students as a result of Incorrect Return to Title IV to be as follows:

Title IV Program	Award Years				Total By Program
	2009-2010	2010-2011	2011/2012	2012/2013	
Federal Pell Grant	204,510.84	927,698.17	979,020.34	75,210.41	\$2,186,439.76
Federal Pell Grant Interest	4,335.07	10,447.27	1,206.75	0.00	\$15,989.09
Federal Direct Subsidized Loan	110,829.44	398,337.44	356,470.36	19,078.98	\$884,716.22

Federal Direct Unsubsidized Loan	128,499.46	415,827.25	448,836.92	21,414.74	\$1,014,578.37
Federal Direct PLUS Loans	4,891.15	12,436.86	8,120.94	0.00	\$25,448.95
Federal Direct Loan Interest	4,720.00	8,118.00	928.00	0.00	\$13,766.00
TOTAL LIABILITY:	\$457,785.96	\$1,772,864.99	\$1,794,583.31	\$115,704.13	\$4,140,938.39

Since the Department has established a full liability for Finding 2, the liabilities for this finding are subsumed in that finding.

Finding 6 – Ineligible Disbursements

Noncompliance:

In order to receive Federal Student Aid funds, a student must be qualified to study at the Post-Secondary level. Among the ways a student qualifies is if he or she has a high school diploma or has the recognized equivalent of a high school diploma such as a general education development or GED certificate. 34 C.F.R. § 668.32(e).

An institution is required to develop and apply an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to the student’s application for financial aid under Title IV programs. 34 C.F.R. § 668.16(f).

PTI admission criteria indicates that it accepts students into its online MOASBC program if they have a valid high school diploma or GED, and PTI confirms that the student has received these credentials by requiring documentation of the credential which is then kept in the student file.

PTI requested a GED transcript from the state of Mississippi for Student 12, but was informed that the State GED Office did not find a GED record for that student. Therefore, since Student 12 did not have a valid admissions credential, she was not eligible for the \$2,775 Federal Pell grant that was disbursed to her on May 12, 2011. Rather than return the full Pell disbursement, PTI processed a Return to Title IV calculation as of 5/15/11 and returned \$2,497.50 of Pell Grant Funds. Additionally, the date on the letter from the State of Mississippi was May 3, 2011, so it is unclear how PTI used an LDA of 5/15/2011.

PTI received documentation for Student 15 which indicated that she was not a high school graduate via a letter from the Providence Schools located in Rhode Island, dated December 14, 2010. Additionally, the ISIR for this student indicated that she had obtained a GED. While there are notes in the file indicating that the student may have received a GED in South Carolina, PTI was not able to confirm this credential with the state of South Carolina. Rather than return the full Pell disbursement, PTI processed a Return to Title IV calculation as of 12/13/2010 and returned \$2,369.89 of the \$2,775 that had been disbursed. The ledger indicates that this return was processed on 1/27/2011.

Directives From Program Review Report:

Due to the error rate associated with this finding, PTI was directed to review the files for students in the 2010/2011 award year to determine if there are additional students for whom PTI received information that the students were not eligible to attend the institution because the student either did not have the claimed high school diploma or GED.

Final Determination:

PTI stated its concurrence with the instances of noncompliance noted in this finding. PTI stated that rather than complete a Return to Title IV it agreed that all of the aid should be returned for these students and PTI stated that it had returned these funds on November 29, 2012. In addition to reviewing students from the 2010/2011 award year as was required by the finding, PTI opted to review all students and report the liability to the Department.

PTI identified an additional \$33,477.97 was due to the Title IV programs for the 2010/2011 award year and that \$14,007.16 was due for the 2009/2010 award year.

A copy of both reviews, prepared by PTI is provided as Appendix I.

The Department accepts the response provided by PTI and has reviewed the documentation provided which showed that the funds had been returned. Therefore, from the information provided in Appendix I, the Department has calculated the Cost of Funds that is due as a result of PTI improperly retaining funds for students who were not eligible for those funds. The remaining cost of funds for the 2010/2011 award year is \$782.44 and the cost of funds that resulted from the expanded review is \$200.67.

