



May 7, 2015

Mr. Paul Kelly
President
The Sawyer School
16 Sandy Hill Road
Mansfield, MA 02048

UPS Tracking #:
1Z A87 964 02 9982 8280

RE: **Final Program Review Determination**
OPE ID: 011159
PRCN: 201240127993

Dear Mr. Kelly:

The U.S. Department of Education's (Department's) School Participation Division – New York/Boston issued a program review report on April 19, 2013 covering The Sawyer School's (Sawyer) 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 2011/2012 and 2012/2013 award years. Attached is a copy of the program review report and related attachments. Sawyer failed to respond to the program review report. The Department has made final determinations based on information obtained during the program review. This Final Program Review Determination (FPRD) and related attachments 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.

Every institution that executes a Program Participation Agreement with the Department agrees that it will comply with all statutory provisions of or applicable to Title IV of the HEA and all applicable regulatory provisions prescribed under that statutory authority. 34 C.F.R. § 668.14(b). Among the provisions applicable to institutions that close are statutory and regulatory provisions relating to the Secretary's claim for restitution on discharged Title IV, HEA loans.

The Department's records indicate that Sawyer, located in Pawtucket, Rhode Island, closed on December 31, 2012. After Sawyer's closure, some students who received Title IV, HEA loan funds for attendance at Sawyer filed claims for discharge of their Title IV, HEA loans due to Sawyer's closure.

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.

Federal Student

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
New York/Boston School Participation Division
1 Post Office Square, 9th Floor, Suite 250 A, Boston, MA 02109-3921
31201401000

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 Sawyer is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should Sawyer 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.

The total liabilities due from the institution from this program review are \$2,530,013.80.

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

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A. Student Sample. In addition, Appendix N: Closed School Discharges Report also contains PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 19, 2013 program review report. If Sawyer 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 Sawyer receives this FPRD. An original and four copies of the information Sawyer 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

Sawyer'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 Sawyer'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).

If the institution has any questions regarding this letter, please contact Shari Mecca at (646) 428-3757. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Betty Coughlin
Division Director

Enclosure:

Protection of Personally Identifiable Information
Final Program Review Determination and Related Appendices

cc: J. Richard Ratcliff, Esq., Ratcliffe Harten Burke & Galamaga LLP
Department of Defense
Department of Veteran Affairs
Consumer Financial Protection Bureau

Prepared for
The Sawyer School

Federal Student
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

PROUD SPONSOR of
the AMERICAN MIND™

OPE ID 011159
PRCN 201240127993

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

Final Program Review Determination

May 7, 2015

New York/Boston School Participation Division
5 Post Office Square, 9th Floor, Suite 950-A, Boston, MA 02109-3921
StudentAid.gov

Table of Contents

	Page
A. Institutional Information	3
B. Scope of Review	4
C. Findings and Final Determinations	5
Findings with No Liabilities	5
Finding 1 Lack of Administrative Capability	5
Finding 5 Improper Direct Loan Awarding	5
Finding 6 Verification Violations	5
Finding 7 Inaccurate National Student Loan Data System (NSLDS) Reporting	5
Finding 8 Inaccurate Common Origination Disbursement (COD) Reporting	5
Finding 10 Leave of Absence (LOA) Deficiencies	5
Finding 11 Ineligible Disbursements	5
Finding 12 Credit Balance Deficiencies	5
Findings with Final Determinations	5
Finding 2 Ability to Benefit Limitation Exceeded	5
Finding 3 Ineligible Student	6
Finding 4 Failure to Make Federal Pell Grant Adjustments	7
Finding 9 Return to Title IV (R2T4) Calculation not Performed	10
Additional Findings with Final Determination	11
Missing Close-Out Audit and Closed School Discharges	11
D. Summary of Liabilities	13
E. Payment Instructions	13
Appendices	
Appendix A: Student Sample	
Appendix B: Program Review Report Dated April 19, 2013	
Appendix C: Program Review Response Not Received Letter Dated July 30, 2013	
Appendix D: Program Review Report Letter and Approval of Extension Sent to Attorney Ratcliffe Dated August 2, 2013	
Appendix E: Program Review Response Not Received Letter to Attorney Ratcliffe Dated October 30, 2013	
Appendix F: Cost of Funds – Finding 2	

