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January 15, 2013

Todd Cellini
President
South University
709 Mall Boulevard
Savannah, GA 31406-4881

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RE: Final Program Review Determination
OPE ID: 01303900
PRCN: 201140427673

Dear Mr. Cellini:

The U.S. Department of Education's (Department's) School Participation Division – Atlanta issued a program review report on February 6, 2012 covering South University's (S.U.'s) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. S.U.'s final response was received on November 2, 2012. A copy of the program review report (Appendix A) and S.U.'s response are attached (Appendix B). Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by S.U. upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

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

The total liabilities due from the institution from this program review are $572,683. This FPRD contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

Personally Identifiable Information (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 report do not contain any student PII. ***Instead, each finding references students by the Appendices attached to this report.***

Appeal Procedures:

This constitutes the Department's FPRD with respect to the findings identified from the February 6, 2012 program review report. If S.U. wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date of this FPRD. An original and four copies of the information S.U. submits must be attached to the request. The request for an appeal must be sent to:

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

S.U.'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. 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 S.U.'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 Lisa Lancaster at (404) 974-9296. 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) [redacted]

Charles Engstrom
Director

cc: Tressa Brush, Director of Student Financial Services
Southern Association of Colleges and Schools (SACS), Commission on Colleges
GA Non-Public Postsecondary Education Commission

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Prepared for:
South University - Savannah

OPE ID: 01303900
PRCN: 201140427673

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

Final Program Review Determination
January 15, 2013

Table of Contents

A. Institutional Information

South University-Savannah
709 Mall Boulevard
Savannah, GA 31406-4881

Type: Proprietary

Highest Level of Offering: Doctor's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 21,798 (2011-2012)

% of Students Receiving Title IV: 90.2% (2011-2012)

Title IV Participation (Per Institution or EDCAPS-G5)

Program	2010-2011
Federal Direct Loan (FDL)	$200,023,693
Federal Family Education Loan (FFEL)	$ 6,976,588
Federal Pell Grant (Pell)	$ 80,957,323
Federal Supplemental Education Grant (FSEOG)	$ 2,032,825
Federal Work Study (FWS)	$ 743,712
Federal Perkins Loan (Perkins)	$ 0
Federal Academic Competitiveness Grant (ACG)	$ 475,486
Science & Mathematics Access to Retain Talent Grant (SMART)	$ 42,669
National Teach Grant Program	$ 0

Default Rate FDL:	2010	11.9%
	2009	13.5%
	2008	7.9%
	2007	2.4%
Default Rate Perkins:	2012	3.5%
	2011	0.0%
	2010	1.1%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at South University (S.U.) from September 19 - 23, 2011. The review was conducted by Lisa Lancaster, David Smittick and Meghan Gladden.

The focus of the review was to determine S.U.'s compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV programs. The review consisted of, but was not limited to, an examination of S.U.'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 32 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 of students receiving Title IV, HEA program funds for each award year. Appendix A of the February 6, 2012 program review report listed the names and partial social security numbers of the 32 students whose files were examined during the review.

Personally Identifiable Information (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 report do not contain any student PII. Instead, each finding references students by the ***Appendices attached to this report.***

Disclaimer:

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

C. Findings and Final Determinations

<u>Resolved Findings</u>

S.U. has taken the corrective actions necessary to resolve Findings 6 and 7 of the program review report. Therefore, these findings may be considered closed. Findings 1 through 5, requiring further action by S.U., are discussed below.

<u>Findings with Final Determinations</u>

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of S.U.'s response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on February 6, 2012 is attached as **Appendix A**.

Finding 1: Verification and Discrepant Applicant Data

Citation Summary: *An institution must establish procedures to request, receive, and verify applicant data for students selected by the Central Processing System (CPS) each award year. The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount. (34 C.F.R. §§ 668.16 (f), 668.51 through 668.61, and the Department's Application and Verification Guide.) Students are selected for verification on the basis of application edits specified by the Secretary.*

Supporting documentation obtained from the student (and parents or spouse) is compared to the information reported on the Institutional Student Information Record (ISIR). This documentation must be retained in the student's file as evidence that the verification process was completed.

In addition to reviewing applications selected for verification by the CPS, a school must have an adequate internal system to identify conflicting information—regardless of the source and regardless of whether the student is selected for verification—that would affect a student's eligibility, such as information from the financial aid, admissions, or any other office. A school must resolve all such conflicting information, except when a student dies during the award year.

Noncompliance Summary: *The reviewers noted errors for the following students during the 2011-2012 award year:*

> ***Student 24:*** *The 2011-2012 student was selected for verification. However, the institution did not resolve the discrepancy in Adjusted Gross Income (AGI) before disbursing Title IV aid.*

> ***Student 27:*** *The 2011-2012 student completed and signed an S.U. Application for Financial Aid on June 10, 2011. She reported that she did not have children or dependents that she supported. However, the student changed her answer to 'Have Children You Support?' from 'No' to 'Yes' on the 2011-2012 ISIR. This discrepant applicant data was not resolved by institutional officials before aid was disbursed.*
>
> ***Student 29:*** *The 2011-2012 student completed and signed an S.U. Application for Financial Aid on June 24, 2011. The student reported that she did not have children or dependents that she supported. However, the ISIR reported that she was supporting three family members, for a total household size of four. This discrepant applicant data was not resolved by institutional officials before aid was disbursed.*
>
> ***Student 31:*** *The 2011-2012 ISIR reported that this 22 year-old student was married with a total of four family members in the household. The ISIR also reported that of the four members in the household, four were attending college. In addition, there is no income reported for the student or her spouse. This unrealistic and discrepant applicant data was not resolved by institutional officials before aid was disbursed.*
>
> ***Student 32:*** *The 2011-2012 ISIR reported that the student was separated and supporting five children for a total of six in the household. However, the ISIR did not report any income to show how the student supported a family of six. This discrepancy was not resolved before aid was disbursed.*

Required Action Summary: Due to the high percentage of errors, S.U. was required to review, identify, and correct conflicting applicant data for all online students who received need-based Title IV funds from the 2011-2012 award year.

The institution was required to engage an Independent Public Accountant (IPA) to test the review completed by the institution. Accordingly, an IPA attested to S.U.'s review and noted four errors. The ineligible aid for the four students has now been included in S.U.'s response to this finding.

S.U.'s Response: The institution obtained documentation to resolve discrepant applicant data for students 24, 27 and 29. The expected family contribution (EFC) of each student remained unchanged; therefore there are no Title IV overawards for these students.

The institution was unable to make contact with students 31 and 32; therefore the applicant data remains unresolved. Title IV aid disbursed to students 31 and 32 for the 2011-2012 year is ineligible and must be returned to the Department. The ineligible aid for the two students is included in the school's response to this finding.

In lieu of performing a file review for the entire population of online students, S.U. chose the option to review only the remainder of the statistical sample not tested by the Department during the program review. The Department projected liabilities based on a review of the valid statistical sample completed by S.U. An average liability was calculated for the statistical sample for each Title IV program and this average was multiplied against the population being reviewed.

Final Determination: S.U.'s August 21, 2012 response reported the total amount of overawards (by program) in the statistical sample for this finding as follows:

- Federal Pell Grant $63,566
- FSEOG[1] $ 562
- Subsidized (Sub) FDL[2] $19,318

An average liability was calculated by dividing the total liability in the sample by the number of students in the sample (321 students). This average liability was then multiplied by the total number of students in the population (1955) from which the sample was derived. Please refer to the Projection Matrix (**Appendix C**) for results.

Rather than identifying a liability for the entire projected FDL amounts, S.U. is required to pay **$24,620** in estimated actual or potential loss that the Department may incur with respect to the ineligible loans. The *Estimated Actual Loss* (EAL) to the Department that has resulted, or will result from the interest and special allowance on the ineligible loans, is based on S.U.'s most recent cohort default rate available (11.9%). A copy of the EAL calculation is attached as **Appendix D.**

In addition, the institution must pay **$3192** for the cost of funds on the ineligible Title IV Pell Grant and FSEOG expenditures. The *Cost of Funds* (COF) is the expense the Department incurred as a result of the institution retaining ineligible funds. The rate of interest is based on when the funds should have been returned to the Department. A copy of the COF calculation is attached as **Appendix E**.

The total liability due to the Department for improper verification is $418,362 (see below). Please refer to the Payment Section of this letter for instructions regarding the electronic transmittal of these funds.

Finding 1 Liabilities	
Pell Grant (projected)	$387,129
FSEOG (projected)	$ 3,421
EAL	$ 24,620
COF	$ 3,192
Total	**$418,362**

[1] Federal Supplemental Education Opportunity Grant
[2] Federal Direct Loan

Finding 2: Satisfactory Academic Progress Policy Not Acceptable

Citation Summary: *General Provisions 34 C.F.R. §§ 668.16 (e), 668.32, and 668.34 require institutions to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress (SAP) in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards—*

(1) Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV assistance;

(2) Include the following elements:

- *A qualitative component which consists of grades, projects completed, or comparable factors that are measurable against a norm;*
- *A quantitative component that consists of a maximum timeframe in which a student must complete his or her educational program (the timeframe for an undergraduate program must be no longer than 150% of the published length of the educational program);*
- *An incremental component to measure SAP (not to exceed the lesser of one academic year or one-half the published length of the educational program);*
- *A schedule designating the minimum percentage of work (or credits) that a student must successfully complete at the end of each increment in order to graduate within the maximum timeframe; and,*
- *Specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress.*
- *The standards used to judge academic progress include all periods of enrollment. Periods in which the student did not receive Federal funds must be counted.*

(3) Provide for consistent application of standards within categories of students (e.g., full-time, part-time, undergraduate, and graduate students);

(4) Provide for a determination at the end of each increment as to whether the student has met the qualitative and quantitative components of the standards;

(5) Provide specific procedures under which a student may appeal a determination that he or she is not making satisfactory progress; and

(6) Provide specific procedures for a student to re-establish that he or she is maintaining satisfactory progress.

In addition, 34 C.F.R. § 668.34 states that to be eligible to receive Title IV funds after the second year of study, a student is making progress if these conditions are met:

- *At the end of the second year, he or she has a grade point average (GPA) of at least a "C" or its equivalent (or has academic standing consistent with the institution's requirements for graduation), or,*
- *The institution determines that the student's failure to meet SAP requirements is based upon either—*
- *The death of a relative of the student;*
- *An injury or illness of the student; or*
- *Other special circumstances.*
- *At a minimum, an institution must review a student's academic progress at the end of each year.*

The Department adopted regulatory changes to SAP on October 29, 2010, which became effective on July 1, 2011. Among those changes, one significant modification is that the policy provides that a student's academic progress is evaluated—

- *At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or*
- *For all other educational programs, at the end of each payment period <u>or</u> at least annually to correspond with the end of a payment period.*

There are options a school has with respect to a student not making SAP:

- ***Financial aid warning:** Only schools that check SAP at the end of each payment period may place students on financial aid warning as a consequence of not making satisfactory progress. A school may do this without a student appeal. Warning status lasts for one payment period, during which the student may continue to receive Title IV funds. Students who are still failing to make satisfactory progress after the warning period lose their aid eligibility unless they successfully appeal and are placed on probation.*

- ***Financial aid probation:** A school assigns the status of financial aid probation to a student who is failing to make SAP and who successfully appeals. Eligibility for aid may be reinstated for one payment period only. While a student is on financial aid probation, the institution may require him or her to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's SAP standards or meet the requirements of the academic plan developed by the institution in order for the student to qualify for further Title IV funds.*

An SAP policy must establish a process for students not meeting SAP standards to petition the school for reconsideration of his or her eligibility for Title IV funds, but only as follows:

- ***Financial aid appeals:*** *The appeal policy must describe the process by which a student who is not meeting SAP standards appeals to school officials for reconsideration of eligibility for Title IV funds. A student may appeal the result of not making SAP on the basis of: injury or illness, the death of a relative, or other special circumstances. The student's written appeal must explain why he or she failed to make satisfactory progress and what has changed in his or her situation that will allow him or her to make satisfactory progress at the next evaluation. An institution may decide to limit the number of times it will allow a student to appeal. All SAP appeals related to Title IV eligibility must be documented and maintained by an institution.*

Noncompliance Summary: *The institution made numerous changes to its SAP policy since 2009. Changes were not clearly identified, nor was there a policy to address how aid for Tile IV recipients would be treated during transition periods. Please refer to the February 6, 2012 program review report for a detailed listing of changes to the institution's SAP policy.*

The institution was not in compliance with its Program Participation Agreement or administrative capability requirements, which state that an institution will establish and maintain procedures necessary to ensure proper and efficient administration of funds.

Until December 31, 2010, S.U. monitored SAP (qualitative and quantitative components) for undergraduate degree students at designated increments based on payment periods, or terms. However, effective January 1, 2011, S.U. changed from a term-based (quarter) academic year to a non-term academic year, thus eliminating quarters as an incremental check of SAP. The revised policy stated that a student's evaluation of SAP would take place within a range of attempted credit hours (e.g., after attempting 12 to 20 credits). This revised policy was not permissible because it did not provide for the evaluation of SAP at the end of each payment period or academic year. It is not acceptable to evaluate a student's SAP somewhere within a range of attempted and completed courses. This policy was also acceptable because it did not require a cumulative GPA of at least a 'C' or its equivalent at the end of a student's second year (regardless of how many credits a student has accrued). A 'C' or 2.0 GPA was not required until a student's third year. Another revision to SAP followed. Effective July 1, 2011, evaluation points changed again. The new policy addressed on-campus and on-line students separately, with both evaluation points based on quarters (similar to the earlier policy dating back to 2009). While this may be acceptable for on-campus students, it is not acceptable for on-line students because of the January 1, 2011 change to a non-term academic year. Because quarters no longer exist for on-line students, SAP must be monitored by payment periods as defined by the institution (in credits and weeks).

Required Action Summary: S.U. was required to immediately correct its SAP policy for on-line students to include all elements required by 34 C.F.R. §§ 668.16 (e), 668.32, and 668.34. Next, including the students noted in the program review report, S.U. was required to apply the revised policy to all students who received any type of Title IV aid between January 1, 2011 and June 30, 2011 and check each student's qualitative and quantitative progress on a payment period basis.

The institution was required to engage an IPA to test the review completed by the institution.

S.U.'s Response: The institution's response provided a listing of all students who attended on-line between January 1, 2011 and June 30, 2011. The students were reviewed based on the school's revised SAP policy. The response also contains the auditor's attestation of the school's review.

Final Determination: The file review conducted by the institution revealed ineligible Title IV disbursements to students (not making SAP) as follows:

- Federal Pell Grant $ 94,702
- FSEOG $ 75 (Federal share)
- Subsidized (Sub) FDL $127,135
- Unsubsidized (Unsub) FDL $262,075

The Department has calculated a liability not for the entire ineligible FDL amounts, but rather for the estimated actual or potential loss that the Department may incur with respect to the ineligible loans. The EAL to the Department that has resulted, or will result from the interest and special allowance on the ineligible loans, is based on S.U.'s most recent cohort default rate available (11.9%). The EAL liability for this finding is **$58,656**; a copy of the EAL calculation is attached as **Appendix F.**

In addition, the institution must pay **$888** for the COF on the ineligible Title IV Pell Grant and FSEOG expenditures. The COF is the expense the Department incurred as a result of the institution retaining ineligible funds. The rate of interest is based on when the funds should have been returned to the Department. A copy of the COF calculation is attached as **Appendix G**. Please refer to **Appendix H** (October 19, 2012 revision) for individual Pell Grant and FSEOG recipients not meeting SAP.

The total liability due to the Department for improper SAP policies and procedures is $154,321 (see below). Please refer to the Payment Section of this letter for instructions regarding the electronic transmittal of these funds.

Finding 2 Liabilities	
Pell	$94,702
FSEOG	$ 75
EAL	$58,656
COF	$ 888
Total	**$154,321**

Finding 3: Accounting for Federal Perkins Loan Funds Unclear
Finding 4: Federal Perkins Loan Reporting Requirements Not Met

Citation Summary: *An institution that participates in the Federal Perkins Loan program must maintain funds in accordance with 34 C.F.R. §§ 674.19 and 668.163.*

Per 34 C.F.R. § 668.163, an institution must maintain the Perkins Loan Fund in an interest-bearing bank account or investment account consisting predominately of low-risk, income-producing securities, such as obligations issued or guaranteed by the United States. Interest or income earned on Fund proceeds are retained by the institution as part of the Fund. Under no circumstances may an institution use Perkins money to earn interest or generate revenue in a manner that risks the loss of those funds (such as may be the case with certain overnight investment arrangements or sweeps).
An institution shall notify any bank in which it deposits Federal funds of the accounts into which those funds are deposited by—

- *Ensuring that the name of the account clearly discloses the fact that Federal funds are deposited in the account; or*
- *Notifying the bank, in writing, of the names of the accounts in which it deposits Federal funds. The institution shall retain a copy of this notice in its files.*

An institution shall establish and maintain fiscal records that identify the cash balance of each Title IV program included in its bank or investment account, and, identify the earnings on funds maintained in the institution's bank or investment account.