Copies of the Cost of Funds calculations, prepared by the Department are collectively provided as Appendix J.

Since all the funds have been returned for these students, they were not included as a liability in any other finding so no additional adjustment is required.

Finding 16 – Satisfactory Academic Progress Standards Not Met

Noncompliance:

For purposes of determining student eligibility for assistance under a Title IV, HEA program an institution must establish, publish, and apply reasonable standards for measuring whether a student is maintaining satisfactory progress in his/her educational program. 34 C.F.R. §§ 668.16(e), 668.32(f), 668.34. The Secretary considers the policy to be reasonable if the policy is at least as strict as the institution's standards for a student enrolled in the same educational program who is not receiving assistance under a Title IV, HEA program. These standards must include both a qualitative and a quantitative component. The qualitative component must consist of grades, work projects completed, or comparable factors that are measurable against a norm. The quantitative component consists of a maximum timeframe in which a student must complete his or her educational program and must be no longer than 150 percent of the published length of the educational program measured in academic years, terms, credit hours attempted, clock hours completed, etc., as appropriate. In addition, the quantitative component must include a schedule established by the institution designating the minimum percentage or amount of work that a student must successfully complete at the end of each increment to complete his or her educational program within the maximum timeframe. The institution must also include specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress. 34 C.F.R. § 668.34.

PTI did not comply with these standards. PTI procedures indicated that SAP is evaluated based on the number of offered credits and is checked for students in the MOASBC online program after 18, 36 and 41.5 credits had been offered. Student files contained transcripts which showed handwritten notations indicating that SAP had been checked.

Based on the structure of the course, students in the earlier version of the program, which was offered for the period 8/2009 – 9/18/2011, earned 18 credits sometime in the middle of the 4th module, and earned 21 credits if they successfully completed the 4th module. The 4th module was the end of the first payment period. Students would successfully complete 36 credits at the end of the 7th module which was at the end of the second payment period, and would earn 41.5 credits at the end of the 9th module.

Beginning in 9/19/2011, the course was re-structured so that students would earn 18 credits at the end of the 4th module which corresponded to the end of the first payment period. The students would still successfully complete 36 credits at the end of the 7th module and would successfully complete 41.5 credits at the end of the 9th module.

The procedures also appear to directly conflict with the process that is outlined in the policy example, which indicates that, "Academic progress for online students will be evaluated once a student completes term 3 or 4 (term 4 for MOASB-O and term 3 for MOASB-OII), term 7 and term 10. At these points in time, students must comply with

both a qualitative standard and a quantitative standard to be making satisfactory academic progress.”

The outlined procedure does not appear to ensure that students are able to successfully complete the program within 150% of the program. Also, a student who successfully completes their courses would actually graduate from the program at the end of the 10th term, so it makes little sense to assess SAP at that particular point in time.

Specific instances of non-compliance with the outlined procedures were noted in the files of the following students:

Student 17 - This student had earned a 1.80 GPA at the end of the first payment period. According to policy, this student was supposed to be placed on academic probation, but reviewers could not find any documentation indicating that this occurred.

Student 31 – This student enrolled in the program beginning 10/05/2009, but she did not successfully complete 4 of her modules (the modules that began 1/25/2010, 04/05/2010, 06/14/2010, 8/23/2010) and she failed the module that began 1/17/2011, which would mean that she would have to retake that module as well. Therefore, the student was not making SAP at the point in time in which it was not possible for her to complete the program within 150% of the program, or the equivalent of 69 attempted credits. Based on this requirement, the student would have exceeded her ability to complete the program when she was allowed to begin the module that began 12/6/2010. Even if she successfully completed that module (and she did), she still had 10 credits that she needed to complete in her remaining modules. At that point, by being allowed to attempt that module, she had already attempted 60.75 credits. However, PTI allowed her to continue past this point in time, and begin the module that began 1/17/2011 and the module after that that began 2/21/2011. Additionally, PTI disbursed \$622 Subsidized Direct Loan and \$830 of Unsubsidized Federal Direct Loan funds to Student 31 on 1/27/2011, at a point in time that she was not able to successfully complete her program. PTI did process a Return to Title IV, with an LDA of 2/27/2011 when the student eventually was withdrawn from the program.

