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August 21, 2015

Ms. Barbara J. Barry  
President  
Total Cosmetology Training Center  
5303 North Market Street  
Spokane, Washington 99217

Certified Mail  
Return Receipt Requested  
#: 70150640000610812737

RE: **Final Program Review Determination**  
OPE ID: 03932500  
PRCN: 201121027485

Dear Ms. Barry:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on February 26, 2013 covering Total Cosmetology Training Center's (TCTC's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2009-2010 and 2010-2011 award years. TCTC's final response was received on March 15, 2013. A copy of the program review report and TCTC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by TCTC 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) close the review and (2) notify TCTC of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

This FPRD contains one or more findings regarding TCTC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the

Total Cosmetology Training Center

OPE ID: 03932500

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Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

**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 DeNise McMillian at (206) 615-3638.

Sincerely,



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

Enclosure:

Final Program Review Determination (and appendices)

cc: Patty Stanley, Financial Aid Administrator  
National Accrediting Commission of Career Arts and Sciences  
Washington State Department of Licensing  
Department of Defense (via e-mail at  
[osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil](mailto:osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil))  
Department of Veterans Affairs (via e-mail at [INCOMING.VBAVACO@va.gov](mailto:INCOMING.VBAVACO@va.gov))  
Consumer Financial Protection Board (via e-mail at [CFPB\\_ENF\\_Students@cfpb.gov](mailto:CFPB_ENF_Students@cfpb.gov))

Prepared for

**Total Cosmetology Training Center**

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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**OPE ID: 03932500**

**PRCN: 201121027485**

**Prepared by**

**U.S. Department of Education**

**Federal Student Aid**

**San Francisco/Seattle School Participation Division**

# Final Program Review Determination

## August 21, 2015

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### **A. Institutional Information**

Total Cosmetology Training Center

5303 North Market Street

Spokane, Washington 99217

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year Program

Accrediting Agency: National Accrediting Commission of Career Arts and Sciences

Current Student Enrollment: 95 (Fall 2009)

% of Students Receiving Title IV, HEA funds: 66% (2008-2009)

Title IV, HEA Program Participation - from Postsecondary Education Participants System:

	<u>2009-2010</u>	<u>2010-2011</u>
Federal Pell Grant Program	\$474,234	\$ 647,115
Federal Direct Stafford Loan Program	\$788,309	\$1,013,339

Default Rate: 2009: 10.9%

2008: 8.3%

2007: 2.7%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Total Cosmetology Training Center (TCTC) from March 21, 2011 to March 25, 2011. The review was conducted by DeNise L. McMillian and Michael Hargrave.

The focus of the review was to determine TCTC's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of TCTC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2009-2010 and 2010-2011 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on February 26, 2013.

### **Disclaimer:**

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

## **C. Findings and Final Determinations**

### Resolved Findings

TCTC has taken the corrective actions necessary to resolve findings 1-7 and 9 of the program review report. Therefore, these findings may be considered closed. The finding requiring further action by TCTC, or where additional comment is warranted, is discussed below.

### Finding with Final Determination

The program review report finding requiring further action, or where additional comment is warranted, is summarized below. At the conclusion of the finding is a summary of TCTC's response to the finding, and the Department's final determination for that finding. A copy of the Program Review Report issued on February 26, 2013 is attached as Appendix B.

**Finding 8. Crime Awareness Requirements Not Met – Omission/Inadequacy of Required Statistical Disclosures and Policy Statements**

***Citation Summary:** The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. §668.46(b). With the exception of certain drug and alcohol prevention program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements. § 485(f) of the HEA; 34 C.F.R. § 668.46(b).*

*The ASR must be published and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If the institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability, its exact electronic address, a description of its contents, and an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41(e)(4).*

*The ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes, as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons, also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1).*

*Additionally, the ASR must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and*

*drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies on the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, all required statistics and policies must be included in a single comprehensive document (the ASR). With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. § 485(f) of the HEA; 34 C.F.R. § 668.46(b)(2).*

*Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's (OPE's) "campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. § 668.41(e)(5).*

**Noncompliance Summary:** *TCTC failed to publish and distribute a complete ASR. Specifically, TCTC's ASR does not include the following required statistical disclosures and policy statements:*