An institution must ensure that the cash balances of the account into which it deposits Perkins Loan cash assets do not fall below the amount of Fund cash assets deposited in those accounts but not yet expended on authorized purposes. 34 C.F.R. § 674.19.

If a third-party servicer or collection agency receives funds directly from Perkins borrowers, it must immediately deposit those collection amounts into the Fund.

Each year an institution must submit a Fiscal Operations Report and Application to Participate (FISAP) plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary. 34 C.F.R. § 674.19 (d).

Noncompliance Summary: *The school's fiscal records and responsibilities for the Perkins Loan program are managed by its parent corporation, Education Management, LLC (EDMC).*

<u>Finding 3</u>: Perkins Loan records did not provide for or clearly explain all Perkins transactions. Monthly collection amounts did not coincide with deposits into the Perkins

bank account #8159. There were deposits into the Fund which were not identified; for example, between November and December 2009, the balance of the Fund increased from $5416 to $29,756 without a clear explanation. On June 2, 2010 there was a deposit of $28,362 made to the Fund, but it is not clear whether or not these are collections from borrowers in repayment.

Finding 3: The balance of the Fund (account #8159) was swept into an investment account nightly and returned to the Fund the following day. However, bank statements for the investment account were not provided.

Finding 4: The 2009-2010 loans advanced to students were not accounted for on the FISAP reporting 2009-2010 expenditures.

Finding 4: Part III, Section B of the FISAP reporting 2009-2010 activity contradicted the amounts of principal, interest and other collection amounts. Certain line-items were left blank.

Finding 4: The cash on hand (COH) balance reported on the FISAP was less than the cash balance of the Perkins Loan Fund.

Finding 4: The Perkins Cumulative Section (Section A) of the FISAP reporting activity for the 2010-2011 reported that $9341 in loans was made in 2010-2011. This conflicted with the Annual Section (Section B) of the same FISAP which reported that no loans were advanced to students during the 2010-2011 award year.

Required Action Summary: S.U. officials were required to review Perkins Loan records and provide a clear accounting of Perkins activity from July 1, 2009 through December 31, 2011. The institution was required to engage an IPA to test the accuracy and completeness of the accounting, and indicate if corrections were necessary. The program review report also required the institution to provide copies of revised FISAPs.

S.U.'s Response: S.U.'s response provided records to show a reconciliation of Perkins Loan transactions, including the IPA's inspection and attestation of bank statements; EDMC's Perkins Loan accounting; and, S.U.'s corrected FISAPs for the 2009-2010 and 2010-2011 award years.

Section A of S.U.'s FISAP reporting cumulative Perkins Loan activity through June 30, 2011 has been revised as follows:

Line Item	**Amount**
Number of borrowers	8829
Cash on hand balance	$ 190,520
Funds advanced to students	$7,836,107
Loan principal collected	$4,757,744
Interest income on loans	$1,151,939

Other income	$ 260,651
ACA and collection costs	$ 548,875
Other costs or losses	$ 204,909
Balancing adjustments	$ 12,883

The response also reports that effective January 2012, EDMC will no longer use overnight sweep-investment accounts in conjunction with Perkins Loan funds. Interest earned by the Funds will be used toward loans for future students. Monthly reconciliation will include comparing Perkins bank statements with Fund transfers and collections reports.

Final Determination: The institution must submit complete and accurate FISAPs in the future. In addition, in the school's next non-Federal audit, the auditor must attest to the accuracy of the Perkins Loan default rate of 3.5% reported on S.U.'s most recent FISAP.

These findings (3 and 4) of the program review are closed.

Finding 5: Credit Balance Procedures Inadequate

Citation Summary: *34 C.F.R. §§ 668.164 (d) and (e) state that an institution may use Title IV program funds to credit a student's account to satisfy current year charges for—*

- *Tuition and fees;*
- *Room and board, if the student contracts with the school for room and board; and*
- *With an authorization from the student or parent, other educationally related charges incurred by the student.*

Title IV funds may also be used to pay educationally related expenses from the prior year as long as the charges do not exceed $200 and the institution obtains a student's or parent's authorization (under 34 C.F.R. § 668.165) to use funds to pay these charges.

*If current year Title IV funds credited to a student's account exceed the amount of current year tuition, fees, and other authorized charges, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than **14** days after the credit balance occurred.*

An institution may secure the student's written permission to retain credit balance funds for budgeting purposes. However, the student must not be coerced into providing the school permission to retain the funds and the student must be informed of his or her right to rescind the authorization at any time. If an institution holds excess student funds, it must—

- *Identify the amount of funds it holds for each student or parent in a subsidiary ledger account designed for that purpose;*

- *Maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the student; and*
- *Notwithstanding/despite any authorization obtained by the institution, pay any remaining balance on loan funds by the end of the loan period and any other remaining Title IV funds by the end of the last payment period in the award year for which they were awarded.*

Noncompliance Summary: *S.U.'s authorization form stated: "Your payment plan assumes that you will provide the school with authorization to hold Title IV credit balances and to use Title IV funds to meet your cost of attendance, and that you will use the funds to pay for all educational expenses."*

Although students were required to "check a box" to authorize S.U. to hold funds on his or her account to cover future charges within the year, it should not be assumed.

*Also, the revised authorization form failed to obtain a signature for student **23**.*

Required Action Summary: The institution was required to revise its procedures for obtaining a student's authorization to retain Title IV credit balance funds.

S.U.'s Response: The institution's response provided an acceptable authorization form which gives a student the option for the school to retain Title IV funds on his or her account, *or*, to issue the credit balance to the student within 14 days. However, the authorization to retain Title IV funds does not give the student/parent an option to receive credit balance funds (within 14 days) <u>if</u> the credit balance results from a Federal PLUS (Parent Loan for Undergraduate Students).

Final Determination: S.U. must correct all applicable 'Authorization to Hold Title IV Credit Balances' forms and procedures immediately. In addition, the institution must issue Title IV credit balance payments for all students for whom it does not have permission to hold funds.

This finding is closed.

D. Summary of Liabilities

The total amount of liabilities resulting from the findings in the program review determination is as follows:

Summary of Liabilities					
Finding	**Pell Grant**	**FSEOG**	**EAL**	**COF**	**Total**
Finding 1	$387,129	$ 3,421	$ 24,620	$ 3,192	$418,362
Finding 2	$ 94,702	$ 75	$ 58,656	$ 888	$154,321
Total	$481,831	$ 3,496	$ 83,276	$ 4,080	**$572,683**

E. Payment Instructions

<u>PAYMENT LANGUAGE</u>

<u>Federal Pell Grant Adjustments</u>

S.U. must perform student-level downward Pell Grant adjustments in the amount of **$94,702** for all Pell Grant recipients listed in S.U.'s response to Finding 2. Please refer to Appendix H for applicable students. **The disbursement record for each student must be adjusted in the Department's Common Origination and Disbursement (COD) System based on the final determination for this finding**. This amount is reflected in the total amount owed to the Department below.

<u>The student-level adjustments must be made prior to the repayment of the liability.</u> Because the liability established is for a closed award year (2010-2011), S.U. must contact COD School Relations at codsupport@acs-inc.com or by telephone at 1-800-848-0978 to request *extended processing relief* before any student-level adjustments can be processed. Extended processing will allow S.U. to transmit student-level adjustments to COD for closed award years. Once the Department receives S.U.'s payment via FEDWIRE, the Department will apply the principal amount to the applicable G5 award. Interest will be applied to the general program fund.

<u>Liabilities Owed to the Department</u>

S.U. owes **$572,683** to the Department. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. S.U. 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 S.U.'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 an 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. ***Payments and/or adjustments made via G5 will not be accepted as payment of this liability.***

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. S.U. 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 S.U.'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 6111
Washington, DC 20202-4461
Attn: Cindy Dixon, Acting Supervisor, Accounts Receivable Group

If within **45** days of the date of this letter, S.U 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 the institution from the Federal Government. **S.U may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt S.U 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.

FEDWIRE EFT MESSAGE FORMAT & INSTRUCTIONS

ABA Number 021030004	Type/Sub-Type	
Sender No.	Sender Ref. No.	Amount (1)

Sender Name (Automatically inserted by the Federal Reserve Bank)

Treasury Department Name/CTR/
TREAS NYC/CTR/

BNF=ED/AC-91020001 OBI=

Name/City/State:
(2)

EIN/PIN: AGENCY CODE:
(3) 60

FOR:
(4)

INSTRUCTIONS

A. Complete items 1-4 in parentheses above as follows:

(1) Indicate amount including cents digits.
(2) Indicate Name, City and State.
(3) Indicate DUNS and EIN.
(4) Enter the reason for the remittance. (ACN or PRC)

B. Provide the sending bank with a copy of the completed form. This form contains other information the bank will need to transmit the FEDWIRE message.

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

If applicable, hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

(b)(7)(E)

[redacted]

Accounting Document – Prior Year Monetary Recovery (AD-PYMR)

Institution: South University

City, State: Savannah, Georgia

PRCN: 140427673

TIN: 581147090

DUNS: 080092869

Reviewer: Lisa Lancaster **Region:** Atlanta **Date:** 1-15-2013

Section A - Use if no adjustments are being made in COD

Programs	Type	Amount	Funding Code	Object Class
Federal Pell Grant (Closed AY)	Principal	$ 387,129	3220RNOYR	69017
	Interest	$ 4,058	1435RNOYR	64020
ACG	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
National SMART	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
FSEOG (No FISAP Corrections)	Principal	$ 3,496	3220RNOYR	69017
	Interest	$ 22	1435RNOYR	64020
FWS (No FISAP Corrections)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
Direct Loan and Direct Loan EAL	Principal	$ 83,276	4253XNOYR	53020 or 53010
	Interest		4253XNOYR	53040
FFEL and FFEL EAL	Interest/ SA/EAL		4251XNOYR	53020
Federal Perkins	Principal		2915RNOYR	53054

Section B: Use if the Institution is instructed to make adjustments in COD

Add rows if necessary			Amount			G5 Program Award # *
Pell, ACG, SMART, TEACH	Pell Grant 2010 / 2011	Principal	$94,702	3875FNOYR	69020	P063P103619
	Program / Award Year	Imputed Interest		1435RNOYR	64020	
Direct Loan (do not use for estimated loss)	Award Year	Principal		3875FNOYR	69020	
	Award Year	Imputed Interest		4253XNOYR	53040	

APPENDIX A

START HERE
GO FURTHER
FEDERAL STUDENT AID

Prepared for

South University - Savannah

OPE ID: 01303900
PRCN: 201140427673

Prepared by

U.S. Department of Education
Federal Student Aid
School Participation Team - Atlanta

South University - Savannah
February 6, 2012

A. Institutional Information

South University-Savannah
709 Mall Boulevard
Savannah, GA 31406-4881

Type: Proprietary

Highest Level of Offering: Doctor's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 21,798 (2011-2012)

% of Students Receiving Title IV: 90.2% (2011-2012)

Title IV Participation (Per Institution or EDCAPS-G5)

Program	2010-2011
Federal Direct Loan (FDL)	$200,023,693
Federal Family Education Loan (FFEL)	$ 6,976,588
Federal Pell Grant (Pell)	$ 80,957,323
Federal Supplemental Education Grant (FSEOG)	$ 2,032,825
Federal Work Study (FWS)	$ 743,712
Federal Perkins Loan (Perkins)	$ 0
Federal Academic Competitiveness Grant (ACG)	$ 475,486
Science & Mathematics Access to Retain Talent Grant (SMART)	$ 42,669
National Teach Grant Program	$ 0

Default Rate FDL:	2009	13.5%
	2008	7.9%
	2007	2.4%
Default Rate Perkins:	2011	0%
	2010	1.1%

Table of Contents

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B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at South University – Savannah (S.U.) from September 19 – September 23, 2011. The review was conducted by Lisa Lancaster, Meghan Gladden and David Smittick.

The focus of the review was to determine S.U.'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 S.U.'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 32 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 of students receiving Title IV, HEA program funds for each award year. **Appendix A** lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning S.U.'s specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, the program review does not relieve S.U. of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by S.U. to bring operations of the financial aid programs into compliance with the statutes and regulations.

D. Appendices

Appendix A (Student Sample) is attached to this report. **Appendix B** lists the students that were chosen as the Statistical Sample for this program review. Both appendices contain personally identifiable information (PII). Also attached, **Appendix C** contains instructions for the submission of PII to the Department.

Finding 1: Verification and Discrepant Applicant Data

Citation: An institution must establish procedures to request, receive, and verify applicant data for students selected by the Central Processing System (CPS) each award year. The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount. (34 C.F.R. §§ 668.16 (f), 668.51 through 668.61, and the Department's Application and Verification Guide.) Students are selected for verification on the basis of application edits specified by the Secretary. There are five required data elements that must be verified. These five items are:

- Household size (HHS);
- Number enrolled in college;
- Adjusted Gross Income (AGI);
- U.S. income tax paid; and,
- Certain untaxed income and benefits.

Supporting documentation obtained from the student (and parents or spouse) is compared to the information reported on the Institutional Student Information Record (ISIR). This documentation must be retained in the student's file as evidence that the verification process was completed.

In addition to reviewing applications selected for verification by the CPS, a school must have an adequate internal system to identify conflicting information—regardless of the source and regardless of whether the student is selected for verification—that would affect a student's eligibility, such as information from the financial aid, admissions, or any other office. The school must resolve all such conflicting information, except when a student dies during the award year.

If a school has conflicting applicant information, it must resolve the discrepancies before disbursing funds. If S.U. discovers discrepancies *after* disbursing funds, S.U. must still reconcile the conflicting information and take appropriate action under the specific program requirements.

Regardless of whether the CPS or the school selects the application for verification, all other verification requirements such as deadlines, allowable tolerances, and interim disbursement rules apply. *Note*: The tolerance is $400. If the total difference between the incorrect and correct values for certain items is more than $400, the information must be corrected.

Noncompliance: The reviewers noted errors for the following students during the 2011-2012 award year:

> **Student 24:** The 2011-2012 student was selected for verification. However, the institution did not resolve the discrepancy in Adjust Gross Income (AGI)

before disbursing Title IV aid. The ISIR states that the 2009 AGI was $34,803 but the 2009 Tax Transcript reports the AGI as $35,506. The difference of $703 was required to be resolved by the institution because it exceeds the allowable tolerance for errors.

The student's EFC was zero; she was awarded and received the maximum Federal Pell Grant (Pell Grant) ($2775) for the payment period. She also received the maximum Subsidized (Sub) Loan amount of $1750 and the maximum Unsubsidized (Unsub) loan amount of $3000 from the Federal Direct Loan (FDL) program for the payment period.

Student 27: The 2011-2012 student completed and signed an S.U. Application for Financial Aid on June 10, 2011. She reported that she did not have children or dependents that she supported. However, on June 15, 2011 the student changed her answer to '*Have Children You Support?*' from 'No' to 'Yes' on the 2011-2012 ISIR. ***This discrepant applicant data was not resolved by institutional officials before aid was disbursed.***

The student's recalculated EFC was zero; she was awarded and received the maximum Pell Grant ($2775) for the payment period. She also received the maximum Sub ($1750) and Unsub ($3000) FDL amounts for the payment period.

Student 29: The 2011-2012 student completed and signed an S.U. Application for Financial Aid on June 24, 2011. The student reported that she did not have children or dependents that she supported. However, the student's July 8, 2011 ISIR reported that she was supporting three family members, for a total HHS of four. ***This discrepant applicant data was not resolved by institutional officials before aid was disbursed.***

The student's EFC was zero; she was awarded and paid the maximum Pell Grant ($2775) for the payment period. She was also awarded the maximum loan amounts but the institution was in the process of performing a Return of Title IV Funds calculation due to the student's withdrawal from school.