Appendix G:	Estimated Actual Loss – Finding 2
Appendix H:	Cost of Funds – Finding 3
Appendix I:	Estimated Actual Loss – Finding 3
Appendix J:	Cost of Funds – Finding 4
Appendix K:	Cost of Funds – Finding 9
Appendix L:	Cost of Funds – Finding 13
Appendix M:	Estimated Actual Loss – Finding 13
Appendix N:	Closed School Discharges Report – Finding 13
Appendix O:	Estimated Actual Loss Formula
Appendix P:	Fedwire Form

A. Institutional Information

The Sawyer School
101 Main Street
Pawtucket, RI 02860

{ Institution/School Closed on December 31, 2012

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year

Accrediting Agency Prior to Closure: Accrediting Council for Independent Colleges and Schools

Current Student Enrollment: 647 (Reported by Sawyer as of July 10, 2012)

% of Students Receiving Title IV: 95% (Reported by Sawyer as of July 10, 2012)

Title IV Participation (Net Draws from G5 as reported on January 2, 2015):

	2012/2013
Federal Pell Grant Program (Pell Grant)	\$1,273,926.55
William D. Ford Federal Direct Loan Program (Direct Loan)	\$1,004,950.00

Default Rate FFEL/DL:	2011	13.9%
	2010	16.7%
	2009	14.8%
	2008	18.3%

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at The Sawyer School (Sawyer) from July 23, 2012 through July 27, 2012. The review was conducted by Lonny Meloon and Stephen Podeszwa.

Based upon an analysis of the Department's data, the Department determined that Sawyer had a significant number of students that answered "None of the above" on the High School/GED question on the FAFSA. A sample of 30 files was identified for review.

A sample of 15 files was identified for review from the 2011/2012 and 2012/2013 award years. The initial sample had a few students who never began attendance at Sawyer, which resulted in a limited amount of documentation to review. In addition, the initial sample did not include any students who were selected for verification. Based on these two factors, the sample was expanded by an additional 13 files. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report (PRR) was issued on April 19, 2013.

Disclaimer:

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

C. Findings and Final Determinations

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 Sawyer to bring operations of the financial aid programs into compliance with the statutes and regulations.

Sawyer did not respond to the program review report. On July 30, 2013, another letter was sent to Sawyer stating that the Department had not received its response to the program review report. As a result of this letter, Attorney Ratcliffe telephoned, stating that they were assisting the institution with the winding down of the operation. In addition, Attorney Ratcliffe asked for an extension so that his office could review the program review report. The extension was granted and the new due date for the response to the program review report was set at August 30, 2013. When no response was received by August 30, 2013, a follow up email was sent to Attorney Ratcliffe on September 3, 2013. Again, the Department did not receive a response. The Department attempted once again to allow Sawyer or its representatives to respond to the program

review report by sending another letter to Attorney Ratcliffe on October 30, 2013 allowing another 15 days to respond. Once again no response was received.

Findings with No Liabilities

Findings 1, 5, 6, 7, 8, 10, 11, and 12

Sawyer did not respond to the program review report, nor did it take the corrective actions necessary to resolve findings. The findings, however, do not result in any monetary liability. Since Sawyer ceased operation on December 31, 2012, the Department will consider them closed. If Sawyer wishes to obtain Title IV eligibility in the future, it must resolve all findings identified in the program review report. A copy of the program review report issued on April 19, 2013 is attached as Appendix B.

Findings with Final Determinations:

Finding 2. Ability to Benefit Limitation Exceeded

Noncompliance:

Only eligible students may receive Title IV program funds. 34 C.F.R. § 668.32. To be eligible, students must be academically qualified to study at a postsecondary level. As relevant to this finding, during the award year in question a student was required to have a high school diploma or its equivalent or be beyond the age of compulsory school attendance and have the ability to benefit from the program of instruction that is being provided. See 34 C.F.R. § 668.32(e)(2011). A student who did not have a high school diploma or its equivalent could meet this requirement by passing an independently administered ability to benefit (ATB) test prior to receiving Title IV funds. 34 C.F.R. § 668.32(e)(2)(2011).