- a. *Crime statistics by geographic category, including*
  - (1) *Crimes committed on campus;*
  - (2) *Crimes committed in or on non-campus buildings or property (property owned or controlled by the institution, used in support of the institution's educational purposes, or used by the students, even if it is not in the contiguous geographic area);*
  - (3) *Crimes committed on public property (all public property, including streets, sidewalks and parking facilities, that is within the campus, or immediately adjacent to and accessible from the campus);*
- b. *A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include the institution's policies concerning its response to these reports including*
  - (1) *Policies for making timely warning reports to members of the campus community regarding the occurrences of crimes;*
  - (2) *Policies for preparing the annual disclosure of crime statistics;*
  - (3) *A list of titles of each person or organization to whom students and employees should report the criminal offenses for the purpose of making timely warning reports and the annual statistical disclosure. This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary confidential basis for inclusion in the annual disclosure of crime statistics, and, if so, a description of those policies and procedures;*
  - (4) *A statement of current policies concerning security of and access to campus facilities and security considerations used in the maintenance of campus facilities;*
- c. *A statement that encourages pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics;*

- d. *A description of the type and frequency of programs and designed to inform student and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others;*
- e. *A statement of policy concerning the monitoring and recording through local police agencies or criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities;*
- f. *A description of any drug or alcohol-abuse education programs, as required under Section 120(a) through (d) of the HEA;*
- g. *A notification to students of existing on-and off-campus counselling, mental health, or other student services for victims of sex offenses;*
- h. *A list of sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses;*
- i. *A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. §1407(j), concerning registered sex offenders, may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.*

*Failure to prepare an accurate and complete ASR and to actively distribute it to current students and employees in accordance with Federal regulations deprives the campus community of important campus crime information.*

**Required Action Summary:** *TCTC was required to prepare an ASR that meets all of the requirements of 34 C.F.R. § 668.46. TCTC was required to prepare its report in draft form and submit it with its response to the PRR. Once the draft materials are reviewed and are cleared by the Department, TCTC will be required to distribute the report to all current students and employees and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Clery Act.*

*While essential, TCTC is reminded that the corrective actions taken by the institution to produce a compliant ASR do not and cannot diminish the seriousness of its prior failure to comply.*

*TCTC officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the Clery Act. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>.*

**TCTC Response:** *TCTC concurred with this finding. Accordingly, TCTC prepared an ASR for review by the Department. In its response, the institution states that it's currently seeking approval from the Department to publish and distribute the ASR to*

current students and employees. TCTC also states that it will provide evidence of its distribution along with a statement of certification attesting that the materials were distributed in accordance with the Clery Act requirements.

**Final Determination:** Finding #8 of the program review report cited TCTC for its failure to publish and distribute a complete ASR for calendar year 2010 as set forth by the Clery Act. 34 C.F.R. § 668.46(b). Specifically, the review team found that TCTC failed to include all crime statistics by geographical category and policy statements required by the Clery Act in its ASR. Reviewers determined that TCTC's ASR for calendar year 2010 omitted all the policy statements detailed in the compliance section above. As a result of these violations, TCTC was required to prepare a draft copy of its 2012 ASR for review by the Department to ensure that the ASR was prepared in accordance with the regulations governing the Clery Act. In its response, TCTC concurred with the review teams finding as written.

The Department carefully examined TCTC's narrative response and supporting documentation. Based on that review, the Department has determined that the violations identified in the initial finding are sustained. The review team's examination also showed that TCTC did provide a copy of its revised ASR which included the campus safety policy disclosures required by 34 C.F.R. §668.46(b). In addition, TCTC submitted a revised 2012 ASR and crime statistics to the Secretary for inclusion in the Department's campus crime statistics database. The review team evaluated the comprehensive ASR for accuracy and completeness and has determined that it meets the minimum requirements and may be distributed to current students and staff. TCTC must respond to this FPRD with a signed statement certifying that the ASR was distributed to all students and employees no later than 15 days of receipt of this report. For these reasons, the Department acknowledges TCTC's response and considers this finding to be closed for the purposes of this program review. However, TCTC officials are advised that the institution must take all additional actions that may be necessary to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the institution's response and as may otherwise be needed to ensure that these violations do not recur.

Although this program review finding is now closed for the purposes of this program review, TCTC is reminded that the exceptions identified above constitute serious violations of the Clery Act that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. TCTC has asserted that it has taken specific action to bring its overall campus security programs into compliance with the Clery Act as required by its Program Participation Agreement. Nevertheless, TCTC management must understand that the violations identified during this program review deprived students and employees of important campus safety and crime prevention information to which they are entitled. For these reasons, TCTC is advised that its remedial actions, whether already completed or planned for the future, cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the

Department will impose an adverse administrative action and/or require other corrective measures as a result.