Student 31: The 2011-2012 ISIR reported that this 22 year-old student was married with a total of four family members in the household. The ISIR also reported that of the four members in the household, four were attending college. In addition, there is no income reported for the student or her spouse. ***This unrealistic and discrepant applicant data was not resolved by institutional officials before aid was disbursed.***

The student's EFC was zero; she was awarded and paid the maximum Pell Grant ($2775) for the payment period. The school also disbursed the maximum Sub ($1750) and Unsub ($3000) FDL amounts for the payment period.

Student 32: The 2011-2012 ISIR reported that the student was separated and supporting five children for a total of six in the household. However, the ISIR did not report any income to show how the student supported a family of six. ***This discrepancy was not resolved by institutional officials before aid was disbursed.***

The student's EFC was zero and she was awarded the maximum amount of Pell (5550); Sub ($3500) and Unsub ($6000) loans for the year. (The student withdrew after 16 days; therefore only $216 in Pell was retained by the institution.)

Required Action: Of the **17** student files tested, the reviewers identified **five** files containing discrepant applicant data. Due to the high percentage of error (29 %), S.U. is required to review, identify, and correct conflicting applicant data for all students who received need-based Title IV funds from the 2011-2012 award year.

To ensure this is done correctly, the institution must resolve any incomplete or conflicting data. If applicant information varies from data reported on the student's ISIR, the correct information must be obtained and the student's EFC must be recalculated for that student. If the revised EFC results in a change to the amount of Federal Pell Grant, Federal Supplemental Education Opportunity Grant (FSEOG), Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (SMART)[1], and/or subsidized loan funds disbursed to the student, S.U. must report the difference between the correct and incorrect amount for each student. For students in this category, S.U. must provide the following data in a spreadsheet or similar format for EACH Title IV program:

- Student name and social security number
- Original EFC
- Corrected EFC
- Date of Pell disbursement
- Incorrect Pell amount disbursed
- Correct Pell amount student was eligible for
- Overaward amount (amount to be returned).

The results must be provided in this, or a similar format:

[1]Should any ACG or SMART recipients become ineligible for Pell Grant funds due to this finding, the applicable amounts must also be included in this spreadsheet.

Name	SSN	Original EFC	Correct EFC	Disburse Date	Incorrect Pell Paid	Corrected Pell	Difference/ Overaward
Sample	111111111	0	850	9/1/2011	$2775	$2350	$425
Sample	222222222	0	302	8/2/2011	$2775	$2600	$175
Sample	333333333	0	unknown	7/8/2011	$2775	unknown	$2775

<u>There must be a separate spreadsheet for each need-based program in which an overaward exists.</u>

If S.U. is unable to obtain a student's required verification documentation (or documents to resolve discrepant data), it must report the total amount of Pell, FSEOG, ACG, SMART, and/or subsidized loan amount disbursed to each student. These funds are considered to be ineligible.

*In lieu of performing a file review for the entire population of S.U.'s online and/or blended students (Title IV recipients who were enrolled in a program in which courses were available for students to attend on campus and/or online, referred to as 'blended' programs) to determine actual liabilities, S.U. has the option of performing this file review for only the remainder of the statistical sample not tested by the Department during the program review. The statistical sample that was selected in September 2011 contained only aid recipients enrolled up to that point in the 2011-2012 award year. There were **321** students in the statistical sample and **17** were tested during the program review, therefore, **304** remain. The results from this file review using the statistical sample will be used to project liabilities for the entire population of 1955 students (i.e., the average liability for the recipients in the statistical sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review.* ***The five students noted above (students 24, 27, 29, 31 and 32) must be included in S.U.'s review/correction.***

If S.U. wishes to select the projection option, please use the statistical sample listing for the 2011-2012 award year. This list is attached as **Appendix B**.

If S.U. elects to do the full file review, it is recommended that the institution first review the remainder of the students in the statistical sample. At that point, S.U. may decide to accept liability projection instead of continuing with a full file review.

Institutional officials stated that they were in the process of implementing a new process to improve verification. Regardless of whether S.U. chooses the projection option to determine the error rate, it must review and correct any verification or conflicting data errors for Title IV recipients who enrolled subsequent to September 2011. These files must be reviewed and corrected for accuracy. Any ineligible funds must be returned to the applicable Title IV program.

The institution must engage an Independent Public Accountant (IPA) to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at lisa.lancaster@ed.gov. See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from the institution's spreadsheet, S.U. must email an access password to Ms. Lancaster.

Instructions for the repayment of any identified liabilities will be provided in the Final Program Review Determination letter.

S.U.'s response to this finding must also explain corrective actions the institution will take to complete verification and resolve applicant discrepancies in the future.

Finding 2: Satisfactory Academic Progress Policy Not Acceptable

Citation: General Provisions 34 C.F.R. §§ 668.16 (e), 668.32, and 668.34 require institutions to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress (SAP) in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards—

(1) Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV assistance;

(2) Include the following elements:

- A qualitative component which consists of grades, projects completed, or comparable factors that are measurable against a norm;
- A quantitative component that consists of a maximum timeframe in which a student must complete his or her educational program (the timeframe for an

undergraduate program must be no longer than 150% of the published length of the educational program);

- o An incremental component to measure SAP (not to exceed the lesser of one academic year or one-half the published length of the educational program);
- o A schedule designating the minimum percentage of work (or credits) that a student must successfully complete at the end of each increment in order to graduate within the maximum timeframe; and,
- o Specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress.
- o The standards used to judge academic progress include all periods of the student's enrollment. Periods in which the student did not receive Federal funds must be counted.

(3) Provide for consistent application of standards within categories of students (e.g., full-time, part-time, undergraduate, and graduate students);

(4) Provide for a determination at the end of each increment as to whether the student has met the qualitative and quantitative components of the standards;

(5) Provide specific procedures under which a student may appeal a determination that he or she is not making satisfactory progress; and

(6) Provide specific procedures for a student to re-establish that he or she is maintaining satisfactory progress.

In addition, 34 C.F.R. § 668.34 states that to be eligible to receive Title IV funds after the second year of study, a student is making progress if these conditions are met:

- At the end of the second year, he or she has a grade point average (GPA) of at least a "C" or its equivalent (or has academic standing consistent with the institution's requirements for graduation), or,

- The institution determines that the student's failure to meet SAP requirements is based upon either—

    - The death of a relative of the student;
    - An injury or illness of the student; or
    - Other special circumstances.

- At a minimum, an institution must review a student's academic progress at the end of each year.

The Department published amendments to SAP on October 29, 2010, which became effective on July 1, 2011. Among those changes, one significant modification is that the policy provides that a student's academic progress is evaluated—

- At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or
- For all other educational programs, at the end of each payment period <u>or</u> at least annually to correspond with the end of a payment period.

There are options a school has with respect to a student not making SAP:

- Placing a student on <u>financial aid warning (</u>a status assigned to a student who fails to make satisfactory academic progress at an institution that evaluates academic progress at the end of each payment period), or,
- Placing a student on <u>financial aid probation</u> (a status assigned by an institution to a student who fails to make satisfactory academic progress, who has appealed, and has had eligibility for aid reinstated).

Please refer to 34 C.F.R. § 668.34 for additional amendments to SAP requirements.

Noncompliance: The institution made numerous changes to its SAP policy since 2009. These changes were not clearly identified, nor was there a policy to address how aid for Tile IV recipients would be treated during transition periods.

Changes made to S.U.'s SAP policy were as follows:

<u>Undergraduate and Graduate SAP Policies</u>
Source: South University Academic Catalog 2009-2010
Publication Date: 2.26.09
Effective Date: For course terms beginning on or after 2.26.09

<u>Revised Undergraduate SAP Policy</u>
Source: South University Academic Catalog Addendum A
Publication Date: 6.30.09
Effective Date: For course terms beginning on or after 6.30.09

<u>Revised Undergraduate SAP Policy</u>
Source: South University Academic Catalog Addendum B
Publication Date: 10.5.09
Effective Date: For course terms beginning on or after 10.5.09

<u>Undergraduate SAP Policy</u>
Source: South University Academic Catalog Addendum I
Publication Date: 11.2.10
Effective Date: For course terms beginning on or after 1.1.11

Undergraduate and Graduate SAP Policies
Source: South University Academic Catalog 2010-2011
Publication Date: 12.9.10
Effective Date: For course terms beginning on or after 1.1.11

Revised Undergraduate SAP Policy
Source: South University Academic Catalog Addendum III
Publication Date: December 2010
Effective Date: For course terms beginning on or after 1.1.11

Revised Undergraduate and Graduate SAP Policies (all except capped AA, PA, PharmD)
Source: South University Academic Catalog Addendum VI
Publication Date: 6.28.11
Effective Date: For course terms beginning on or after 7.1.11

The institution is not in compliance with its Program Participation Agreement or administrative capability requirements, which state that an institution will establish and maintain procedures necessary to ensure proper and efficient administration of funds. The Secretary considers an institution's standards to be reasonable if they are in accordance with the above regulations. 34 C.F.R. §§ 668.14 and 668.16 (e).

Until December 31, 2010 S.U. monitored SAP (qualitative and quantitative components) for undergraduate degree students at the following increments based on payment periods (which were quarter terms):

- At the end of the 3rd academic term
- At the end of the 5th academic term
- At the end of the 7th academic term, and,
- Every other term thereafter (9th, 11th, 13th, and so forth).

However, effective **January 1, 2011,** S.U. changed from a term-based (quarter) academic year to a non-term academic year, thus eliminating quarters as incremental SAP checks. The revised policy states that a student's evaluation of SAP would take place within the following categories:

- After attempting 12 to 20 credit hours
- After attempting 32 to 40 credit hours
- After attempting 52 to 60 credit hours
- After attempting 72 to 80 credit hours
- After attempting 92 to 100 credit hours
- After attempting 112 to 120 credit hours.

This revised policy is not permissible because it does not provide for the evaluation of SAP at the end of each payment period or academic year. It is not acceptable to

evaluate a student's SAP somewhere within a *range* of attempted and completed courses. This policy was also not in compliance because it did not require a cumulative GPA of at least a 'C' or its equivalent at the end of a student's second year (regardless of how many credits a student has accrued). A 'C' or 2.0 GPA was not required until a student's third year.

Another revision to SAP followed. Effective July 1, 2011, evaluation points changed again. The new policy addresses on-campus and on-line students separately, with both evaluation points based on quarters (similar to the earlier policy dating back to 2009). While this may be acceptable for on-campus students, it is not acceptable for on-line students because of the January 1, 2011 change to a non-term academic year. Because quarters no longer exist for on-line students, SAP must be monitored by payment periods as defined by the institution (in credits and weeks).

Required Action: S.U. is required to immediately correct its SAP policy for on-line students. The revised policy must clearly address all elements required by 34 C.F.R. §§ 668.16 (e), 668.32, and 668.34. S.U. must apply the revised policy to all students who received any type of Title IV aid between January 1, 2011 and June 30, 2011[2]. S.U. must check each student's qualitative and quantitative progress, *and*, its determination must be made on a payment period basis.

Next, S.U. must provide the listing of all students who received Title IV aid between January 1, 2011 and June 30, 2011 with an indication of whether he or she was making SAP according to the revised policy. The following items must be provided in spreadsheet format, and include the following data:

- Student name and social security number
- Making SAP: Yes / No
- If "No," report the amount of ineligible aid by program and disbursement date.

Please include all types of Title IV aid and use the following or similar format:

Name	SSN	SAP Yes / No	Pell Overaward	Disburse Date	Sub Loan Overaward	Disburse Date	Unsub Loan Overaward	Disburse Date
sample	666666666	No	$2250	4/1/2011	$2775	5/1/2011	NA	NA
sample	888888888	Yes		--	--	--	--	--
sample	999999999	No	NA	NA	$1750	2/12/11	$2775	2/12/11

Please submit S.U.'s revised SAP policy to our office for review and approval prior to the start of this file review.

Additional information will be requested if necessary.

[2] S.U. may review all students in this category or the institution may elect to generate a sample that ensures a 95% confidence level. The results from testing the sample will be used to project liabilities for the entire population of students in this category.

Once the revised SAP policy has been approved, the institution must engage an IPA to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting, including the confirmation of applicable documents, files reviewed, and the sampling formulas used. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at lisa.lancaster@ed.gov. See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from your spreadsheet, you must email an access password to Ms. Lancaster.

With respect to the current award year (2011-2012), S.U. is required to make any necessary corrections or adjustments for students who are not in compliance with the new SAP policy. The auditor must attest to this in your next non-Federal audit.

Finding 3: Accounting for Federal Perkins Loan Funds Unclear

Citation: An institution that participates in the Federal Perkins Loan program must maintain funds in accordance with 34 C.F.R. §§ 674.19 and 668.163.

Per 34 C.F.R. § 668.163, an institution must maintain the Perkins loan Fund in an interest-bearing bank account or investment account consisting predominately of low-risk, income-producing securities, such as obligations issued or guaranteed by the United States. Interest or income earned on Fund proceeds are retained by the institution as part of the Fund. Under no circumstances may an institution use Perkins money to earn interest or generate revenue in a manner that risks the loss of those funds (such as may be the case with certain overnight investment arrangements or sweeps).

An institution shall notify any bank in which it deposits Federal funds of the accounts into which those funds are deposited by—

- Ensuring that the name of the account clearly discloses the fact that Federal funds are deposited in the account; or

- Notifying the bank, in writing, of the names of the accounts in which it deposits Federal funds. The institution shall retain a copy of this notice in its files.

An institution shall establish and maintain fiscal records that identify the cash balance of each Title IV program included in its bank or investment account, and, identify the earnings on funds maintained in the institution's bank or investment account.

The institution must also ensure that the cash balances of the accounts into which it deposits Perkins Loan cash assets do not fall below the amount of Fund cash assets deposited in those accounts but not yet expended on authorized purposes. If the balance of the account falls below the Fund's assets, the institution is deemed to make any subsequent deposits into the account of funds derived from other sources with the intent to restore to that amount those Fund assets previously withdrawn from those accounts. To the extent that these institutional deposits restore the amount previously withdrawn, they are deemed to be Fund assets. 34 C.F.R. § 674.19.

If a third-party servicer or collection agency receives funds directly from Perkins borrowers, it must immediately deposit those collection amounts into the Fund.

Noncompliance: The school's fiscal records and responsibilities for the Perkins Loan program are managed by its parent corporation, Education Management, LLC (EDMC). The reviewers were provided with statements from the Perkins Loan checking account ending in #8159 (Education Management, LLC, South University, Perkins Account) and what appeared to be monthly reports of Perkins Loan collection activity through June 30, 2010 (EFR Reports).

However, the records do not provide for or clearly explain all Perkins transactions as follows:

- The balance of the Fund (from #8159) is swept into an investment account nightly and returned to the Fund with interest the following day. However, bank statements for the investment account were not provided.
- Perkins Loan collection activity is performed by a servicer. Student repayments are sent to EDMC, and then they are deposited into the Perkins Fund. Monthly collection activity reports were provided; however monthly collection amounts do not coincide with deposits into account #8159. For example, $6250 is reported as collected by the servicer in November 2009, but this amount does not clearly appear as a deposit into the Fund as required. Further, there are deposits into the Fund which are not identified by type. For example, between November and December 2009, the balance of the Fund increased from $5416 to $29,756 without a clear explanation. On June 2, 2010 there was a deposit of $28,362 made to the Fund, but it is not clear whether or not these are collections from borrowers in repayment.

Please refer to the following finding as it also relates to Perkins Loan activity.

Required Action: In response to this finding, S.U. must review its Perkins Loan records and provide a clear accounting of Perkins activity from **July 1, 2009 through December 31, 2011**. This review must include all Perkins Loan activity (for OPE 01303900) as reported on the Fiscal Operations Report for each year. S.U.'s accounting must provide the following amounts for each award year (2009-2010; 2010-2011; and 2011 to date):

- <u>Cash on Hand July 1, 2009</u>
- Net loan amount advanced to student during award year
- Fees and expenses during award year
- Litigation costs during the award year
- Other charges to the Fund (including a description)
- Principle and interest collected from students during award year
- Interest earned (from investment account or other sources) during award year
- Other deposits to the fund (including a description)
- End balance as of June 30, 2010

<u>This must be repeated for the periods beginning July 1, 2010 and July 1, 2011</u>.

S.U. must also include copies of all bank statements involved in the administration of the Perkins Loan program. Each statement must be printed out, clearly labeled, and provided in chronological order.