An institution did not qualify as an eligible institution if, for its latest complete award year, the institution enrolled more than 50% of its regular students without a high school diploma or the recognized equivalent of a high school diploma, and the institution did not provide a four-year or two-year educational program for which it awards a bachelor's degree or an associate degree, respectively. 34 C.F.R. § 600.7(a)(1)(iv).

According to data run by the Department for the 2011/2012 award year, Sawyer enrolled more than 50% of its regular enrolled students without a high school diploma or the recognized equivalent of a high school diploma. The data showed that 54.27% (547 of 1008) students answered "None of the above" to the HS/GED question on the FAFSA. Based on this information, Sawyer would have been an ineligible institution for the 2012/2013 award year. 34 C.F.R. § 600.40(a)(3).

Directives from Program Review Report:

Sawyer was required to provide a listing for the 2011/2012 award year of all students admitted to the institution and the basis for their enrollment. The listing was to include the name, social security number, and the basis for admission. In addition, along with the listing, Sawyer was required to provide a copy of the documentation that validated each student's basis for admission.

Final Determination:

The institution failed to respond to the program review report.

Based on this finding, Sawyer was ineligible for all the funds disbursed in the 2012/2013 award year. Therefore, all funds are considered an institutional liability. Sawyer disbursed \$1,273,926.55 in Pell Grants and \$1,004,950.00 in Direct Loans. Although ledger cards for students in our sample for the 2012/2013 award year showed FSEOG disbursements, the Department's G5 system does not show that Sawyer drew down any FSEOG funds for 2012/2013.

As outlined below, Sawyer also failed to submit a required close-out audit covering the 2012-2013 award year. The liabilities resulting from that failure are identical to the liabilities outlined above. Consequently, the final liabilities will be addressed in that finding.

Finding 3. Ineligible Student

Noncompliance:

Only eligible students may receive Title IV program funds. 34 C.F.R. § 668.32. To be eligible, students must be academically qualified to study at a postsecondary level. As relevant to this finding, during the award year in question a student was required to have a high school diploma or its equivalent or be beyond the age of compulsory school attendance and have the ability to benefit from the program of instruction that is being provided. See 34 C.F.R. § 668.32(e)(2011). A student who did not have a high school diploma or its equivalent could meet this requirement by passing an independently administered ability to benefit (ATB) test prior to receiving Title IV funds. 34 C.F.R. § 668.32(e)(2)(2011). A student could also meet this eligibility criterion if he/she satisfactorily completed 6 credits or equivalent coursework applicable toward a degree or certificate offered by the institution. 34 C.F.R. § 668.32(3)(5)(2011). If a student did not meet one of these criteria, he/she was ineligible to receive Title IV funds.

Student 22 was admitted to Sawyer based on being a high school graduate. According to the diploma in the student's file, the student graduated from intermediate or middle

school, not high school. Based on this information, the student is considered an ineligible student who is not eligible for Title IV funds.

Directives from Program Review Report:

Sawyer was required to provide documentation that showed the student graduated from high school, or all Title IV funds disbursed for **Student 22** would be considered liabilities and would be assessed in the Final Program Review Determination (FPRD) letter.

Final Determination:

Sawyer did not provide evidence that the student was a high school graduate. While the student was in the sample selection for 2012/2013, the student did not attend Sawyer during that academic year having withdrawn from the institution/school on May 10, 2012. However, the student had Title IV disbursements made during the 2011/2012 award year for which she was not eligible. As such, all Title IV funds disbursed to the student are considered institutional liabilities.

As a result, the Pell Grant principal of \$2,775.00 and interest of \$ 34.17 is due to the Department for this finding. Details of this liability can be found in Appendix H.