Due to the serious consequences associated with such violations, the Department strongly recommends that TCTC re-examine its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with federal regulations. As part of these periodic reviews, TCTC officials are encouraged to continue to use the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide for Clery Act compliance. The Handbook is online at:

[www2.ed.gov/admins/lead/safety/handbook.pdf](http://www2.ed.gov/admins/lead/safety/handbook.pdf). The Department also provides a number of other Clery Act training resources. TCTU officials can access these materials at: [www2.ed.gov/admins/lead/safety/campus.html](http://www2.ed.gov/admins/lead/safety/campus.html). The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

TCTC management is also reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the Clery Act to require institutions to compile and disclose statistics for incidents of sexual assault, dating violence, domestic violence, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention, response, and adjudication in their ASRs. All institutions were already obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and to include all new required content in the 2014 ASR. Because the Department issued Final Rules on the VAWA amendments on October 20, 2014, the new regulations went into effect on July 1, 2015, per the Department's Master Calendar. TCTC officials may view the Final Rule at:

<http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

Finally, TCTC officials are strongly advised to review the accuracy and completeness of its Drug and Alcohol Abuse Prevention Program (DAAPP) as required by the Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations. FSA is now responsible for monitoring compliance with the DFSCA. Therefore, it is essential that the institution makes sure that it has developed and implemented a comprehensive DAAPP, produced and distributed accurate and complete program materials to the campus community, and that it has and continues to conduct substantive biennial reviews and produces biennial review reports on the required schedule. For more information about the Clery Act and/or the DFSCA, please contact your program review team or another member of the San Francisco/Seattle School Participation Division.

Appendix B  
Program Review Report



February 26, 2013

Ms. Barbara J. Barry, President  
Total Cosmetology Training Center  
5303 North Market Street  
Spokane, Washington 99217-6231

Certified Mail  
Return Receipt Requested  
# 70070710000105602415

RE: **Program Review Report**  
OPE ID: 03932500  
PRCN: 201121027485

Dear Ms. Barry:

From March 21, 2011 through March 25, 2011, DeNise L. Hill and Michael Hargrave conducted a review of Total Cosmetology Training Center's (TCTC's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by TCTC. The response should include a brief, written narrative for each finding that clearly states TCTC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, TCTC must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report<sup>1</sup> and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
  - a. A written statement addressing the institution's response;
  - b. A written statement of the basis for such report or determination; and
  - c. A copy of the institution's response.

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written

<sup>1</sup> A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

response will not be attached to the FPRD. However, it will be retained and available for inspection by TCTC upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to DeNise L. Hill of this office within 30 calendar days of receipt of this letter.

**Protection of Personally Identifiable Information (PII):**

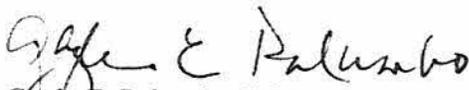
PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

**Record Retention:**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact DeNise L. Hill at (206) 615-3638 or DeNise.L.Hill@ed.gov.

Sincerely,



Gayle E. Palumbo, Ed.D.  
Compliance Manager

cc: Patricia Stanley, Financial Aid Administrator  
Rebecca Hattenburg, Chief Fiscal Officer

Enclosures:

Protection of Personally Identifiable Information  
Program Review Report

## PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

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

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

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

Hard copy files and media containing PII must be:

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

PII data cannot be sent via fax.

Prepared for  
**Total Cosmetology Training  
Center**

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OPE ID: 03932500  
PRCN: 201121027485

Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Team – San Francisco/Seattle

## Program Review Report February 26, 2013

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OPE ID: 03932500  
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**A. Institutional Information**

Total Cosmetology Training Center  
5303 North Market Street  
Spokane, WA 99217

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year

Accrediting Agency: National Accrediting Commission of Career Arts and Sciences

Current Student Enrollment: 95 (Fall 2009)

% of Students Receiving Title IV: 66% (2008-2009)

Title IV Participation (National Student Loan Data System records):

	<u>2009-10</u>	<u>2010-11</u>
Federal Pell Grant (Pell)	\$475,234	\$647,115
Federal Direct Loan Program (DL)	\$788,309	\$1,013,339

Default Rate DL: 2008: 8.3%  
2007: 2.7%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted an on-site program review at Total Cosmetology Training Center (TCTC) from March 21, 2011 to March 25, 2011. The review was conducted by DeNise L. Hill and Michael Hargrave.