Directives From Program Review Report:

PTI was required to review the circumstances surrounding what occurred for the students listed in this finding and provide a narrative of its findings. In addition, PTI was required to revise its policies and procedures to ensure that what occurred with Student 31 is identified so that students, who are not able to complete the program within the regulatory timeframe, are dismissed appropriately.

Additionally, PTI was required to identify any liability due to the Department as a result of its review of these students and report the results as a part of its response to this finding.

Final Determination:

PTI's initial response received on February 4, 2013 provided a copy of PTI's revised SAP policy as it appeared in the student catalogue and a copy of its internal policies and procedures so that situations identified in this finding would not recur.

Additionally, PTI's response reviewed the circumstances with regard to the two cited students and stated that it had found that Student #17 had been placed on probation and at the end of the probationary period which was from 8/15/2011 – 11/27/2011, the student had a GPA of 1.74 and had been withdrawn from the school. PTI also stated that Student 17 had re-entered the school on 1/09/2012 and was placed on probation and was withdrawn from the school on April 25, 2012. PTI did not identify any liability due for this student as a result of this finding.

PTI stated that with respect to Student 31, that it concurred with the Department that this student should have been withdrawn from the school with an LDA of 11/28/2010. Additionally, PTI stated that it had improperly retained \$222.00 of Federal Pell Grant funds and \$294.00 of Federal Subsidized Direct Loan funds. PTI stated that based on the corrected LDA, the student was not eligible to receive those funds.

The Department accepts the response provided by PTI and has established a liability of \$222.00 of Federal Pell Grant funds and \$294.00 of Federal Subsidized Direct Loan funds as well as the cost of those funds from the date of the respective disbursements. The calculations for these amounts are provided in Appendix K.

Additionally, the Department has noted that since both students withdrew prior to program completion on more than one occasion, they were identified in some other parts of the response provided by PTI.

Student 17 was identified as being withdrawn in 2011/2012 award year as part of the response provided to Finding 2, and there was a source document provided for her as part of the response to Finding 5 that gives her LDA as April 22, 2012, not the April 25, 2012 dated noted in the narrative to this finding. Similarly, Student 31 was identified as withdrawn in both the 09/10 and the 11/12 award years, yet the document supporting her LDA was February 27, 2011.

Liabilities of \$222 and \$294 were established for student 31 in Finding 5; those amounts are included in the student's liabilities for this finding, however, those duplicated amounts will be removed in the summary of liabilities table as well as the associated cost of funds.

STUDENT LOAN DISCHARGES

As noted above, PTI closed effective 2/10/2013. Consequently, in addition to the program review liabilities, PTI is responsible for the repayment of student loan discharges. Students who were enrolled at the time of the school's closure or who withdrew from the school within 90 days preceding the school's closure, and who were unable to complete their program because of the closure, may apply for a closed school discharge of their Federal student loan. Students who complete their educational programs through a teach-out, or use the credits gained at the closed school to complete an educational program at another school, are not eligible for a closed school discharge. 34 C.F.R § 685.214(e). A Borrower may apply for a loan discharge through the holder of the loan. If the discharge is granted any amounts already repaid will be refunded. See 34 C.F.R § 685.214(a). If the borrower's loan is discharged, the borrower is relieved of responsibility to repay the loans and automatically assigns to the Department his or her rights under applicable law with respect to the loans or the enrollment agreements against the school, its principals, affiliates and their successors, its sureties, and any private fund, including the portion of a public fund that represents funds received from a private party, up to the amount discharged. 34 C.F.R § 685.214(e).