The total amount of Direct Loan funds for Student 22 is \$7,382.00. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Sawyer's most recent cohort default rate available. Sawyer's cohort default rate for 2011 is 13.9%. As a result, the estimated actual loss that Sawyer must pay to the Department for the ineligible loans is \$140.26. A copy of the results of that calculation is included as Appendix I.

Finding 4. Failure to Make Federal Pell Grant Adjustments

Noncompliance:

The Federal Pell Grant for a payment period, i.e., an academic term, for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or trimesters or in three quarters is calculated by determining the student's enrollment status for the term; based upon that enrollment status, determining the student's annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students; and dividing that amount by two at institutions using semesters or trimesters or three at institutions using quarters; or dividing that amount by the number of terms over which the institution chooses to distribute the student's annual award. 34 C.F.R. § 690.63(b).

The Federal Pell Grant for a payment period, i.e., an academic term, for a student in a program using standard terms with less than 30 weeks of instructional time in two

semesters or trimesters or in three quarters is calculated by determining the student's enrollment status for the term; based upon that enrollment status, determining the student's annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students; and multiplying that amount by the following:

In a program using semesters or trimesters:

The number of weeks of instructional time offered in the program in
the fall and spring semesters or trimesters
The number of weeks in the program's academic year;

In a program using quarters:

The number of weeks of instructional time offered in the program in
the fall, winter, and spring quarters
The number of weeks in the program's academic year.

Next, that number is divided by two at institutions using semesters or trimesters or three at institutions using quarters; or by dividing that amount by the number of terms over which the institution chooses to distribute the student's annual award.
34 C.F.R. § 690.63(c).

Sawyer failed to properly award Federal Pell Grants based on credit hours that are acceptable for Title IV aid. Sawyer also failed to take into account changes to students' expected enrollment statuses when determining Pell eligibility. In some cases, Sawyer did make the adjustment for **Students 3, 4, 11, 24, and 34**, but the adjustment was not made in a timely manner. **Students 1, 8, 40, and 42** did not have the required adjustments made.

In addition, due to the closure of the institution effective December 31, 2012, students that were enrolled at the time of closure may need adjustments made to their Pell Grant awards. As an example, **Student 35** began her 3rd quarter on November 19, 2012. Each quarter is broken into two six-week terms. The 2nd term of the 3rd quarter would have been set to start in January 2013. With the institution closing, the student would have registered and begun enough credits to be considered only half-time versus full-time for the quarter, thus requiring an adjustment to her Pell Grant.

Directives from Program Review Report:

In a letter requesting additional information sent November 21, 2012, the Department requested information on currently enrolled classes and classes scheduled for the sample of students. The only information that was received for the students in the sample was a current academic transcript. The academic transcript only includes completed classes. Not having documentation that shows what classes the student was taking makes it difficult to determine if the student was eligible for the full Pell disbursement.

Sawyer was required to perform a full file review of all students for the 2011/2012 and 2012/2013 award years to determine if there are other students where a Pell adjustment was required because the student did not begin all the classes for the same enrollment level for which they were awarded. The results of the file review performed, including the name, SSN, whether a Pell adjustment is needed, and the amount of the Pell adjustment was to be provided to the Department with the response to this Program Review Report and had to include the students cited in this finding. Sawyer was required to have an auditor attest to the results of the file review. We define auditor attestation as a confirmation statement that a corrective action was accurately taken by the institution in accordance with the Department's instructions.

Final Determination:

Sawyer did not respond to the program review report or perform the required file reviews.

As stated above in the noncompliance section, **Students 3, 4, 11, 24, and 34** had the required adjustments made, but the adjustments and the return of funds were made late.

Student 1 was enrolled half-time for the 4th quarter (August 2012 - November 2012) but was awarded Pell Grant funds based on a full-time status. As such, the student would have only been eligible for a Pell Grant disbursement of \$925.00. Since the student was disbursed \$1,850.00, the ineligible portion of \$925.00 is considered an institutional liability for the 2012/2013 award year.