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

A sample of 30 files was identified for review from the 2009-10 and 2010-11 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning TCTC'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 TCTC 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 (FPRD) 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 TCTC to bring operations of the financial aid programs into compliance with the statutes and regulations.

**Finding 1. Inadequate Internal Controls**

**Citation:** Federal regulations at 34 CFR § 668.16 state “To begin and to continue participation in the Title IV, HEA programs, an institution must demonstrate to the Secretary that the institution is capable of adequately administering those programs. The Secretary considers an institution to have that administrative capability if the institution... (a) administers Title IV programs with adequate checks and balances in its system of internal controls...”

An institution must divide the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions with respect to any particular student aided under the programs. The two functions must be carried out by at least two organizationally independent individuals who are not members of the same family or who do not together exercise substantial control over the institution.

**Noncompliance:** While conducting staff interviews, it was discovered that the Financial Aid Director, Ms. Patricia Stanley, is responsible for submitting students’ financial aid packages for approval to the institution’s third party servicer as well as posting funds to the students’ accounts after Title IV funds are transferred into the operating account.

**Required Action:** TCTC must immediately put in place an adequate system that creates a proper separation of duties. The responsibility for posting Title IV funds to each student’s account must be placed with an individual that does not have packaging responsibilities and does not submit financial aid files for approval to the third party servicer. TCTC must provide, in writing, a copy of the institution’s revised policies and procedures that describe the process of authorizing and disbursing aid. A clear separation of duties as described in this finding must be evident in the revised policies and procedures.

**Finding 2. Direct Loan Funds Not Delayed for 30 Days for First-Time Borrower**

**Citation:** Federal regulations at 34 C.F.R. § 685.303(b)(4)(i) state “If a student is enrolled in the first year of an undergraduate program of study and has not previously received a Federal Stafford, Federal Supplemental Loans for Students, Direct Subsidized, or Direct Unsubsidized Loan, a school may not disburse the proceeds of a Direct Subsidized or Direct Unsubsidized Loan until 30 days after the first day of the student's program of study.”

**Noncompliance:** In the case of student #14, the student started her program on 9/1/2009 and had Direct Subsidized Loan proceeds posted to her account ledger in the amount of \$2,155 on 9/8/2009, resulting in a payment of Direct Loan funds to a first-time borrower prior to 30 days after the first day of the student’s program of study.

**Required Action:** TCTC must follow regulatory requirements for disbursing loan funds, to ensure that first-time borrowers under the Federal Direct Loan program do not receive their first disbursement prior to 30 days after the first day of the student's program. In response to this Program Review Report (PRR), TCTC must provide a description of the procedures put in place to ensure adherence to this regulation.

**Finding 3. Inaccurate Calculation of Return to Title IV (R2T4) Funds**

**Citation:** Federal regulations at 34 C.F.R. § 668.22 state "(a) *General.* (1) When a recipient of title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of title IV grant or loan assistance that the student earned as of the student's withdrawal date..." The amount of Title IV grant or loan assistance that is earned by the student is calculated by—

- (i) Determining the percentage of Title IV grant or loan assistance that has been earned by the student; and
- (ii) Applying this percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date. The percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date.

The percentage of the payment period or period of enrollment completed is determined, in the case of a program that is measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date. The scheduled clock hours used must be those established by the institution prior to the student's beginning class date for the payment period or period of enrollment and must be consistent with the published materials describing the institution's programs, unless the schedule was modified prior to the student's withdrawal.

**Noncompliance:** In the case of student #16, the student was enrolled in the Manicuring program, which is defined as having 550 clock hours in the institution's catalog and on the Eligibility and Certification Approval Report (ECAR), and withdrew in the first payment period. The institution used 325 clock hours for the payment period in the R2T4 calculation when it should have used 275 clock hours (payment periods for this program are 275 clock hours in length), which resulted in a refund to the Direct Unsubsidized Loan program of \$89.10 in excess of the required amount.

**Required Action:** TCTC must review the regulations governing the calculation of R2T4s to ensure that the proper numbers of clock hours for the payment period are used in the calculation. Prior to the end of the program review on-site visit, the institution

posted a credit of \$89.10 to the student's account. The institution must describe actions taken to prevent future errors in R2T4 calculations.