As outlined above, the Department has the authority to assess a liability for all loans discharged due to PTI's closure. The Department has determined that PTI has incurred \$ 478,983 in loan discharges. Since the Department has assessed a full liability for the 2012-2013 award year, these liabilities will be removed in the unduplicated chart below. The detail of the loan discharges is provided as Appendix L.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects duplicated and unduplicated liabilities because some students appear in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. Duplicate liabilities have been removed in the second chart. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

Liabilities by Finding - Includes Duplicate Amounts	Pell	Direct Loan
Finding 2	7,884,719.00	13,247,060.00
Finding 2 – Cost of Funds	57,587.07	91,416.00
Finding 5	2,186,439.76	1,924,743.54
Finding 5 - Cost of Funds	15,989.09	13,776.00
Finding 6	0.00	0.00
Finding 6 - Cost of Funds	532.11	451.00
Finding 16	222.00	294.00
Finding 16 – Cost of Funds	3.71	5.00
Closed School Discharges	0.00	478,983.00

Established Liabilities - Unduplicated	Pell	Direct Loan	
Finding 2	7,884,719.00	13,247,060.00	
Finding 5	0.00	0.00	
Finding 6	0.00	0.00	
Finding 16	0.00	0.00	
Loan Discharges	0.00	0.00	
Subtotal	\$7,884,719.00	\$13,247,060.00	
Interest/SA	57,587.07	91,416.00	
Subtotal	\$57,587.07	\$91,416.00	
.			
TOTAL	\$7,942,306.07	\$13,338,476.00	
Payable To:			TOTAL:
Department	\$7,942,306.07	\$13,338,476.00	\$21,280,782.07
Letter of Credit Collected:			2,350,000.00
		Total Due to Department:	\$18,930,782.00

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department \$100,000 or More

PTI owes to the Department \$ **18,930,782.00**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. PTI must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If PTI's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. PTI is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to PTI's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, PTI has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due PTI from the Federal Government. **PTI may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, PTI must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

The following identification data applies to this repayment and must be written on the attached FEDWIRE form and any other documents submitted related to this liability:

Amount: \$18,930,782.00

TIN: 320278684

PRCN: 201210227177 (Enter in item number 4 on form)

DUNS: 605684380

Liabilities Owed to the Department in the case of Title IV Grants

Pell – Closed Award Year

Findings: 2

Appendices: D, E

PTI must repay:

Pell Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$573,261.00	\$12,895.74	Federal Pell Grant	2009/2010
\$2,934,834.00	\$36,668.99	Federal Pell Grant	2010/2011
\$3,253,179.00	\$8,022.34	Federal Pell Grant	2011/2012
\$1,123,445.00	\$0.00	Federal Pell Grant	2012/2013
Total Principal	Total Interest		
\$7,884,719.00	\$57,587.07		

The disbursement record for each student identified in the appendices to the applicable finding(s) must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendices.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via FEDWIRE, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student’s COD record must be sent to Jane Eldred within 45 days of the date of this letter.

DL Closed Award Year - Payment Instruction

Findings: 2

Appendices: D, E

PTI must repay the following Direct Loan liabilities:

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$ 1,007,719.00	\$ 22,670.00	2009/2010
\$ 4,375,687.00	\$ 54,671.00	2010/2011
\$ 5,707,254.00	\$ 14,075.00	2011/2012
\$2,156,400.00	\$ 0.00	2012/2013
Total Principal	Total Interest	
\$ 13,247,060.00	\$ 91,416.00	

The disbursement record for each student identified in the appendices listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the/these appendix/appendices. **A copy of the adjustment to each student's COD record must be sent to Jane Eldred within 45 days of the date of this letter.**

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via FEDWIRE, the Department will apply the principal payment to the applicable G5 award. Interest is applied to the general program account.

Closed Award Years – Extended Processing

COD adjustments are necessary for the closed award year(s) listed above. Before any student level adjustments can be processed, PTI must request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the institution should indicate in their explanation that the request is based on a program review and provide the applicable program review control number.

- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award year(s).