The institution must engage an IPA to test the review completed by the institution (including the submission of bank statements). The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements, as specified in the finding requirement, as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Finding 4: Federal Perkins Loan Reporting Requirements Not Met

Citation: As explained in the above finding, schools may not use Title IV funds for any purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of funds or subjects Title IV funds to liens or other attachments.

Per 34 C.F.R. § 674.8 (b), Perkins Loan program funds are to be used only for—

- Making loans to students;
- Administrative expenses as provided for in 34 C.F.R. § 673.7;
- Capital distributions;
- Litigation costs;
- Other collection costs in connection with the collection of principal, interest, and late charges on a loan made from the Fund; and,
- Repayment of any short-term, no-interest loans made to the Fund by the institution in anticipation of collections.

Each year an institution must submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary. 34 C.F.R. § 674.19 (d).

Noncompliance: S.U. officials stated that the school ceased making loans on January 26, 2010 because they were unsure of the future of the Perkins Loan program. January 26, 2010 falls into the 2009-2010 award year. The first issue of noncompliance is that 2009-2010 loans advanced to students are not accounted for on the Fiscal Operations Report and Application to Participate (FISAP) reporting 2009-2010 expenditures.

Also, the Perkins Cumulative Section (Part III, *Section A* of the FISAP) reports the cash-on-hand (COH) balance as $5258 on June 30, 2009. That section also shows 2009-2010 award year increases as—

• Loan principal collected:	$ 67,486
• Interest income on loans:	$ 26,531
• Other income:	$ 13,687
• TOTAL	$107,704

In simple terms, $112,962 ($5258 + $107,704) should be the estimated COH balance as of June 30, 2010. However, the FISAP and bank records show a COH balance as $96,718 on this date. The difference of $16,244 may, or may not be loans advanced to students in 2009-2010. Again, records are unclear.

Part III, *Section B* of the FISAP reporting 2009-2010 activity also contradicts the above amounts of principal, interest and other collection amounts. *Section B* is intended to account for annual activity between July 1, 2009 and June 30, 2010. However, the following line items were left blank (or $0)—

- Total principal and interest repaid by borrowers from all sources during the 2009-2010 award year.

- Total principal repaid by borrowers from all sources during the 2009-2010 award year for loans in default for more than 2 years but not more than 5 years.
- Total principal repaid by borrowers from all sources during the 2009-2010 award year for loans in default for more than 5 years.

The next issue is that the Perkins Cumulative Section (*Section A*) of the FISAP reporting activity for the following year (2010-2011) reports that $9341 in loans were made in 2010-2011. This contradicts what school officials stated. It also conflicts with the Annual Section (*Section B*) of the same FISAP which reports that no loans were advanced to students from the Fund during the 2010-2011 award year.

Required Action: The institution is not in compliance with reporting requirements. An institution that is actively participating in the Perkins Loan program cannot leave the above sections blank. All sections of the FISAP must accurately account for activity on an annual and cumulative basis.

The reviewers are not aware of S.U.'s intentions to continue or withdraw from the Perkins Loan program. Should the institution choose to liquidate, please refer to the Information for Financial Aid Professionals (IFAP) website regarding the Department's Electronic Announcement Letter "Federal Perkins Loan Portfolio Liquidation and Perkins Loan Assignment Procedures" published on August 5, 2011.

Regardless of S.U.'s decision, officials are required to correct Part III of the FISAPs submitted for the last two years. Please refer to the eCampusBased website (https://cbfisap.ed.gov); enter and save corrected amounts; and, submit S.U.'s changes with an explanation of what and why changes were made.

S.U. must refer to the previous finding to ensure that all items are updated and accurately corrected on the applicable FISAP.

S.U.'s response to this finding must provide copies of the corrected FISAPs and the institution's intentions with respect to Perkins Loan activity in the future.

Finding 5: Credit Balance Procedures Inadequate

Citation: 34 C.F.R. §§ 668.164 (d) and (e) state that an institution may use Title IV program funds to credit a student's account to satisfy current year charges for—

- Tuition and fees;
- Room and board, if the student contracts with the school for room and board; and
- With an authorization from the student or parent, other educationally related charges incurred by the student.

Title IV funds may also be used to pay educationally related expenses from the prior year as long as the charges do not exceed $200 and the institution obtains a student's or parent's authorization (under 34 C.F.R. § 668.165 (b) to use funds to pay these charges.

If current year Title IV funds credited to a student's account exceed the amount of current year tuition, fees, and other authorized charges, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than **14** days after the credit balance occurred if it occurred *after* the first day of class. If the credit balance occurred on or *before* the first day of class, it must be returned no later than **14** days after the first day of class.

An institution may secure the student's written permission to retain credit balance funds for budgeting purposes. However, the student must not be coerced into providing the school permission to retain the funds and the student must be informed of his or her right to rescind the authorization at any time. If an institution holds excess student funds, it must—

- Identify the amount of funds it holds for each student or parent in a subsidiary ledger account designed for that purpose;
- Maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the student; and
- Notwithstanding/despite any authorization obtained by the institution, pay any remaining balance on loan funds by the end of the loan period and any other remaining Title IV funds by the end of the last payment period in the award year for which they were awarded.

If a school has lost contact with a student who is due a credit balance, it must use all reasonable means to locate him or her. If S.U. still cannot find the student, the school must return the credit balance to the lender to reduce the borrower's loan balance, or, to the appropriate Title IV program(s).

Noncompliance: The Institution's Authorization From The Student To Use Title IV Funds To Pay For Educationally Related Charges and To Hold Title IV Credit Balances states: "*Your payment plan assumes that you will provide the school with authorization to hold Title IV credit balances and to use Title IV funds to meet your cost of attendance, and that you will use the funds to pay for all educational expenses.*" Although students are required to "check a box" to authorize the school to hold funds on the account to cover future charges within the academic year, it should not be assumed.

Also, the revised authorization (June 20, 2011) fails to obtain a student signature. For example, the authorization form for **student 23** does not contain a student signature or date; therefore it's not possible to know if S.U. had permission to hold the Title IV credit balance on the student's account during the Fall 2011.

Required Action: The institution is required to revise its procedures for the authorization to retain student credit balance funds. The policy must be in compliance with the above requirements and take effect immediately. Please provide a copy of the institution's revised policy and authorization form in response to this finding.

Finding 6: Entrance Loan Counseling Not Documented

Citation: Before a first-time FDL borrower takes out a loan, an institution must ensure that entrance loan counseling is conducted. In accordance with 34 C.F.R. §685.304, entrance must provide the borrower with comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan.

This information may be provided to the borrower—

- During an entrance counseling session conducted in person;
- On a separate written form that the borrower signs and returns to the school; or
- Online or by interactive electronic means, with the borrower acknowledging receipt of the information.

A school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. The school must maintain documentation substantiating the school's compliance with this section for each student borrower.

A school must ensure that exit counseling is also conducted with each borrower shortly before the student borrower ceases at least half-time study at the school.

Exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the borrower's questions. If a student withdraws from school without the school's prior knowledge, or fails to complete the counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at his or her last known address within **30** days after learning that the student has withdrawn from school or failed to complete the exit counseling as required.

Noncompliance: Reviewers could not located entrance loan counseling documentation for **student 10**.

Required Action: S.U. must provide an assurance that timely and thorough loan counseling is conducted for all borrowers under the Title IV programs.

Finding 7: Reporting Disbursement Information to COD Inaccurate

Citation: The disbursement date is the date that the institution credits funds to a student's account, or, pays funds to a student directly. 34 C.F.R. § 690.83 requires institutions to submit a student's payment data (including disbursement dates) to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit FDL and Pell Grant disbursement records to COD (the Common Origination and Disbursement system) no later than 30 days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement (see *COD Technical Reference, 2011-2012*).

Noncompliance: Disbursement dates reported to COD did not always match dates that funds were credited to student ledgers. The following chart illustrates the difference between dates that Title IV funds were disbursed to the student's account versus disbursement dates reported to COD:

Student	Program	Per Account Ledger	Per COD
10	Pell Grant	10-01-2010	07-01-2010
10	Pell Grant	10-13-2010	10-02-2010

Required Action: The institution must review its reporting procedures to determine why disbursement dates are accurate for some students and not others. The institution must correct its procedures so that disbursement dates reported to COD are the dates that funds are credited to the student's account, or paid to the student directly. ***Please note that for FDL recipients, interest costs begin to accrue on the date that loans are disbursed.***

Refer to the *COD Technical Reference, 2011-2012* for current guidance regarding deadlines and requirements. S.U. may also refer to the *Direct Loan School Guide* for additional information.

S.U.'s response must describe procedures that the institution will implement in order to correct this deficiency.

APPENDIX B

Institution's Responses by Date

March 29, 2012: Findings 3-7
June 6, 2012: Finding 1
June 6, 2012: Finding 2 (Original)
September 26, 2012: Finding 2 (Revised)

APPENDIX B

EDMC
Education Management Corporation

March 29, 2012

US Department of Education
Federal Student Aid- School Participation- Atlanta
61 Forsyth Street, Suite 18T20B
Atlanta, GA 30303

Attention: Lisa Lancaster

Re: **Program Review Response**
South University
School Code: 01303900
PRCN: 201140427673

Dear Ms. Lancaster,

Thank you for providing South University with the opportunity to respond to the program review findings included in the Program Review Report presented in the letter of February 6, 2012. We are providing our response to findings #3 through #7 from the Program Review that was conducted the week of September 23, 2011 (report issued February 6, 2012), along with the supporting documentation.

We previously submitted some preliminary information to findings #1 through #3 concerning the audit plan, but we are now submitting a complete response on findings #3 through #7. We have also submitted in a separate transmittal, the special SAP Policy to be used for terms/payment periods ending between January 1, 2011 and June 30, 2011 for finding #2 for your review.

While we are continuously working on Finding #1 and Finding #2, we respectfully request an additional 60 days to conduct and complete the requested file review for Findings #1 and #2.

Please feel free to contact me should you have any questions at (412) 995-7206. Thank you for your continued assistance.

Sincerely,

Richard Them
SVP, Student Finance & Compliance
Education Management Corporation

Finding 3: Accounting for Federal Perkins Loan Funds Unclear

Citation: An institution that participates in the Federal Perkins Loan program must maintain funds in accordance with 34 C.F.R. §§ 674.19 and 668.163.

Per 34 C.F.R. § 668.163, an institution must maintain the Perkins Loan Fund in an interest -bearing bank account or investment account consisting predominately of low risk, income-producing securities, such as obligations issued or guaranteed by the United States. Interest or income earned on Fund proceeds are retained by the institution as part of the Fund. Under no circumstances may an institution use Perkins money to earn interest or generate revenue in a manner that risks the loss of those funds (such as may be the case with certain overnight investment arrangements or sweeps).

An institution shall notify any bank in which it deposits Federal funds of the accounts into which those funds are deposited by-

- Ensuring that the name of the account clearly discloses the fact that Federal funds are deposited in the account; or
- Notifying the bank, in writing, of the names of the accounts in which it deposits Federal funds. The institution shall retain a copy of this notice in its files.

An institution shall establish and maintain fiscal records that identify the cash balance of each Title IV program included in its bank or investment account, and, identify the earnings on funds maintained in the institution's bank or investment account.

The institution must also ensure that the cash balances of the accounts into which it deposits Perkins Loan cash assets do not fall below the amount of Fund cash assets deposited in those accounts but not yet expended on authorized purposes. If the balance of the account falls below the Fund's assets, the institution is deemed to make any subsequent deposits into the account of funds derived from other sources with the intent to restore to that amount those Fund assets previously withdrawn from those accounts. To the extent that these institutional deposits restore the amount previously withdrawn, they are deemed to be Fund assets. 34 C.F.R. § 674.19.

If a third-party servicer or collection agency receives funds directly from Perkins borrowers, it must immediately deposit those collection amounts into the Fund.

Noncompliance: The school's fiscal records and responsibilities for the Perkins Loan program are managed by its parent corporation, Education Management, LLC (EDMC). The reviewers were provided with statements from the Perkins Loan checking account ending in #8159 (Education Management, LLC, South University, Perkins Account) and what appeared to be monthly reports of Perkins Loan collection activity through June 30, 2010 (EFR Reports).

However, the records do not provide for or clearly explain all Perkins transactions as follows:

- The balance of the Fund (from #8159) is swept into an investment account nightly and returned to the Fund with interest the following day. However, bank statements for the investment account were not provided.
- Perkins Loan collection activity is performed by a servicer. Student repayments are sent to EDMC, and then they are deposited into the Perkins Fund. Monthly collection activity reports were provided; however monthly collection amounts do not coincide with deposits into account #8159. For example, $6250 is

reported as collected by the servicer in November 2009, but this amount does not clearly appear as a deposit into the Fund as required. Further, there are deposits into the Fund which are not identified by type. For example, between November and December 2009, the balance of the Fund increased from $5416 to $29,756 without a clear explanation. On June 2, 2010 there was a deposit of $28,362 made to the Fund, but it is not clear whether or not these are collections from borrowers in repayment.

Please refer to the following finding as it also relates to Perkins Loan activity.

Required Action: In response to this finding, SU must review its Perkins Loan records and provide a clear accounting of Perkins activity from July 1, 2009 through December 31, 2011. This review must include all Perkins Loan activity (for OPE 01303900) as reported on the Fiscal Operations Report for each year. SU's accounting must provide the following amounts for each award year (2009-2010; 2010-2011; and 2011 to date):

- Cash on Hand July 1, 2009
- Net loan amount advanced to student during award year
- Fees and expenses during award year
- Litigation costs during the award year
- Other charges to the Fund (including a description)
- Principle and interest collected from students during award year
- Interest earned (from investment account or other sources) during award year
- Other deposits to the fund (including a description)
- End balance as of June 30, 2010

<u>This must be repeated for the periods beginning July 1, 2010 and July 1, 2011</u>.

SU must also include copies of all bank statements involved in the administration of the Perkins Loan program. Each statement must be printed out, clearly labeled, and provided in chronological order.

The institution must engage an IPA to test the review completed by the institution (including the submission of bank statements). The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements, as specified in the finding requirement, as presented in the Program Review Report. The IP A must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

SOUTH UNIVERSITY RESPONSE FOR FINDING 3

We are providing the requested supporting documentation which provides a clear and accurate accounting of Perkins activities for the nine items listed above, on the enclosed CD.

Also attached you will find the independent public accountant's report, conducted per the agreed upon procedures previously approved by Ms. Lancaster, along with our policy concerning interested earned on FSA accounts.

In addition, please find confirmation from Bank of America that we are no longer sweeping FSA funds to investment accounts. We implemented this change effective January 19, 2012. We are also providing the Department with our assurance that all future interest/revenue generated from FSA funds (other than Perkins Loans) in excess of $250 will be returned annually in accordance with the regulations. Interest earned from Perkins Loan funds will be retained in the fund to ultimately be used to award Perkins Loan funds to other students.

Finding 4: Federal Perkins Loan Reporting Requirements Not Met

Citation: As explained in the above finding, schools may not use Title IV funds for any purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of funds or subjects Title IV funds to liens or other attachments.

Per 34 C.F.R. § 674.8 (b), Perkins Loan program funds are to be used only for-

- Making loans to students;
- Administrative expenses as provided for in 34 C.F.R. § 673.7;
- Capital distributions;
- Litigation costs;
- Other collection costs in connection with the collection of principal, interest, and late charges on a loan made from the Fund; and,
- Repayment of any short-term, no-interest loans made to the Fund by the institution in anticipation of collections.

Each year an institution must submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary. 34 C.F.R. § 674.19 (d).

Noncompliance: SU officials stated that the school ceased making loans on January 26, 2010 because they were unsure of the future of the Perkins Loan program. January 26, 2010 falls into the 2009-2010 award year. The first issue of noncompliance is that 2009-2010 loans advanced to students are not accounted for on the Fiscal Operations Report and Application to Participate (FISAP) reporting 2009-2010 expenditures.

Also, the Perkins Cumulative Section (Part. III, Section A of the FISAP) reports the cash on-hand (COH) balance as $5258 on June 30, 2009. That section also shows 2009-2010 award year increases as-

- Loan principal collected: $67,486
- Interest income on loans: $26,531
- Other income: $13,687
- TOTAL $107.704

In simple terms, $112,962 ($5258 + $107,704) should be the estimated COH balance as of June 30, 2010. However, the FISAP and bank records show a COH balance as $96,718 on this date. The difference of $16,244 may, or may not be loans advanced to students in 2009-2010. Again, records are unclear.