**Finding 4. Conflicting Information Not Adequately Resolved**

**Citation:** Federal regulations at 34 C.F.R. § 668.16 require that an institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews—

- 1) All student aid applications need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;
- (2) Any documents, including any copies of state and federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and
- (3) Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs.

**Noncompliance:** In the case of student #19, the institution did not adequately determine the student's correct name. The student's file contains several documents with two different last names and does not contain any statement or documentation indicating which last name is correct.

**Required Action:** TCTC should follow established procedures to ensure that all conflicting information in student files is resolved prior to disbursing Title IV funds. Additionally, TCTC must provide, in its response to this report, documentation of student#19's correct name.

**Finding 5. Students Not Notified of Right to Cancel Loan Disbursements**

**Citation:** The Cash Management regulations set forth at 34 C.F.R. § 668.165(a) provide:

- If an institution credits a student's account at the institution with Direct Loan Program funds and receives such funds via Electronic Funds Transfer (EFT), the institution must notify the student, or parent, of –
  - (i) The date and amount of the disbursement;

- (ii) The student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan; and
  - (iii) The procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement.
- The institution must send the notice described above –
    - (i) No earlier than 30 days before and no later than 30 days after crediting the student's account at the institution; and
    - (ii) Either in writing or electronically. If the institution sends the notice electronically, it must require the recipient of the notice to confirm receipt of the notice and must maintain a copy of that confirmation.

Any cancellation requested by a student (or parent in the case of a PLUS loan) within 14 days of the date the institution sends such a notice, must immediately be made by the institution. If a student or parent requests a cancellation after this 14-day period, the institution may return the proceeds and cancel the loan, but is not required to do so. In any event, the institution is required to inform the student or parent of the outcome of the cancellation request." See 34 C.F.R. § 668.165(a)(4) and (5).

**Noncompliance:** The institution's current procedure for notifying a student of a disbursement is to send the student a new award letter for each disbursement, notifying the student that funds have been disbursed to the student's account. However, the award letter does not advise the student of his/her right to cancel all or part of a loan disbursement within a specific timeframe.

**Required Action:** At the time of the site visit for this Program Review, TCTC identified a receipt mechanism in its records management software that contains the required right to cancel language. TCTC must provide, in its response to this report, a copy of its updated policies and procedures that describe the process of notifying students of their right to cancel loan disbursements.

**Finding 6. Submitting Application Data Without Student Certification**

**Citation:** A student applicant for Title IV aid must submit a Free Application for Federal Student Aid (FAFSA) to the Secretary by—

- (1) Providing the application form, signed by all appropriate family members, to the institution at which the student attends or plans to attend so that the institution can transmit electronically the application information to the Secretary under EDE; or
- (2) Sending an approved application form to the Secretary.

See 34 C.F.R. § 690.12.

- (a) An applicant for Title IV aid may request that the Secretary recalculate his or her Expected Family Contribution if—
- (1) He or she believes a clerical or arithmetic error has occurred; or
  - (2) The information he or she submitted was inaccurate when the application was signed.
- (b) The applicant shall request that the Secretary make the recalculation above by—
- (1) Having his or her institution transmit that request to the Secretary under Electronic Data Entry; or
  - (2) Sending to the Secretary an approved form, certified by the student, and one of the student's parents if the student is a dependent student.
- (c) If an institution transmits electronically the student's recalculation request to the Secretary, the corrected information must be supported by—
- (1) Information contained on an approved form, that is certified by the student, and if the student is a dependent student, one of the student's parents; or
  - (2) Verification documentation provided by a student under 34 C.F.R. § 668.57.

See 34 C.F.R. § 690.14.

**Noncompliance:** For those students seeking participation in the Title IV Federal Student Aid programs, TCTC provides one-on-one assistance in completing the Free Application for Federal Student Aid (FAFSA). Although regulations do not prohibit the schools from providing this type of assistance to students, students are required to certify that the information is correct if the information is being transmitted directly by the school to the Department of Education.

A review of the student files revealed that although it was apparent that the students had received assistance in completing the forms, students had not provided the required written certifications.

**Required Action:** In response to this PRR, the institution must ensure that the student/parent certifications are properly completed, signed and dated.