Student 8 was enrolled less-than-half-time for the 3rd quarter (August 2012 - November 2012), but was awarded Pell Grant funds based on a full-time status. As such, the student would have only been eligible for a Pell Grant disbursement of \$463.00. Since the student was disbursed \$1,850.00, the ineligible portion of \$1,387.00 is considered an institutional liability for the 2012/2013 award year.

Student 40 was enrolled less-than-half-time for the 5th quarter (June 2012 - September 2012), but was awarded Pell Grant funds based on a half-time status. As such, the student would have only been eligible for a Pell Grant disbursement of \$392.00. Since the student was disbursed \$783.00, the ineligible portion of \$391.00 is considered an institutional liability for the 2012/2013 award year.

Student 42 was enrolled three-quarter-time for the 4th quarter (August 2012 – November 2012), but was awarded Pell Grant funds based on a full-time status. As such, the student would have only been eligible for a Pell Grant disbursement of \$525.00. Since the student was disbursed \$700.00, the ineligible portion of \$175.00 is considered an institutional liability for the 2012/2013 award year.

As a result, the Pell Grant principal of \$2,878.00 and interest of \$18.06 is due to the Department for this finding. Details of this liability can be found in Appendix J.

Because the adjustments that did not occur for the four students detailed above were in the 2012/2013 award year, the Department did not assess liabilities for the incomplete file review for the 2011/2012 award year. In addition, liabilities were not assessed for the missing file review for the 2012/2013 award year due to full Pell liabilities being established for the award year in other findings.

Finding 9. Return to Title IV (R2T4) Calculation not Performed

Noncompliance:

When a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV funds that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a).

If a student does not resume attendance at the institution at or before the end of an approved LOA, the institution must treat the student as a withdrawal. 34 C.F.R. § 668.22(d).

Student 36 did not return from her LOA. Based on the student's ledger card, it appears that a R2T4 calculation and an adjustment to the Pell Grant were performed, although documentation of this was not found in the student's file. In addition, the refund of \$1,325.25 in Pell Grant funds that occurred on the ledger on September 19, 2012 is not reflected in COD and the refund of Direct Loan Unsubsidized funds in the amount of \$1,797.00 did not appear in COD until December 7, 2012.

In addition, due to the institution's closure on December 31, 2012, students that were enrolled in classes at the time of the closure would need an R2T4 calculation completed to determine if the institution is required to return funds.

Directives from Program Review Report:

Sawyer was required to provide the R2T4 calculation form and Pell adjustment documentation for **Student 36** with the response to the Program Review Report.

Final Determination:

Sawyer did not respond to the program review report. Although the Department does not have a copy of the R2T4 calculation, it appears that the calculation was performed as **Student 36's** ledger reflects that a refund was made on September 19, 2012. The Department has confirmed by looking at COD that the refund for the Pell Grant was not made. As such, the Pell Grant refund of \$1,325.25 identified on the student's ledger card effective September 19, 2012 is considered an institutional liability.

As a result, the Pell Grant principal of \$1,325.25 and interest of \$7.12 is due to the Department for this finding. Details of this liability can be found in Appendix K.

Additional Findings with Final Determination:

Missing Close-Out Audit and Closed School Discharges

When Sawyer began participating in the Title IV, HEA programs, the institution signed a Program Participation Agreement (PPA) with the U.S. Department of Education (Department). By signing that document, Sawyer agreed to comply with all Title IV program requirements and to adhere to a fiduciary standard of conduct. 34 C.F.R. § 668.14(b). As a fiduciary, Sawyer was subject to the highest standard of care and diligence in administering the Title IV programs and in accounting to the Department for any funds received. 34 C.F.R. § 668.82(b).

When an institution loses its eligibility, has its PPA end, or ceases to provide educational instruction, an institution must submit a close-out audit report. Within 45 days of its loss of eligibility, the institution must submit a "Letter of Engagement" for an independent audit of all funds that the institution received under the Title IV programs. The audit report must then be submitted within 45 days after the date of the engagement letter. Therefore, the close-out audit report is due to the Department within 90 days after the institution ceases to participate in Title IV programs. 34 C.F.R. § 668.26(b)(2).