Part III, Section B of the FISAP reporting 2009-2010 activity also contradicts the above amounts of principal, interest and other collection amounts. Section B is intended to account for annual activity between July 1, 2009 and June 30, 2010. However, the following line items were left blank (or $0)-

- Total principal and interest repaid by borrowers from all sources during the 2009-2010 award year.
- Total principal repaid by borrowers from all sources during the 2009-2010 award year for loans in default for more than 2 years but not more than 5 years.
- Total principal repaid by borrowers from all sources during the 2009-2010 award year for loans in default for more than 5 years.

The next issue is that the Perkins Cumulative Section (Section A) of the FISAP reporting activity for the following year (2010-2011) reports that $9341 in loans were made in 2010-2011. This contradicts what school officials stated. It also conflicts with the Annual Section (Section B) of the same FISAP which reports that no loans were advanced to students from the Fund during the 2010-2011 award year

Required Action: The institution is not in compliance with reporting requirements. An institution that is actively participating in the Perkins Loan program cannot leave the above sections blank. All sections of the FISAP must accurately account for activity on an annual and cumulative basis.

The reviewers are not aware of SU's intentions to continue or withdraw from the Perkins Loan program. Should the institution choose to liquidate, please refer to the Information for Financial Aid Professionals (IFAP) website regarding the Department's Electronic Announcement Letter "Federal Perkins Loan Portfolio Liquidation and Perkins Loan Assignment Procedures" published on August 5, 2011.

Regardless of SU's decision, officials are required to correct Part III of the FISAPs submitted for the last two years. Please refer to the eCampus-based website (https:llcbfisap.ed.gov); enter and save corrected amounts; and, submit S.U.'s changes with an explanation of what and why changes were made.

SU must refer to the previous finding to ensure that all items are updated and accurately corrected on the applicable FISAP.

SU's response to this finding must provide copies of the corrected FISAPs and the institution's intentions with respect to Perkins Loan activity in the future.

SOUTH UNIVERSITY RESPONSE FOR FINDING 4

We submitted the changes listed below, which were made to the 2011-12 (2009-10 data) and 2012-13 (2010-11 data) FISAP reports, based on our review as well as the IPA's report. Our changes were approved for the 2012-13 FISAP on March 27, 2012 and are pending for the 2011-12 FISAP, which was submitted on March 21, 2012. We have attached support for these changes.

2011-12 FISAP:

Part I, Section A

6. The FA Administrator should be listed as Alison Edgerton with appropriate contact info
8. The President should be listed as Todd Cellini with appropriate contact info

Part III, Section A

4. Funds Advanced to Students: 7836107; Number of Borrowers: 8829
5. Loan Principal Collected: 4663260
31. Interest Income on Loans: 1130614
32. Other Income: 121120
55. Other Costs: 42978

56. Balancing Adj: 13879
Part III, Section B
7. Loans advanced to students during 0910: 11225
Part III, Section C
3. Total Borrowers not in repayment: 332

2012-13 FISAP:
Part III, Section A
1.1 Cash on hand as of 6/30/2011: 190520
4. Funds Advanced to Students: 7836107
5. Loan Principal Collected: 4757744
31. Interest Income on Loans: 1151939
32. Other Income: 260651
55. Other Costs: 204909
56. Balancing Adj: 12883

South University has made a decision to continue to participate in the Perkins Loan Program. The President of the United States has submitted a budget which includes a dramatic increase in Perkins Loan funds. While we know that the entire President's budget is unlikely to be approved as is, we are hopeful that new Perkins Loan funds will become available in the future.

Finding 5: Credit Balance Procedures Inadequate

Citation: 34 C.F.R. §§ 668.164 (d) and (e) state that an institution may use Title IV program funds to credit a student's account to satisfy current year charges for-

- Tuition and fees;
- Room and board, if the student contracts with the school for room and board; and
- With an authorization from the student or parent, other educationally related charges incurred by the student.

Title IV funds may also be used to pay educationally related expenses from the prior year as long as the charges do not exceed $200 and the institution obtains a student's or parent's authorization (under 34 C.F.R. § 668.165 (b) to use funds to pay these charges.

If current year Title IV funds credited to a student's account exceed the amount of current year tuition, fees, and other authorized charges, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the credit balance occurred if it occurred after the first day of class. If the credit balance occurred on or before the first day of class, it must be returned no later than 14 days after the first day of class.

An institution may secure the student's written permission to retain credit balance funds for budgeting purposes. However, the student must not be coerced into providing the school permission to retain the funds and the student must be informed of his or her right to rescind the authorization at any time. If an institution holds excess student funds, it must-

- Identify the amount of funds it holds for each student or parent in a subsidiary ledger account designed for that purpose;
- Maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the student; and
- Notwithstanding/despite any authorization obtained by the institution, pay any remaining balance on loan funds by the end of the loan period and any other remaining Title IV funds by the end of the last payment period in the award year for which they were awarded.

If a school has lost contact with a student who is due a credit balance, it must use all reasonable means to locate him or her. If SU still cannot find the student, the school must return the credit balance to the lender to reduce the borrower's loan balance, or, to the appropriate Title IV program(s).

Noncompliance: The Institution's Authorization From The Student To Use Title IV Funds To Pay For Educationally Related Charges and To Hold Title IV Credit Balances states: "Your payment plan assumes that you will provide the school with authorization to hold Title IV credit balances and to use Title IV funds to meet your cost of attendance, and that you will use the funds to pay for all educational expenses." Although students are required to "check a box" to authorize the school to hold funds on the account to cover future charges within the academic year, it should not be assumed.

Also, the revised authorization (June 20, 2011) fails to obtain a student signature. For example, the authorization form for student 23 does not contain a student signature or date; therefore it's not possible to know if S.U. had permission to hold the Title IV credit balance on the student's account during the Fall 2011.

Required Action: The institution is required to revise its procedures for the authorization to retain student credit balance funds. The policy must be in compliance with the above requirements and take effect immediately. Please provide a copy of the institution's revised policy and authorization form in response to this finding.

SOUTH UNIVERSITY RESPONSE TO FINDING 5

South University understands the importance of securing a student's written permission to retain credit balance funds and understands that students may not be coerced in any way to provide the school permission to retain the funds and that the student must be informed of his or her right to rescind the authorization at any time.

Our current authorization form, effective November 21, 2011, which is attached, does not assume that students will provide authorization to hold funds for future charges and the form does not state: "Your payment plan assumes that you will provide the school with authorization to hold Title IV credit balances and to use Title IV funds to meet your cost of attendance, and that you will use the funds to pay for all educational expenses." All authorization forms are required to be signed by the student (or parent in the case of PLUS Loans). We have attached a copy our current policy and procedures for the authorization to retain student or parent credit balance funds and have also attached a copy of the authorization form provided to student and parents, as applicable.

Finding 6: Entrance Loan Counseling Not Documented

Citation: Before a first-time FDL borrower takes out a loan, an institution must ensure that entrance loan counseling is conducted. In accordance with 34 C.F.R. §685.304, entrance must provide the borrower with comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan.

This information may be provided to the borrower-

- During an entrance counseling session conducted in person;
- On a separate written form that the borrower signs and returns to the school; or
- Online or by interactive electronic means, with the borrower acknowledging receipt of the information.

A school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. The school must maintain documentation substantiating the school's compliance with this section for each student borrower.

A school must ensure that exit counseling is also conducted with each borrower shortly before the student borrower ceases at least half-time study at the school.

Exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the borrower's questions. If a student withdraws from school without the school's prior knowledge, or fails to complete the counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at his or her last known address within 30 days after learning that the student has withdrawn from school or failed to complete the exit counseling as required.

Noncompliance: Reviewers could not located entrance loan counseling documentation for student 10.

Required Action: SU must provide an assurance that timely and thorough loan counseling is conducted for all borrowers under the Title IV programs.

SOUTH UNIVERSITY RESPONSE TO FINDING 6

South University understands the importance of providing entrance counseling to students who receive Direct Loans. South University understands that entrance counseling in one of the most important tools to educate students on their responsibilities related to student loans and to prevent a student borrower from becoming a defaulter.

Student 10, as cited, did not receive a first disbursement of a Federal loan from South University. In accordance with 34 C.F.R. §685.304, a school must ensure that entrance counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan student borrower prior to making the first disbursement of the proceeds of a loan to a student borrower unless the student borrower has received a prior Direct Subsidized, Direct Unsubsidized, Federal Stafford, or Federal SLS Loan. Student 10's National Student Loan Data System (NSLDS) record indicated that this student was not a first time borrower of Federal loans while enrolled at South University. The student's record contains prior Federal Stafford loans from 1996, 1997, and 2005. Based on the student's NSLDS history, South University believes that we satisfied the requirements under the regulation by verifying the student was not a first time borrower of Federal loans prior to disbursement.

Our internal procedures require review of entrance counseling documentation to ensure entrance counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan student borrower prior to making the first disbursement of the proceeds of a loan to a student borrower, if the student will receive their first disbursement while enrolled at South University, unless the student borrower has received a prior Direct Subsidized, Direct

Unsubsidized, Federal Stafford, or Federal SLS Loan. We have attached a copy of our entrance counseling procedures.

Finding 7: Reporting Disbursement Information to COD Inaccurate

Citation: The disbursement date is the date that the institution credits funds to a student's account, or, pays funds to a student directly. 34 C.F.R. § 690.83 requires institutions to submit a student's payment data (including disbursement dates) to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit FDL and Pell Grant disbursement records to COD (the Common Origination and Disbursement system) no later than 30 days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement (see COD Technical Reference, 2011-2012).

Noncompliance: Disbursement dates reported to COD did not always match dates that funds were credited to student ledgers. The following chart illustrates the difference between dates that Title IV funds were disbursed to the student's account versus disbursement dates reported to COD:

Student	Program	Per Account Ledger	Per COD
10	Pell Grant	10-01-2010	07-01-2010
10	Pell Grant	10-13-2010	10-02-2010

Required Action: The institution must review its reporting procedures to determine why disbursement dates are accurate for some students and not others. The institution must correct its procedures so that disbursement dates reported to COD are the dates that funds are credited to the student's account, or paid to the student directly. ***Please note that for FDL recipients, interest costs begin to accrue on the date that loans are disbursed.***

Refer to the COD Technical Reference, 2011-2012 for current guidance regarding deadlines and requirements. S.U. may also refer to the Direct Loan School Guide for additional information.

S.U.'s response must describe procedures that the institution will implement in order to correct this deficiency.

SOUTH UNIVERSITY RESPONSE TO FINDING 7

South University has revised its procedures to ensure that the disbursement dates reported to COD match the date the funds were credited to the student ledgers. South University revised its procedures within the COD Export function in our student information system to ensure that the records exported would reflect the date the funds were posted to the student ledgers, which includes all paid disbursements. This procedural change ensures that the disbursement dates reported to COD are the dates that funds are credited to the student's account. We have attached a copy of these procedures.

EDMC

Education Management Corporation

APPENDIX B

June 6, 2012

US Department of Education
Federal Student Aid- School Participation- Atlanta
61 Forsyth Street, Suite 18T20B
Atlanta, GA 30303

Attention: Lisa Lancaster

Re: **Program Review Response**
South University
School Code: 01303900
PRCN: 201140427673

Dear Ms. Lancaster,

We are providing our response to findings #1 from the Program Review that was conducted the week of September 23, 2011 (report issued February 6, 2012), along with the supporting documentation.

We previously submitted our response to findings #3 through #7 on March 29th.

We will also be sending the response via overnight mail just in case you have any issues receiving the file via e-mail.

Please feel free to contact me should you have any questions at (412) 995-7206. Thank you for your continued assistance.

Sincerely,

Richard Them

Richard Them
SVP, Student Finance & Compliance
Education Management Corporation

Finding 1: Verification and Discrepant Applicant Data

Citation: An institution must establish procedures to request, receive, and verify applicant data for students selected by the Central Processing System (CPS) each award year. The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount. (34 C.F.R. §§ 668.16 (f), 668.51 through 668.61, and the Department's Application and Verification Guide.) Students are selected for verification on the basis of application edits specified by the Secretary. There are five required data elements that must be verified. These five items are:

- Household size (HHS);
- Number enrolled in college;
- Adjusted Gross Income (AGI);
- U.S. income tax paid; and,
- Certain untaxed income and benefits.

Supporting documentation obtained from the student (and parents or spouse) is compared to the information reported on the Institutional Student Information Record (ISIR). This documentation must be retained in the student's file as evidence that the verification process was completed.

In addition to reviewing applications selected for verification by the CPS, a school must have an adequate internal system to identify conflicting information regardless of the source and regardless of whether the student is selected for verification that would affect a student's eligibility, such as information from the financial aid, admissions, or any other office. The school must resolve all such conflicting information, except when a student dies during the award year.

If a school has conflicting applicant information, it must resolve the discrepancies before disbursing funds. If S.U. discovers discrepancies after disbursing funds, S.U. must still reconcile the conflicting information and take appropriate action under the specific program requirements.

Regardless of whether the CPS or the school selects the application for verification, all other verification requirements such as deadlines, allowable tolerances, and interim disbursement rules apply.

Note: The tolerance is $400. If the total difference between the incorrect and correct values for certain items is more than $400, the information must be corrected.

Noncompliance: The reviewers noted errors for the following students during the 2011-2012 award year:

Student 24: The 2011-2012 student was selected for verification. However, the institution did not resolve the discrepancy in Adjusted Gross Income (AGI) before disbursing Title IV aid. The ISIR states that the 2009 AGI was $34,803 but the 2009 Tax Transcript reports the AGI as $35,506. The difference of $703 was required to be resolved by the institution because it exceeds the allowable tolerance for errors.

The student's EFC was zero; she was awarded and received the maximum Federal Pell Grant (Pell Grant) ($2775) for the payment period. She also received the maximum Subsidized (Sub) Loan amount of $1750 and the maximum Unsubsidized (Unsub) loan amount of $3000 from the Federal Direct Loan (FDL) program for the payment period.

Student 27: The 2011-2012 student completed and signed an S.U. Application for Financial Aid on June 10, 2011. She reported that she did not have children or dependents that she supported. However, on June 15,2011 the student changed her answer to 'Have Children You Support?' from 'No' to 'Yes' on the 2011-2012 ISIR. This discrepant applicant data was not resolved by institutional officials before aid was disbursed.

The student's recalculated EFC was zero; she was awarded and received the maximum Pell Grant ($2775) for the payment period. She also received the maximum Sub ($1750) and Unsub ($3000) FDL amounts for the payment period.

Student 29: The 2011-2012 student completed and signed an S.U. Application for Financial Aid on June 24,2011. The student reported that she did not have children or dependents that she supported. However, the student's July 8, 2011 ISIR reported that she was supporting three family members, for a total HHS of four. This discrepant applicant data was not resolved by institutional officials before aid was disbursed.

The student's EFC was zero; she was awarded and paid the maximum Pell Grant ($2775) for the payment period. She was also awarded the maximum loan amounts but the institution was in the process of performing a Return of Title IV Funds calculation due to the student's withdrawal from school.

Student 31: The 2011-2012 ISIR reported that this 22 year-old student was married with a total of four family members in the household. The ISIR also reported that of the four members in the household, four were attending college. In addition, there is no income reported for the student or her spouse. This unrealistic and discrepant applicant data was not resolved by institutional officials before aid was disbursed.

The student's EFC was zero; she was awarded and paid the maximum Pell Grant ($2775) for the payment period. The school also disbursed the maximum Sub ($1750) and Unsub ($3000) FDL amounts for the payment period.

Student 32: The 2011-2012 ISIR reported that the student was separated and supporting five children for a total of six in the household. However, the ISIR did not report any income to show how the student supported a family of six. This discrepancy was not resolved by institutional officials before aid was disbursed.

The student's EFC was zero and she was awarded the maximum amount of Pell ($5550); Sub ($3500) and Unsub ($6000) loans for the year. (The student withdrew after 16 days; therefore only $216 in Pell was retained by the institution.)

Required Action: Of the 17 student files tested, the reviewers identified five files containing discrepant applicant data. Due to the high percentage of error (29 %), S.U. is required to review, identify, and correct conflicting applicant data for all students who received need-based Title IV funds from the 2011-2012 award year.

