



July 10, 2015

Dr. Chris Bustamante, President
Rio Salado Community College
2323 West 14th Street
Tempe, AZ 85281-6948

Certified Mail
Return Receipt Requested
#: 70150640000610812614

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 02177500
PRCN: 201140927672

Dear Dr. Bustamante:

From October, 2010 through May, 2011, the U.S. Department of Education (the Department) conducted an off-site program review of Rio Salado Community College's (RSCC's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs). The purpose of this Expedited Final Program Review Determination Letter (EDL) is to close the program review.

The focus of the review was on disbursements made to students attending an unreported and unapproved location of RSCC – the School of Dental Hygiene – from the 1998-99 award year through the 2000-2001 award year. The review process included several communications with RSCC officials on this matter, and the Department's Approval Notice of January 14, 2011 iterated "The Institution may be notified under separate cover of any liability or fine arising from the violation based upon the facts of the case." This EDL provides that separate notice.

The San Francisco/Seattle School Participation Division has made a Final Program Review Determination concerning the finding that was identified during the program review. Following is a discussion of the finding identified and the resolution of that finding.

Disbursements to Students at Ineligible Additional Location

Citation: According to 34 C.F.R. § 600.10(b)(3), eligibility does not extend to any location that an institution establishes after it receives its eligibility designation if the institution provides at least 50 percent of an educational program at that location, unless—

(i) The Secretary approves that location under 34 C.F.R. § 600.20(e)(4); or

(ii) The location is licensed and accredited, the institution does not have to apply to the Secretary for approval of that location under 34 C.F.R. § 600.20(c), and the institution has reported that location under 34 C.F.R. § 600.21.

The federal regulations at 34 C.F.R. § 600.20(c) require that a currently designated eligible institution that wishes to expand the scope of its eligibility and certification and disburse Title IV, HEA Program funds to students enrolled in that expanded scope must apply to the Secretary and wait for approval to add a location at which the institution offers or will offer 50 percent or more of an educational program if one of the following conditions applies (otherwise, it must report to the Secretary under 34 C.F.R. § 600.21):

(i) The institution participates in the Title IV, HEA programs under a provisional certification, as provided in 34 C.F.R. § 668.13.

(ii) The institution receives Title IV, HEA program funds under the reimbursement or cash monitoring payment method, as provided in 34 C.F.R. Part 668, Subpart K.

(iii) The institution acquires the assets of another institution that provided educational programs at that location during the preceding year and participated in the Title IV, HEA programs during that year.

(iv) The institution would be subject to a loss of eligibility under 34 C.F.R. § 668.188 if it adds that location.

(v) The Secretary notifies, or has notified, the institution that it must apply for approval of an additional educational program or a location under 34 C.F.R. § 600.10(c).

In addition, federal regulations in effect prior to 2001 required that institutions not only report all additional locations to the Department but that they wait for approval prior to making disbursements. See 34 C.F.R. §§ 600.10(b)(3), 600.20(c)(3), 600.21(c), and 600.30 of the federal regulations in effect prior to July 1, 2001.

Noncompliance: RSCC violated the regulatory requirements for establishing the eligibility of an additional location at which it disbursed Title IV, HEA funds. In particular, RSCC added one location and began making disbursements to students at this location prior to reporting to and/or obtaining approval from the Department. The details of this finding are as follows:

In 2010, RSCC filed an electronic application with the Department for, among other purposes, the addition of a location, specifically at the School of Dental Hygiene, 1150 East Washington Street, Phoenix, AZ 85034-1010. (The location has since ceased operations and is no longer included in RSCC's list of approved additional locations.)

On January 14, 2011, the Department issued an approval letter to RSCC informing the College that we were approving the location, but that RSCC had violated federal regulations by not having reported the location sooner. Disbursements had been made to students attending the

location since the 1998-99 award year. Currently, federal regulations require that fully certified institutions report all additional locations to the Department, but there is no requirement that an institution wait for approval provided the conditions in 34 C.F.R. § 600.20(c) are not applicable. Federal regulations effective prior to July 1, 2001 required that institutions not only report all additional locations to the Department but that institutions wait for approval before making disbursements. The applicable regulations are noted above. Consequently, with respect to the School of Dental Hygiene location, disbursements made to students prior to the 2001-02 award year are considered unallowable disbursements.

Final Determination: Notwithstanding the above requirements, the Department has determined that RSCC may consider this finding closed with no further action or response required. However, RSCC must establish systems to ensure this violation does not recur.

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 by RSCC officials. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this letter. If you have any questions concerning the letter, please contact Dr. Gayle Palumbo, Compliance Manager, at (415) 486-5614.

Sincerely,



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

cc: Nanci L. Regehr, Financial Aid Director
Western Association of Schools and Colleges, Accrediting Commission of Community and Junior Colleges
Department of Defense (via e-mail at osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Department of Veterans Affairs (via e-mail at INCOMING.VBAVACO@va.gov)
Consumer Financial Protection Board (via e-mail at CFPB_ENF_Students@cfpb.gov)