Sawyer ceased to participate in the Title IV programs on December 31, 2012. The institution's close-out audit should have covered the period July 1, 2012 to December 31, 2012. The Department reminded Sawyer of its close-out obligations in a letter dated January 8, 2013. As of the date of this letter, the Department has not received the required close-out audit. Sawyer's failure to provide the close-out audit constitutes a failure to account for all Title IV, HEA program funds received by the institution during the unaudited period. In the absence of a close-out audit, it is the Department's policy to assess a repayment liability for the period in question. As such, all Title IV funds disbursed for the 2012/2013 award year are considered a liability. Sawyer disbursed \$1,273,926.55 in Federal Pell Grants and \$1,004,950.00 in Direct Loans during the unaudited period.

In addition to the close-out liabilities, Sawyer is responsible for the repayment of student loan discharges. Students who were enrolled at the time of the institution's closure or who withdrew from the institution within 90 days preceding the institution'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 institution to complete an educational program at another institution, are not eligible for a closed school discharge. 34 C.F.R. § 685.214(c). 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 institution, 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).

Upon closure, Sawyer did not make arrangements for a teach-out for its students and did not refund any unearned Title IV, HEA funds for students who could not finish their programs due to the closure of the institution. As of November 6, 2014, the Department has processed loan discharges in the amount of \$1,217,959.00 for students who could not complete their programs of study due to Sawyer's closure. Sawyer is also responsible for \$10,675.62 in imputed interest on these discharges. A copy of the results of that calculation is included as Appendix L.

The principal amount of the discharges is broken down as follows:

2008/2009 FFEL Subsidized	\$ 3,498.00
2008/2009 FFEL Unsubsidized	\$ 6,000.00
2010/2011 DL Subsidized	\$ 10,500.00
2010/2011 DL Unsubsidized	\$ 18,000.00
2010/2011 DL PLUS	\$ 16,639.00
2011/2012 DL Subsidized	\$323,989.00
2011/2012 DL Unsubsidized	\$473,333.00
2011/2012 DL PLUS	\$ 39,309.00
2012/2013 DL Subsidized	\$130,998.00
2012/2013 DL Unsubsidized	\$149,453.00
2012/2013 DL PLUS	\$ 46,240.00

With respect to Sawyer's liability for its failure to submit the required close-out audit, the Department is assessing the estimated actual loss on the ineligible Direct Loans. The total amount of Direct Loans disbursed during the unaudited period is \$1,004,950.00. Of that amount, \$326,691.00 has been discharged. That amount is being removed from the actual loss calculation since Sawyer is responsible for the full repayment of those discharges. The remaining loans from the 2012/2013 award year total \$678,259.00. The estimated loss on that amount using Sawyer's 2011 cohort default rate of 13.9% is \$19,366.12. A copy of the results of that calculation is included as Appendix M. This amount must be returned directly to the Department. Sawyer must also repay \$1,273,926.55 in Federal Pell Grants.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is set forth in the chart below. These are unduplicated liabilities. Students in more than one finding were only assessed once. In addition, as noted above, liabilities for Finding 2 are subsumed in the liabilities for the Missing Close-Out Audit finding. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

Established Liabilities (Principal and Interest) – Duplicate Liabilities Removed				
Liabilities	Pell (Closed Award Year)	DL / FFEL	EALF DL	
Finding 3	\$ 2,775.00		\$ 140.26	
Finding 9	\$ 1,325.25			
Missing Audit and Loan Discharges	\$1,273,926.55	\$1,217,959.00	\$19,366.12	
Subtotal 1	\$1,278,026.80	\$1,217,959.00	\$19,506.38	
Interest – Finding 3	\$34.17			
Interest – Finding 9	\$7.12			
Missing Audit and Loan Discharges	\$3,804.71	\$ 10,675.62		
Subtotal 2	\$3,846.00	\$ 10,675.62		
TOTAL	\$1,281,872.80	\$1,228,634.62	\$19,506.38	
Payable To:				Totals
Department	\$1,281,872.80	\$1,228,634.62	\$19,506.38	\$2,530,013.80