To ensure this is done correctly, the institution must resolve any incomplete or conflicting data. If applicant information varies from data reported on the student's ISIR, the correct information must be obtained and the student's EFC must be recalculated for that student. If the revised EFC results in a change to the amount of Federal Pell Grant, Federal Supplemental Education Opportunity Grant (FSEOG), Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (SMART), and/or subsidized loan funds disbursed to the student, S.U. must report the difference between the correct and incorrect amount for each student. For students in this category, S.U. must provide the following data in a spreadsheet or similar format for EACH Title IV program:

- Student name and social security number
- Original EFC
- Corrected EFC
- Date of Pell disbursement
- Incorrect Pell amount disbursed
- Correct Pell amount student was eligible for
- Overaward amount (amount to be returned).

The results must be provided in this, or a similar format:

Name	SSN	Original EFC	Correct EFC	Disburse Date	Incorrect Pell Paid	Corrected Pell	Difference/ Overaward
Sample	111111111	0	850	9/1/11	$2775	$2350	$425
Sample	222222222	0	302	8/2/11	$2775	$2600	$175
Sample	333333333	0	Unknown	7/8/11	$2775	Unknown	$2775

There must be a separate spreadsheet for each need-based program in which an overaward exists.

If S.U. is unable to obtain a student's required verification documentation (or documents to resolve discrepant data), it must report the total amount of Pell, FSEOG, ACG, SMART, and/or subsidized loan amount disbursed to each student. These funds are considered to be ineligible.

In lieu of performing a file review for the entire population of S.U.'s online and/or blended students (Title IV recipients who were enrolled in a program in which courses were available for students to attend on campus and/or online, referred to as 'blended' programs) to determine actual liabilities, S.U. has the option of performing this file review for only the remainder of the statistical sample not tested by the Department during the program review. The statistical sample that was selected in September 2011 contained only aid recipients enrolled up to that point in the 2011-2012 award year. There were 321 students in the statistical sample and 17 were tested during the program review, therefore, 304 remain. The results from this file review using the statistical sample will be used to project liabilities for the entire population of 1955 students (i. e., the average liability for the recipients in the statistical sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review. The five students noted above (students 24, 27, 29, 31 and 32) must be included in S.U.'s review/correction.

If S.U. wishes to select the projection option, please use the statistical sample listing for the 2011-2012 award year. This list is attached as Appendix B.

If S.U. elects to do the full file review, it is recommended that the institution first review the remainder of the students in the statistical sample. At that point, S.U. may decide to accept liability projection instead of continuing with a full file review.

Institutional officials stated that they were in the process of implementing a new process to improve verification. Regardless of whether S.U. chooses the projection option to determine the error rate, it must review and correct any verification or conflicting data errors for Title IV recipients who enrolled subsequent to September 2011. These files must be reviewed and corrected for accuracy. Any ineligible funds must be returned to the applicable Title IV program.

The institution must engage an Independent Public Accountant (IPA) to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at lisa.lancaster@ed.gov. See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII Separate from the institution's spreadsheet, S.U. must email an access password to Ms. Lancaster.

Instructions for the repayment of any identified liabilities will be provided in the Final Program Review determination letter.

S.U.'s response to this finding must also explain corrective actions the institution will take to complete verification and resolve applicant discrepancies in the future.

SOUTH UNIVERSITY RESPONSE FOR FINDING 1

South University is cognizant of the necessity to resolve conflicting information in order to ensure Title IV funds are awarded correctly. We have updated and implemented a new process to improve verification, to improve compliance going forward. South University has implemented new procedures and controls to verify possible discrepant data to improve compliance going forward:

1. March 6, 2012 low income was questioned if a student reported low income. A resource document would be required for the student to document how they live on low income.
2. April 25, 2012 an updated resource document was implemented to help determine total living expenses and how the student pays for those expenses.
3. Financial Aid Staff at South University and our Central Processing Team (CPT reviews the South files before aid is paid) have been retrained on discrepant data and verification. CPT also has a Quality Assurance Department which randomly reviews files for compliance.

South University has elected to do perform the projection option, utilizing the statistical sample. We have attached the spreadsheet for your review.

As requested as part of the statistical sample, we reviewed the five students the program reviewers indicated were discrepant. We made the following determination/corrections regarding these students:

- Student #24: At the time of review the 2011-2012 ISIR was reviewed, however the reviewer used the 2009 income tax return, which resulted in the finding. The reviewer was given both the 2009 and 2010 taxes and all taxes were on file at the time of review. Upon reviewing the 2010 taxes verification was performed correctly and no adjustments were needed to be made to the student's record. EFC is correct and student is eligible for all aid disbursed
- Student #27: Student verified with us that she indeed does have a child which she does support. The student provided us with a signed statement. ISIR corrections have been made the students EFC does not change and the student is eligible for all aid disbursed.
- Student #29: Student verified with us that she indeed does have a child which she does support. The student provided us with a signed statement. ISIR corrections have been made the students EFC does not change and the student is eligible for all aid disbursed.
- Student #31: Unable to make contact with student, unable to resolve conflict.
- Student #32: Unable to make contact with student, unable to resolve conflict.

We respectfully submit that the amount of any funds to be returned to Title IV lenders should be based on the estimated actual loss formula, which takes into consideration the school's cohort default rate and the amount of interest subsidies and special allowance paid on ineligible loan documents.

We have also included the IPA's report which includes any exceptions noted during its testing. The IPA performed this review based on the Agreed Upon Procedures previously approved by Lisa Lancaster.

EDMC
Education Management Corporation

APPENDIX B

June 6, 2012

US Department of Education
Federal Student Aid- School Participation- Atlanta
61 Forsyth Street, Suite 18T20B
Atlanta, GA 30303

Attention: Lisa Lancaster

Re: **Program Review Response**
South University
School Code: 01303900
PRCN: 201140427673

Dear Ms. Lancaster,

We are providing our response to findings #2 from the Program Review that was conducted the week of September 23, 2011 (report issued February 6, 2012), along with the supporting documentation.

We previously submitted our response to findings #3 through #7 on March 29th.

We will also be sending the response via overnight mail just in case you have any issues receiving the file via e-mail.

Please feel free to contact me should you have any questions at (412) 995-7206. Thank you for your continued assistance.

Sincerely,

Richard Them
SVP, Student Finance & Compliance
Education Management Corporation

Education that Builds Careers
210 Sixth Avenue • 33rd Floor • Pittsburgh, PA • 15222-2603
Phone: 412.562.0900 • Fax: 412.562.0598 • www.edmc.edu

Finding 2: Satisfactory Academic Progress Policy Not Acceptable

Citation: General Provisions 34 C.F.R. §§ 668.16 (e), 668.32, and 668.34 require institutions to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress (SAP) in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards-

(1) Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV assistance;
(2) Include the following elements:
   - A qualitative component which consists of grades, projects completed, or comparable factors that are measurable against a norm;
   - A quantitative component that consists of a maximum timeframe in which a student must complete his or her educational program (the timeframe for an undergraduate program must be no longer than 150% of the published length of the educational program);
   - An incremental component to measure SAP (not to exceed the lesser of one academic year or one-half the published length of the educational program);
   - A schedule designating the minimum percentage of work (or credits) that a student must successfully complete at the end of each increment in order to graduate within the maximum timeframe; and,
   - Specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress.
   - The standards used to judge academic progress include all periods of the student's enrollment. Periods in which the student did not receive Federal funds must be counted.

(3) Provide for consistent application of standards within categories of students (e.g., fulltime, part-time, undergraduate, and graduate students);
(4) Provide for a determination at the end of each increment as to whether the student has met the qualitative and quantitative components of the standards;
(5) Provide specific procedures under which a student may appeal a determination that he or she is not making satisfactory progress; and
(6) Provide specific procedures for a student to re-establish that he or she is maintaining satisfactory progress.

In addition, 34 C.F.R. § 668.34 states that to be eligible to receive Title IV funds after the second year of study, a student is making progress if these conditions are met:

- At the end of the second year, he or she has a grade point average (GPA) of at least a "C" or its equivalent (or has academic standing consistent with the institution's requirements for graduation), or,
- The institution determines that the student's failure to meet SAP requirements is based upon either-.
   - The death of a relative of the student;
   - An injury or illness of the student; or
   - Other special circumstances.
- At a minimum, an institution must review a student's academic progress at the end of each year

The Department published amendments to SAP on October 29, 2010, which became effective on July 1, 2011. Among those changes, one significant modification is that the policy provides that a student's academic progress is evaluated-

- At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or
- For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period.

There are options a school has with respect to a student not making SAP:

- Placing a student on financial aid warning (a status assigned to a student who fails to make satisfactory academic progress at an institution that evaluates academic progress at the end of each payment period), or,
- Placing a student on financial aid probation (a status assigned by an institution to a student who fails to make satisfactory academic progress, who has appealed, and has had eligibility for aid reinstated).

Please refer to 34 C.F.R. § 668.34 for additional amendments to SAP requirements.

Noncompliance: The institution made numerous changes to its SAP policy since 2009. These changes were not clearly identified, nor was there a policy to address how aid for Tile IV recipients would be treated during transition periods.

Changes made to S.U.'s SAP policy were as follows:

Undergraduate and Graduate SAP Policies
Source: South University Academic Catalog 2009-2010
Publication Date: 2.26.09
Effective Date: For course terms beginning on or after 2.26.09

Revised Undergraduate SAP Policy
Source: South University Academic Catalog Addendum A
Publication Date: 6.30.09
Effective Date: For course terms beginning on or after 6.30.09

Revised Undergraduate SAP Policy
Source: South University Academic Catalog Addendum B
Publication Date: 10.5.09
Effective Date: For course terms beginning on or after 10.5.09

Undergraduate SAP Policy
Source: South University Academic Catalog Addendum I
Publication Date: 11.2.10
Effective Date: For course terms beginning on or after 1.1.11

Undergraduate and Graduate SAP Policies
Source: South University Academic Catalog 2010-2011
Publication Date: 12.9.10
Effective Date: For course terms beginning on or after 1.1.11

Revised Undergraduate SAP Policy
Source: South University Academic Catalog Addendum III
Publication Date: December 2010
Effective Dote: For course terms beginning on or after 1.1.11

Revised Undergraduate and Graduate SAP Policies (all except capped AA, PA, PharmD)
Source: South University Academic Catalog Addendum VI
Publication Date: 6.28.11
Effective Date: For course terms beginning on or after 7.1.11

The institution is not in compliance with its Program Participation Agreement or administrative capability requirements, which state that an institution will establish and maintain procedures necessary to ensure proper and efficient administration of funds. The Secretary considers an institution's standards to be reasonable if they are in accordance with the above regulations. 34 C.F.R. §§ 668.14 and 668.16 (e).

Until December 31, 2010, S.U. monitored SAP (qualitative and quantitative components) for undergraduate degree students at the following increments based on payment periods (which were quarter terms):

- At the end of the 3rd academic term
- At the end of the 5th academic term
- At the end of the 7th academic term, and,
- Every other term thereafter (9th, 11th, 13th, and so forth).

However, effective January 1, 2011, S.U. changed from a term-based (quarter) academic year to a non-term academic year, thus eliminating quarters as incremental SAP checks. The revised policy states that a student's evaluation of SAP would take place within the following categories:

- After attempting 12 to 20 credit hours
- After attempting 32 to 40 credit hours
- After attempting 52 to 60 credit hours
- After attempting 72 to 80 credit hours
- After attempting 92 to 100 credit hours
- After attempting 112 to 120 credit hours.

This revised policy is not permissible because it does not provide for the evaluation of SAP at the end of each payment period or academic year. It is not acceptable to evaluate a student's SAP somewhere within a range of attempted and completed courses. This policy was also not in compliance because it did not require a cumulative GPA of at least a 'C' or its equivalent at the end of a student's second year (regardless of how many credits a student has accrued). A 'C' or 2.0 GP A was not required until a student's third year.

Another revision to SAP followed. Effective July 1, 2011, evaluation points changed again. The new policy addresses on-campus and on-line students separately, with both evaluation points based on quarters (similar to the earlier policy dating back to 2009). While this may be acceptable for on-campus students, it is not acceptable for on-line students because of the January 1, 2011 change to a non-term academic year. Because quarters no longer exist for on-line students, SAP must be monitored by payment periods as defined by the institution (in credits and weeks).

Required Action: S.U. is required to immediately correct its SAP policy for on-line students. The revised policy must clearly address all elements required by 34 C.F.R. §§668.16 (e), 668.32, and 668.34. S.U. must apply the revised policy to all students who received any type of Title IV aid between January 1, 2011 and June 30, 2011. S.U. must check each student's qualitative and quantitative progress. and, its determination must be made on a payment period basis.

Next, S.U. must provide the listing of all students who received Title IV aid between January 1, 2011 and June 30, 2011 with an indication of whether he or she was making SAP according to the revised policy. The following items must be provided in spreadsheet format, and include the following data:

- Student name and social security number
- Making SAP: Yes/No
- If "No," report the amount of ineligible aid by program and disbursement date.

Please include all types of Title IV aid and use the following or similar format:

Name	SSN	SAP Yes/No	Pell Overaward	Disburse Date	Sub Loan Overaward	Disburse Date	Unsub Loan Overaward	Disburse Date
Sample	666666666	No	$2250	4/1/11	$2775	5/1/11	NA	NA
Sample	888888888	Yes						
Sample	999999999	No	NA	NA	$1750	2/12/11	$2775	2/12/11

Please submit S.U.'s revised SAP policy to our office for review and approval prior to the start of this file review. Additional information will be requested if necessary.

Once the revised SAP policy has been approved, the institution must engage an IPA to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting, including the confirmation of applicable documents, files reviewed, and the sampling formulas used.

The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at lisa.lancaster@ed.gov. See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing P II Separate from your spreadsheet; you must email an access password to Ms. Lancaster.

With respect to the current award year (2011-2012), S.U. is required to make any necessary corrections or adjustments for students who are not in compliance with the new SAP policy. The auditor must attest to this in your next non-Federal audit.

SOUTH UNIVERSITY RESPONSE FOR FINDING 2

South University understands the importance of establishing and maintaing reasonable standards for measuring the satisfactory academic progress (SAP) of the students.

Regarding the policy changes referenced above, we would like to clarify the that South University has only changed their Undergraduate and Graduate SAP policies twice since 2009, in the 2010-2011 Addendum I and 2010-2011 Addendum VI. We created new SAP polices for BSN, MSN and DBA programs to address the needs of those programs. The changes to the SAP policy were:

- The South University 2009-2010 South University Catalog was published on February 26, 2009. On June 30, 2009, the 2009-2010 Addendum I was published which contained a SAP policy specific to the Bachelor of Science in Nursing (BSN) program on pages 9 to 10. This was not a change to the University's undergraduate SAP policy, but the addition of a policy to address the unique needs of the BSN program. On October 5, 2009, the 2009-2010 Addendum B was published, which contained a reprint of the BSN SAP policy (pages 20-21) that had been previously published in Addendum I. There were no changes to the BSN SAP policy from the previous printing.
- On November 2, 2010, the 2010-2011 Addendum I was published which contained a new Undergraduate SAP policy (page 16 to 20) to go into effect in January, 2011. In addition this addendum contained a revision to the "Schedule for Removal from Academic Probation" information for the Graduate SAP policy and the College of Business Graduate SAP policy. The 2010-2011 South University Catalog was published on December 9, 2010. Unfortunately this catalog did not include the Undergraduate and Graduate SAP policy changes that had been published in Addendum I in November. The Undergraduate and Graduate SAP policy published on page 85 to 87 are the policies from the 2009-2010 catalog. In addition, the 2010-2011 South University Catalog contained two new SAP Policies. On page 57 of the catalog is the new Master of Science in Nursing (MSN) SAP policy and on page 68 of the catalog is the Doctorate of Business Administration (DBA) SAP policy. The DBA program was a new program for South University and required a SAP policy specific to the program. The 2010-2011 Addendum III was published in December 2010. This addendum contained a reprint of the Undergraduate and Graduate SAP policies originally published in Addendum I. No changes occurred in the reprint of the policies.
- On June 28, 2011, the 2010-2011 Addendum VI was published. This addendum includes a revised Undergraduate and Graduate SAP policies. These new policies were written in direct response to the new Department of Education regulations effective for July, 2011.

We have attached the requested spreadsheet, which contains all students who attended between Online between January 1, 2011 and June 30, 2011. These students were reviewed based upon the policy approved by Lisa Lancaster on April 2, 2012.

We respectfully submit that the amount of any funds to be returned to Title IV lenders should be based on the estimated actual loss formula, which takes into consideration the school's cohort default rate and the amount of interest subsidies and special allowance paid on ineligible loan documents.

We have also included the IPA's report which includes any exceptions noted during its testing.

EDMC

Education Management Corporation

September 26, 2012

US Department of Education
Federal Student Aid- School Participation- Atlanta
61 Forsyth Street, Suite 18T20B
Atlanta, GA 30303

Attention: Lisa Lancaster

Re: **Program Review Response**
South University
School Code: 01303900
PRCN: 201140427673

Dear Ms. Lancaster,

We are providing our revised response to findings #2 from the Program Review that was conducted the week of September 23, 2011 (report issued February 6, 2012), along with the supporting documentation based on your letter dated August 27, 2012.

Please feel free to contact me should you have any questions at (412) 995-7206. Thank you for your continued assistance.

Sincerely,

Richard Them
SVP, Student Finance & Compliance
Education Management Corporation

Finding 2: Satisfactory Academic Progress Policy Not Acceptable

S.U. was required to correct its Satisfactory Academic Progress Policy (SAP) policy for on-line students and apply the revised policy to all students who received any type of Title IV aid between January 1, 2011 and June 30, 2011.

S.U. was then required to provide a listing of all students who received Title IV aid between January 1, 2011 and June 30, 2011 with an indication of whether he or she was making SAP according to the revised policy. However, several problems were identified upon our review of S.U.'5 response to this finding. Noted deficiencies are as follows:

- The institution's June 6, 2012 response provided a spreadsheet containing the names of all 8142 students who were reviewed for .SAP. However, the Independent Public Accountants' (IPAs') attestation of this review states that they (the IPAs) tested 367 students out of a total population of 8260. Therefore, there is a discrepancy in the number of Title IV recipients reviewed for this finding.
- The institution's spreadsheet reporting students reviewed for SAP contained many students who were identified as *not* making SAP, yet Title IV funds received by those students were *not* reported as ineligible.

The above concerns led to an August 20, 2012 conference call between me, school officials and the auditors involved with this finding. During this discussion, it was realized and confirmed that there was a conflict between the list of students reviewed by the auditors and the list provided with the institution's June 6, 2012 response; the number of students varies.

With respect to the question of why Title IV funds received by students *not* making SAP were not reported as ineligible, the school stated that some students were eligible for 2010-2011 award year funds prior to not making SAP, but no further funds were disbursed subsequent to the student failing to make SAP. However, through further discussion it was realized that there was also a discrepancy in the names of students listed as making, versus not making SAP. Accordingly, six randomly selected student files were requested from school officials for additional testing.

Our review of academic transcripts, and student account ledgers resulted in questions that need clarification for four of the six students as follows:

- Student 1: The student appeared to be making SAP; therefore it is not clear why she was reported as not making SAP.
- Student 3: The student appeared to be making SAP; therefore it is not clear why she was reported as not making SAP.
- Student 5: The student does not appear to be making SAP at the time Title IV funds were disbursed on August 5, 2011. The student's grade point average (GPA) was below the required minimum of 2.0.
- Student 6: The student does not appear to be making SAP as of March 26, 2011, however, Pell Grant funds were disbursed subsequent to that date.

Information Needed to Correct the Response:
Due to the numerous errors, S.U. is required to immediately re-review the status of SAP for all students who received any type of Title IV aid between January 1, 2011 and June 30, 2011. S.U. must check each student's qualitative and quantitative progress on a payment period basis. Next, you must submit a corrected listing of all students who received Title IV aid with an indication of whether or not each student was making SAP according to S.U.'s revised policy. The following items must be provided in spreadsheet format. And include the following data:

- Student name and social security number
- Making SAP: Yes / No
- If "No," report the amount of ineligible aid by program and disbursement date.

S.U. must also submit a separate summary of how SAP was evaluated for each of the four students (1, 3, 5 and 6) noted above.

The institution must engage the IPA to re-test its review. The IPA must prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's revised response for this finding.

Please send the file review summary report (spreadsheet) by email to lisa.lancaster@ed.gov. See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing P II Separate from your spreadsheet; you must email an access password to me.

Name	SSN	SAP Yes/No	Pell Overaward	Disburse Date	Sub Loan Overaward	Disburse Date	Unsub Loan Overaward	Disburse Date
Sample	666666666	No	$2250	4/1/11	$2775	5/1/11	NA	NA
Sample	888888888	Yes						
Sample	999999999	No	NA	NA	$1750	2/12/11	$2775	2/12/11

The resubmission of S.U.'s response to these findings must be submitted within 30 calendar days of the date of this letter. If this corrected response is not received by that date, a Final Program Review Determination may be issued based upon information received by that date.

SOUTH UNIVERSITY RESPONSE FOR FINDING 2

Regarding the four students referenced above, for students #1, #3 and #6 we agree with the reviewer's findings and we have updated the spreadsheet accordingly. For student #5, while we agree, the student was on the sheet as not making SAP, however the aid was not listed as it was disbursed after the time frame requirements. The spreadsheet has been updated to reflect the disbursements made after June 30, 2011. These students were correctly reviewed based upon the policy approved by Lisa Lancaster on April 2, 2012; however they were incorrectly entered on the spreadsheet. We have included a separate spreadsheet listing these students.

South University appreciates the opportunity to rectify any discrepancies in our previous response. We have conducted the requested re-review as specified above. And as discussed we prepared two spreadsheets to differentiate those students who would not have been required to be evaluated for SAP by June 30, 2012. The re-review resulted in an increase of liability of $109,447.

As requested, we have also included the IPA's report which includes any exceptions noted during its testing.

Statistical Sample Projection Matrix - Single Finding

Institution: S.U.-Savannah 2010-2011 (Appendix C)

Population Size: 1955

Statistical Sample Size: 321

Finding: Verification

Liability Projection Worksheet

	Year	Name:	SSN:	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG	FWS	ACG	SMART
1		(b)(6); (b)(7(C) [redacted]		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4				1750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29				1304.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
36				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
42				1044.00	0.00	0.00	0.00	94.00	0.00	0.00	0.00

(b)(6); (b)(7(C)

43	[redacted]	2775.00	0.00	779.00	0.00	0.00	0.00	0.00	0.00
44	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
45	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
46	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
47	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
48	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
49	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
51	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
52	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
53	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
54	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
55	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
56	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
57	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
58	[redacted]	2775.00	0.00	1750.00	0.00	94.00	0.00	0.00	0.00
59	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60	[redacted]	2607.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
61	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
62	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
63	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
64	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
65	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
66	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
67	[redacted]	430.00	0.00	0.00	0.00	94.00	0.00	0.00	0.00
68	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
69	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
70	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
71	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
72	[redacted]	72.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
73	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
74	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
76	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
77	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
78	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
79	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
80	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
81	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
82	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
83	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
84	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
85	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
86	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
87	[redacted]	2775.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
88	[redacted]	1550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
89	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
91	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
92	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
93	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
94	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
96	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

97	(b)(6); (b)(7(C) [redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
98		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
99		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100		2775.00	0.00	867.00	0.00	0.00	0.00	0.00	0.00
101		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
102		2775.00	0.00	764.00	0.00	0.00	0.00	0.00	0.00
103		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
104		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
105		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
106		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
107		2145.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
108		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
109		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
110		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
111		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
112		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
113		2775.00	0.00	286.00	0.00	0.00	0.00	0.00	0.00
114		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
115		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
116		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
117		100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
118		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
119		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
120		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
121		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
122		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
123		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
124		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
125		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
126		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
127		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
128		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
129		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
130		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
131		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
132		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
133		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
134		2775.00	0.00	1456.00	0.00	0.00	0.00	0.00	0.00
135		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
136		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
137		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
138		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
139		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
140		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
141		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
142		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
143		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
144		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
145		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
146		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
147		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
148		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
149		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
150		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(b)(6); (b)(7(C)

151	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
152	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
153	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
154	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
155	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
156	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
157	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
158	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
159	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
160	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
161	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
162	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
163	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
164	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
165	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
166	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
167	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
168	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
169	[redacted]	2775.00	**0.00**	646.00	**0.00**	**94.00**	**0.00**	**0.00**	**0.00**
170	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
171	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
172	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
173	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
174	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
175	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
176	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
177	[redacted]	2775.00	**0.00**	803.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
178	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
179	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
180	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
181	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
182	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
183	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
184	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
185	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
186	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
187	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
188	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
189	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
190	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
191	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
192	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
193	[redacted]	866.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
194	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
195	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
196	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
197	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
198	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
199	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
200	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
201	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
202	[redacted]	2775.00	**0.00**	870.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
203	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
204	[redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

205	(b)(6); (b)(7(C) [redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
206		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
207		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
208		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
209		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
210		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
211		2198.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
212		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
213		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
214		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
215		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
216		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
217		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
218		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
219		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
220		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
221		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
222		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
223		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
224		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
225		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
226		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
227		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
228		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
229		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
230		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
231		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
232		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
233		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
234		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
235		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
236		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
237		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
238		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
239		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
240		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
241		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
242		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
243		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
244		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
245		0.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**	**0.00**	0.00
246		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
247		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
248		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
249		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
250		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
251		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
252		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
253		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
254		1424.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
255		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
256		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
257		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
258		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

259	(b)(6); (b)(7(C) [redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
260		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
261		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
262		2775.00	**0.00**	1750.00	**0.00**	**93.00**	**0.00**	**0.00**	**0.00**
263		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
264		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
265		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
266		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
267		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
268		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
269		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
270		1610.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
271		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
272		2775.00	**0.00**	595.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
273		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
274		216.00	**0.00**	0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
275		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
276		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
277		0.00	0.00	1168.00	0.00	0.00	0.00	0.00	0.00
278		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
279		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
280		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
281		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
282		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
283		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
284		1850.00	**0.00**	2334.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
285		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
286		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
287		2775.00	**0.00**	0.00	**0.00**	**93.00**	**0.00**	**0.00**	**0.00**
288		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
289		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
291		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
292		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
293		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
294		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
295		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
296		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
297		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
298		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
299		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
300		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
301		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
302		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
303		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
304		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
305		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
306		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
307		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
308		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
309		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
310		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
311		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
312		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

		Pell	Unsub Loan	Sub Loan	Perkins	FSEOG	FWS	ACG	SMART
313	(b)(6); (b)(7(C) [redacted]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
314		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
315		2775.00	**0.00**	1750.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
316		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
317		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
318		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
319		5550.00	**0.00**	3500.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
320		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
321		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Verification Liability Projection

	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG	FWS	ACG	SMART
Total Liability in Sample	$63,566.00	$0.00	$19,318.00	$0.00	$562.00	$0.00	$0.00	$0.00
Number of Students in Population	1955	1955	1955	1955	1955	1955	#REF!	#REF!
Number of Students in Sample	321	321	321	321	321	321	#REF!	#REF!
Average Liability Per Student in Sample	$198.02	$0.00	$60.18	$0.00	$1.75	$0.00	$0.00	$0.00
UCL:	$525,190.38	$0.00	$180,824.01	$0.00	$5,905.51	$0.00	#REF!	#REF!
Projected Liability	**$387,129.10**	**$0.00**	**$117,651.90**	**$0.00**	**$3,421.25**	**$0.00**	**#REF!**	**#REF!**
LCL:	$249,067.82	$0.00	$54,479.79	$0.00	$936.99	$0.00	#REF!	#REF!
UCL:	10.3%	0.0%	5.2%	0.0%	2.1%	0.0%	#REF!	#REF!
Projected Fatal Error Rate	9.3%	0.0%	4.7%	0.0%	1.9%	0.0%	#REF!	#REF!
LCL:	8.4%	0.0%	4.2%	0.0%	1.7%	0.0%	#REF!	#REF!
Standard Deviation	706.104409	0.000000	323.089178	0.000000	12.705567	0.000000	0.000000	0.000000
Plus/Minus for UCL/LCL	138061.28	0.00	63172.11	0.00	2484.26	0.00	#REF!	#REF!
Records	321	321	321	321	321	321	321	321

Appendix D - Estimated Actual Loss Worksheet

S.U. **Projected Liab - Finding 1: Verification**

1. ***Select*** Type	Four-Year
2. ***Select*** Award Year	2011-12
3. ***Enter*** Cohort Default Rate	11.9%
and/or Perkins Default Rate	

4. ***Enter*** Ineligible Principal	*Ineligible Principal*	*Estimated Defaults*
a. DL Subsidized	$ 117,651.90	$ 14,000.58
b. DL Unsubsidized		$ -
c. FFEL Subsidized		$ -
d. FFEL Unsubsidized		$ -
e. PLUS (DL, FFEL)		$ -
f. Perkins		$ -

Disb to Repayment	969
Repayment to Default	619
Repayment to PIF	1712

Estimated Actual Loss Interest and Special Allowance Breakdown		
	Disb to Repayment	
	DL Subsidized	$ 10,619.54
	FFEL Sub	$ -
	FFEL Unsub	$ -
	Repayment to Default	
	FFEL Subsidized	$ -
	FFEL Unsub	$ -
	Repayment to PIF	
	FFEL Subsidized	$ -
	FFEL Unsub	$ -
	Perkins Interest	$ -

Totals - Estimated Actual Loss By Program (Including Interest and Special Allowance)		
	DL Subsidized	$ 24,620.11
	DL Unsubsidized	$ -
	FFEL Subsidized	$ -
	FFEL Unsub	$ -
	PLUS (DL, FFEL)	$ -
	Perkins	$ -

Total Estimated Actual Loss Liability **$ 24,620.11**

The "Total Estimated Liability" shown on this worksheet is the Department's estimate of the "actual loss" to the Department that has or will result from the ineligible FFEL and Direct Loan program loans made by your institution. Estimated defaults are calculated using the most appropriate cohort default rate published by the Department.

The Department's loss for excess subsidies paid to lenders for ineligible loans is estimated by using the average number of days from:

- disbursement to entering repayment,
- repayment to default, and
- repayment to paid-in-full.

The averages used are from historical information supplied to the Department from all guarantee agencies.

Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance

S.U. **Appendix E - Finding 1: Verification (Projected Liab.)**

No.	Description/Name	Ineligible Disbrsmnt	Program	Disbursement Date	Return Paid Date	No. of Days	CVFR or Interest	Federal Share	To ED	To Inst Accounts
	F1: Verification	$387,129.00	Pell Grant	8/12/2011	6/6/2012	299	1.00%	$387,129.00	$ 3,171.28	$ -
	F1: Verification	$3,421.00	FSEOG	8/19/2011	6/6/2012	292	1.00%	$ 2,565.75	$ 20.53	$ -

Total Ineligible	$390,550.00

	To ED	To Inst Accounts
Totals	$ 3,191.80	$ -
ACA Liability		

Campus-Based Amounts Spent (from FISAP, Part VI, Section B)

Federal FWS	
Federal SEOG	
Federal Perkins	
Total C-B Spent	$ -
ACA Percentage	

	Total	Federal Share
Pell	$387,129.00	$ 387,129.00
ACG	$ -	$ -
SMART	$ -	$ -
TEACH	$ -	$ -
FWS	$ -	$ -
FSEOG	$ 3,421.00	$ 2,565.75
Perkins	$ -	$ -
FWS-50% Match	$ -	$ -
FWS-No Match	$ -	$ -
FSEOG-No Match	$ -	$ -
Perkins-No Match	$ -	$ -
Total Campus-Based	$ 3,421.00	$ 2,565.75

Interest Breakdown

Pell Grants	$ 3,171.28	$ -
ACG	$ -	$ -
SMART	$ -	$ -
TEACH	$ -	$ -
FWS	$ -	$ -
FSEOG	$ 20.53	$ -
Perkins	$ -	$ -
FWS-50% Match	$ -	$ -
FWS-No Match	$ -	$ -
FSEOG-No Match	$ -	$ -
Perkins-No Match	$ -	$ -

ACA Breakdown

FWS	
FSEOG	
Perkins	
FWS-50% Match	
FWS-No Match	
FSEOG-No Match	
Perkins-No Match	

Appendix F - Estimated Actual Loss Worksheet

S.U. **Finding 2: SAP**

1. Select Type	Four-Year
2. Select Award Year	2010-11
3. Enter Cohort Default Rate	11.9%
and/or Perkins Default Rate	

4. Enter Ineligible Principal	***Ineligible Principal***	***Estimated Defaults***
a. DL Subsidized	$ 127,134.96	$ 15,129.06
b. DL Unsubsidized	$ 262,075.00	$ 31,186.93
c. FFEL Subsidized		$ -
d. FFEL Unsubsidized		$ -
e. PLUS (DL, FFEL)		$ -
f. Perkins		$ -

Disb to Repayment	969
Repayment to Default	619
Repayment to PIF	1712

Estimated Actual Loss Interest and Special Allowance Breakdown		
	Disb to Repayment	
	DL Subsidized	$ 12,339.58
	FFEL Sub	$ -
	FFEL Unsub	$ -
	Repayment to Default	
	FFEL Subsidized	$ -
	FFEL Unsub	$ -
	Repayment to PIF	
	FFEL Subsidized	$ -
	FFEL Unsub	$ -
	Perkins Interest	$ -

Totals - Estimated Actual Loss By Program (Including Interest and Special Allowance)		
	DL Subsidized	$ 27,468.64
	DL Unsubsidized	$ 31,186.93
	FFEL Subsidized	$ -
	FFEL Unsub	$ -
	PLUS (DL, FFEL)	$ -
	Perkins	$ -

Total Estimated Actual Loss Liability	**$ 58,655.57**

The "Total Estimated Liability" shown on this worksheet is the Department's estimate of the "actual loss" to the Department that has or will result from the ineligible FFEL and Direct Loan program loans made by your institution. Estimated defaults are calculated using the most appropriate cohort default rate published by the Department.