E. Payment Instructions

Liability of \$100,000 or More Owed to the Department

Sawyer owes to the Department \$2,530,013.80. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Sawyer 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 Sawyer'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 or compliance audit must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

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

If you have any questions regarding interest accruals or payment credits, you may telephone 202-245-8080 and ask to speak to your institution's account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Debt Management Group at 202-245-8080 to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
Office of the Chief Financial Officer
Accounts Receivable Group
550 12th Street, SW, Room 6114
Washington, DC 20202-4461

If within forty-five days of the date of this letter, your institution has neither made payment in accordance with the above instructions nor entered into an arrangement to repay the liability under terms satisfactory to the U.S. Department of Education, the Department intends to collect the amount due and payable by administrative offset against payments due your organization from the Federal Government. **Your institution may object to the collection by offset only by challenging the existence of the debt.**

Your institution makes this challenge by timely appealing this determination under the procedures described in the "Appeal Procedures" section of this 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 in 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 your transmittal form and accompanying documents:

The Sawyer School
OPE ID: 011159
PRCN: 201240127993
Page 15

Amount: \$2,530,013.80
TIN: 050365212
PRCN: 201240127993
DUNS: 080813884

Often institution liabilities continue to accrue following resolution of program reviews or close-out audit issues. For example, borrowers may in the future submit successful applications for additional closed school discharges of Title IV loans taken out to permit students to attend your institution. If that occurs, the Department will use the program review process to recover those liabilities from Sawyer at that time. Neither the Department's issuance of this letter, nor payment by Sawyer of the liabilities assessed in it, in any way waives the Department's right to repayment of liabilities either existing now, but unknown to the Department, or accruing in the future.



May 7, 2015

Mr. Paul Kelly
President
The Sawyer School
16 Sandy Hill Road
Mansfield, MA 02048

UPS Tracking #:
1Z A87 964 02 9982 8280

RE: **Final Program Review Determination**
OPE ID: 011159
PRCN: 201240127993

Dear Mr. Kelly:

The U.S. Department of Education's (Department's) School Participation Division – New York/Boston issued a program review report on April 19, 2013 covering The Sawyer School's (Sawyer) 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 2011/2012 and 2012/2013 award years. Attached is a copy of the program review report and related attachments. Sawyer failed to respond to the program review report. The Department has made final determinations based on information obtained during the program review. This Final Program Review Determination (FPRD) and related attachments 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.

Every institution that executes a Program Participation Agreement with the Department agrees that it will comply with all statutory provisions of or applicable to Title IV of the HEA and all applicable regulatory provisions prescribed under that statutory authority. 34 C.F.R. § 668.14(b). Among the provisions applicable to institutions that close are statutory and regulatory provisions relating to the Secretary's claim for restitution on discharged Title IV, HEA loans.

The Department's records indicate that Sawyer, located in Pawtucket, Rhode Island, closed on December 31, 2012. After Sawyer's closure, some students who received Title IV, HEA loan funds for attendance at Sawyer filed claims for discharge of their Title IV, HEA loans due to Sawyer's closure.

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.

Federal Student

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
New York/Boston School Participation Division
5 Post Office Square, 5th Floor, Suite 950 A, Boston, MA 02109-3921
StudentAid.gov

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 Sawyer is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should Sawyer 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.

The total liabilities due from the institution from this program review are \$2,530,013.80.

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

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendix N: Closed School Discharges Report also contains PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 19, 2013 program review report. If Sawyer 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 Sawyer receives this FPRD. An original and four copies of the information Sawyer 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

Sawyer'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 Sawyer'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).

If the institution has any questions regarding this letter, please contact Shari Mecca at (646) 428-3757. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,
(b)(6)

Betty Coughlin
Division Director

Enclosure:
Protection of Personally Identifiable Information
Final Program Review Determination and Related Appendices

cc: J. Richard Ratcliff, Esq., Ratcliffe Harten Burke & Galamaga LLP
Department of Defense
Department of Veteran Affairs
Consumer Financial Protection Bureau