The Department's loss for excess subsidies paid to lenders for ineligible loans is estimated by using the average number of days from:

- disbursement to entering repayment,
- repayment to default, and
- repayment to paid-in-full.

The averages used are from historical information supplied to the Department from all guarantee agencies.

Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance

S.U. **Appendix G - Finding 2: SAP**

No.	Description/Name	Ineligible Disbrsmnt	Program	Disburseme nt Date	Return Paid Date	No. of Days	CVFR or Interest	Federal Share	To ED	To Inst Accounts
	SAP	$94,702.00	Pell Grant	6/30/2011	6/6/2012	342	1.00%	$ 94,702.00	$ 887.34	$ -
	SAP	$100.00	FSEOG	6/30/2011	6/6/2012	342	1.00%	$ 75.00	$ 0.70	$ -

Total Ineligible	$94,802.00	
Totals	$ 888.05	$ -
ACA Liability		

Campus-Based Amounts Spent (from FISAP, Part VI, Section B)

Federal FWS	
Federal SEOG	
Federal Perkins	
Total C-B Spent	$ -
ACA Percentage	

	Total	Federal Share
Pell	$ 94,702.00	$ 94,702.00
ACG	$ -	$ -
SMART	$ -	$ -
TEACH	$ -	$ -
FWS	$ -	$ -
FSEOG	$ 100.00	$ 75.00
Perkins	$ -	$ -
FWS-50% Match	$ -	$ -
FWS-No Match	$ -	$ -
FSEOG-No Match	$ -	$ -
Perkins-No Match	$ -	$ -
Total Campus-Based	$ 100.00	$ 75.00

Interest Breakdown

Pell Grants	$ 887.34	$ -
ACG	$ -	$ -
SMART	$ -	$ -
TEACH	$ -	$ -
FWS	$ -	$ -
FSEOG	$ 0.70	$ -
Perkins	$ -	$ -
FWS-50% Match	$ -	$ -
FWS-No Match	$ -	$ -
FSEOG-No Match	$ -	$ -
Perkins-No Match	$ -	$ -

ACA Breakdown

FWS	
FSEOG	
Perkins	
FWS-50% Match	
FWS-No Match	
FSEOG-No Match	
Perkins-No Match	

APPENDIX H

Revised by EDMC for S.U. October 19, 2012

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
(b)(6); (b)(7(C) [redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	5/24/2011	$0.00	5/24/2011	$0.00	5/21/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 1,078.00	5/26/2011	$1,937.00	5/26/2011	$2,775.00	5/26/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	5/12/2011	$2,985.00	5/12/2011	$2,775.00	5/12/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	5/3/2011	$2,985.00	6/20/2011	$950.00	4/11/2011	--	--
		No	3/26/11	--	--	$ 2,240.00	5/2/2011	$2,985.00	5/2/2011	$2,775.00	5/2/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	5/28/2011	$0.00	5/28/2011	$118.00	5/29/2011	--	--
		No	6/11/11	--	--	--	--	--	--	--	--	--	--
		No	8/3/2011	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 1,742.00	6/21/2011	$2,985.00	6/21/2011	$2,775.00	6/22/2011	--	--
		No	5/11/11	--	--	$ 954.00	6/14/2011	$4,271.00	6/16/2011	$2,442.51	6/22/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	5/22/2011	$0.00	5/22/2011	$0.00	5/22/2011	--	--
		No	5/11/11	--	--	$ 1,742.00	5/26/2011	$2,985.00	5/26/2011	$1,079.00	5/26/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	5/21/2011	$0.00	5/21/2011	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	4/7/2011	$2,985.00	4/7/2011	$2,775.00	4/19/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,358.00	4/21/2011	$3,371.00	4/21/2011	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	4/11/2011	$0.00	4/11/2011	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 2,737.00	5/20/2011	$3,483.00	5/20/2011	$2,775.00	5/20/2011	--	--
		No	3/26/11	--	--	$ 1,742.00	4/12/2011	$2,985.00	4/12/2011	$2,775.00	4/14/2011	--	--

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
(b)(6); (b)(7(C) [redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 2,820.00	5/12/2011	$3,980.00	5/12/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	6/11/2011	$0.00	6/11/2011	$32.00	6/11/2011	--	--
		No	3/26/11	--	--	$ -	4/8/2011	$0.00	4/8/2011	$0.00	4/5/2011	--	--
		No	5/11/11	--	--	$ 1,185.00	5/12/2011	$2,030.00	5/12/2011	$925.00	5/12/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	$0.00	5/21/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	$1,401.00	4/19/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	6/2/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	6/24/2011	$2,985.00	6/24/2011	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	$843.00	4/7/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 2,737.00	6/21/2011	$3,483.00	6/21/2011	$2,650.00	6/22/2011	--	--
		No	5/11/11	--	--	$ 1,735.00	6/16/2011	$2,985.00	5/31/2011	--	--	--	--
		No	3/26/11	--	--	$ 8,458.00	5/14/2011	$5,032.00	5/14/2011	--	--	--	--
		No	5/11/11	--	--	$ -	5/22/2011	$0.00	5/22/2011	$0.00	5/22/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 2,820.00	5/12/2011	$3,980.00	5/12/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	5/22/2011	$0.00	5/22/2011	$0.00	5/22/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/18/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,161.00	4/4/2011	$1,990.00	4/5/2011	$925.00	4/4/2011	--	--
		No	3/26/11	--	--	$ 1,742.00	4/19/2011	$2,985.00	4/19/2011	$2,775.00	4/19/2011	--	--
		No	6/18/11	--	--	--	--	--	--	$463.00	8/22/2011	--	--
		No	3/26/11	--	--	$ 1,161.00	4/5/2011	$109.00	5/10/2011	$463.00	4/30/2011	--	--
		No	5/11/11	--	--	$ 4,229.00	6/9/2011	$5,970.00	6/9/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
(b)(6); (b)(7(C) [redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/23/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ -	5/14/2011	$0.00	5/14/2011	$1,303.00	5/14/2011	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	$ 1,742.00	6/10/2011	$2,985.00	6/13/2011	$462.00	6/10/2011	--	--
[redacted]		No	Student Not Dis	5/4/2011	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ 2,239.00	4/19/2011	$2,985.00	4/19/2011	$2,775.00	4/19/2011	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ 4,229.00	4/8/2011	$5,970.00	4/8/2011	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/10/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	$191.00	5/19/2011	--	--
[redacted]		No	5/11/11	--	--	$ -	5/22/2011	$0.00	5/22/2011	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ 2,820.00	4/4/2011	$3,982.00	4/5/2011	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	6/18/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ -	5/17/2011	$0.00	5/17/2011	$1,304.00	5/17/2011	--	--
[redacted]		No	5/11/11	--	--	$ 1,493.00	5/12/2011	$1,990.00	5/12/2011	$925.00	5/13/2011	--	--
[redacted]		No	3/26/11	--	--	$ 1,742.00	5/12/2011	$2,985.00	5/12/2011	$2,775.00	5/12/2011	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	$76.00	5/23/2011	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ 1,627.00	4/5/2011	$2,603.00	4/5/2011	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	$ 1,161.00	5/12/2011	$1,991.00	5/12/2011	$925.00	5/5/2011	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	$ 1,161.00	4/6/2011	$109.00	4/30/2011	$463.00	4/4/2011	$100.00	4/4/2011
[redacted]		No	Student Not Dis	3/26/2011	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	$2,775.00	6/13/2011	--	--
[redacted]		No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
[redacted]		No	5/11/11	--	--	$ -	5/22/2011	$0.00	5/22/2011	$0.00	5/18/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	4/25/2011	$2,985.00	4/25/2011	--	--	--	--
		No	3/26/11	--	--	$ 1,162.00	4/21/2011	$1,990.00	4/21/2011	$1,974.00	4/7/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 851.00	6/2/2011	$0.00	6/2/2011	$463.00	5/25/2011	--	--
		No	5/11/11	--	--	--	--	--	--	$2,775.00	6/16/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	5/14/2011	$0.00	5/14/2011	$0.00	5/14/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	4/21/2011	$546.00	4/21/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,060.00	5/3/2011	$1,990.00	5/3/2011	$2,312.00	5/3/2011	--	--
		No	3/26/11	--	--	$ -	4/15/2011	$0.00	4/16/2011	$0.00	4/15/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	6/8/2011	$0.00	6/8/2011	$1,197.00	6/8/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 1,742.00	5/27/2011	$2,985.00	5/27/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,742.00	6/8/2011	$2,985.00	6/14/2011	$2,775.00	5/26/2011	--	--
		No	3/26/11	--	--	$ 1,493.00	4/4/2011	$1,990.00	4/5/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	4/8/2011	$0.00	4/8/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
(b)(6); (b)(7(C) [redacted]	[redacted]	No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ -	4/8/2011	$0.00	4/8/2011	$0.00	4/8/2011	--	--
[redacted]	[redacted]	No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ -	4/8/2011	$0.00	4/8/2011	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/4/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	$ 1,161.00	5/12/2011	$1,990.00	5/12/2011	$925.00	5/12/2011	--	--
[redacted]	[redacted]	No	5/11/11	--	--	--	--	$6,800.00	5/12/2011	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	$0.00	4/22/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	$ 4,229.00	6/23/2011	$5,970.00	6/23/2011	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ -	6/17/2011	$0.00	6/17/2011	$219.00	6/17/2011	--	--
[redacted]	[redacted]	No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ -	5/13/2011	$0.00	5/13/2011	$1,098.00	5/13/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	$ 113.00	5/9/2011	$ 1,161.00	4/4/2011	$275.00	4/4/2011	$463.00	5/5/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	$ 2,239.00	6/1/2011	$2,985.00	6/1/2011	$2,775.00	6/1/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	$ -	5/25/2011	$0.00	5/25/2011	$0.00	5/22/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	$ 2,239.00	5/27/2011	$2,985.00	5/31/2011	$925.00	5/31/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ 4,229.00	9/1/2011	$2,102.00	9/1/2011	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ 1,161.00	4/4/2011	$42.00	5/4/2011	$463.00	5/3/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	$ -	5/20/2011	$0.00	5/20/2011	$77.00	5/20/2011	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	3/26/11	--	--	--	--	--	--	--	--	--	--
[redacted]	[redacted]	No	5/11/11	--	--	$ 2,239.00	6/27/2011	$2,985.00	6/27/2011	$2,775.00	6/27/2011	--	--

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
(b)(6); (b)(7(C) [redacted]	[redacted]	No	3/26/11	$ 1,850.00	8/5/2011	$ 1,708.00	8/5/2011	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	5/18/2011	$0.00	5/18/2011	$185.00	5/18/2011	--	--
		No	3/26/11	--	--	$ 1,161.00	4/4/2011	$1,990.00	4/4/2011	$925.00	4/1/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,825.00	4/4/2011	$2,323.00	4/4/2011	$666.00	3/28/2011	--	--
		No	3/26/11	--	--	$ 1,493.00	4/4/2011	$1,990.00	4/4/2011	$925.00	4/1/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ -	5/22/2011	$0.00	5/22/2011	$0.00	5/22/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	4/8/2011	$0.00	4/8/2011	$0.00	4/5/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 799.96	4/25/2011	$0.00	4/25/2011	$1,388.00	3/29/2011	--	--
		No	3/26/11	--	--	$ 1,161.00	4/4/2011	$1,990.00	4/4/2011	$925.00	4/4/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	$0.00	4/14/2011	--	--
		No	6/26/11	$ 844.00	6/30/2011	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	4/14/2011	$0.00	4/14/2011	$925.00	4/4/2011	--	--
		No	3/26/11	--	--	--	--	--	--	$270.00	6/17/2011	--	--
		No	3/26/11	--	--	--	--	--	--	$63.00	6/28/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	5/11/2011	$0.00	5/11/2011	$1,924.00	5/11/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 644.00	5/12/2011	$6,157.00	5/12/2011	--	--	--	--
		No	3/26/11	--	--	$ 2,228.00	8/10/2012	--	--	$2,775.00	8/10/2012	--	--
		No	3/26/11	--	--	$ 4,229.00	6/9/2011	$5,970.00	6/9/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	$185.00	5/27/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ -	6/10/2011	$0.00	6/10/2011	$1,344.00	6/10/2011	--	--
		No	6/18/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 2,239.00	6/13/2011	$2,985.00	6/13/2011	$2,775.00	6/13/2011	--	--
		No	3/26/11	--	--	$ 2,239.00	4/14/2011	$2,985.00	4/14/2011	$2,775.00	4/14/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 1,161.00	4/4/2011	$1,990.00	4/4/2011	$925.00	4/4/2011	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	$ 1,161.00	5/12/2011	$1,990.00	5/12/2011	$925.00	5/12/2011	--	--
		No	3/26/11	--	--	$ 3,484.00	6/17/2011	$5,970.00	6/16/2011	$2,650.00	6/16/2011	--	--

Student	SSN	SAP (Yes/No)	Date Student would have been dismissed	Federal Direct Add'l Unsubsidized	Disburse Date	Federal Direct Subsidized Loan Overaward	Disburse Date	Federal Direct Unsubsidized Loan Overaward	Disburse Date	Federal Pell Grant Overaward	Disburse Date	Federal SEOG Funds Overaward	Disburse Date
(b)(6); (b)(7(C) [redacted]		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	$1,463.00	3/7/2011	--	--
		No	3/26/11	--	--	$ -	4/11/2011	$0.00	4/11/2011	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
		No	6/18/11	--	--	--	--	--	--	--	--	--	--
		No	3/26/11	--	--	$ 2,737.00	5/3/2011	$2,109.00	5/3/2011	$925.00	5/3/2011	--	--
		No	5/11/11	--	--	--	--	--	--	--	--	--	--
Sum				**$ 84,102.00**		**$ 127,134.96**		**$ 177,973.00**		**$ 94,701.51**		**$ 100.00**	

APPENDIX I

The Estimated Actual Loss Formula (EAL) is used for only certain types of findings on ineligible FFEL and FDL liabilities. The EAL estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EAL uses an institution's applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution's latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example:	*Ineligible Principal Loan Amount*	*$100,000*
	Cohort Default Rate	*10.0%*
	Estimated Default Amount Due	*$ 10,000*

The EAL calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

Period - School Type	*One-Year*	*Two-Year*	*Four-Year*	*Rate Types*
Disbursement to Repayment	*584*	*774*	*969*	*Interest & SA*
Repayment to Default	*418*	*498*	*619*	*SA*
Repayment to Paid In Full	*1659*	*1580*	*1712*	*SA*

The EAL uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EAL divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EAL also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-2005)
Variable Rate Ineligible Loans: $40,000 subsidized and $60,000 unsubsidized
Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)
$40,000/2 x (451 x (.0422/365))
+ $40,000/2 x (730 x (.0625/365))
+ $40,000/2 x (367 x (.0707/365)) = $4,964.61

Unsubsidized Loan Amount (Special Allowance Only)
$60,000/2 x (451 x (.0145/365))
+ $60,000/2 x (730 x (.0155/365))
+ $60,000/2 x (367 x (.0053/365)) = $1,627.36

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.