**Finding 7. Failure to Notify Students of Return of Loan Funds**

**Citation:** By applying for a Direct Loan, a borrower authorizes the school to pay directly to the lender that portion of a refund from the school that is allocable to the loan upon the borrower's withdrawal. A school must provide simultaneous written notice to the borrower if the school makes a payment of a refund to a lender on behalf of that student. 34 C.F.R. § 685.306.

**Noncompliance:** TCTC failed to adequately notify students that their federal student loan balance obligation was reduced as a result of funds having been returned to the

Department. The institution does not advise the students of the reason for the return of funds nor does TCTC provide a date for the transaction. Notification is usually provided by transmitting an amended award letter to the impacted student without further explanation.

**Required Action:** In response to this PRR, TCTC must develop and implement a procedure to assure that when DL funds are returned to a student or parent borrower's loan account, the borrower is notified of the amount of funds returned and advised that the funds were returned by TCTC to the borrower's account. A copy of the procedures and any forms addressing this finding must be provided with TCTC's response to this PRR.

**Finding 8. Crime Awareness Requirements Not Met - Omission/Inadequacy of Required Statistical Disclosures and Policy Statements**

**Citation:** The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. § 668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(e)(1). The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the ASR's availability, its contents, and its exact electronic address if posted to a website. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41(e)(4).

The ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hates crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be

disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1).

Additionally, the ASR must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, all required statistics and policies must be included in a single comprehensive document (the ASR). With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. § 485(f) of the HEA; 34 C.F.R. § 668.46 (b).

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's (OPE's) "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. § 668.41(e)(5).

**Noncompliance:** TCTC failed to publish and distribute a complete ASR. Specifically, TCTC's ASR does not include the following required statistical disclosures and policy statements:

- a. Crime statistics by geographic category, including:
  - (1) Crimes committed on campus;
  - (2) Crimes committed in or on non-campus buildings or property (property owned or controlled by the institution, used in support of the institution's educational purposes, or used by the students, even if it is not in the contiguous geographic area);
  - (3) Crimes committed on public property (all public property, including streets, sidewalks and parking facilities, that is within the campus, or immediately adjacent to and accessible from the campus)
- b. A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include the institution's policies concerning its response to these reports including

- (1) Policies for making timely warning reports to members of the campus community regarding the occurrence of crimes;
  - (2) Policies for preparing the annual disclosure of crime statistics;
  - (3) A list of the titles of each person or organization to whom students and employees should report the criminal offenses for the purpose of making timely warning reports and the annual statistical disclosure. This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary confidential basis for inclusion in the annual disclosure of crime statistics, and, if so, a description of those policies and procedures;
  - (4) A statement of current policies concerning security of and access to campus facilities and security considerations used in the maintenance of campus facilities;
- c. A statement that encourages pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics;
  - d. A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others;
  - e. A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities;
  - f. A description of any drug or alcohol-abuse education programs, as required under Section 120(a) through (d) of the HEA;
  - g. A notification to students of existing on-and off-campus counseling, mental health, or other student services for victims of sex offenses;
  - h. A list of sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses;
  - i. A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. § 14071(j)), concerning registered sex offenders, may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.

Failure to prepare an accurate and complete ASR and to actively distribute it to current students and employees in accordance with Federal regulations deprives the campus community of important campus crime information.

**Required Action:** TCTC must prepare an ASR that meets all of the requirements of 34 C.F.R. § 668.46. TCTC must prepare its report in draft form and submit it with its response to this PRR. Once the draft materials are reviewed and are cleared by the Department, TCTC will be required to distribute the report to all current students and employees and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Clery Act.

While essential, TCTC is reminded that the corrective actions taken by the institution to produce a compliant ASR do not and cannot diminish the seriousness of its prior failure to comply.

Based on an evaluation of all available information, including TCTC's response, the Department will determine if additional action will be required and will advise TCTC accordingly in the FPRD.

TCTC officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the Clery Act. The handbook is available online at: [www2.ed.gov/admins/lead/safety/handbook.pdf](http://www2.ed.gov/admins/lead/safety/handbook.pdf). The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.41, 668.46, and 668.49.

**Finding 9. Missing Consumer Information Notifications and/or Policies**

**Citation:** Federal regulations at 34 C.F.R. §§ 668.41, 668.42, 668.43, 668.53, and the Higher Education Act of 1965, as amended, section 485(a)(1) specify that specific notifications, policies and procedures must be in place and be made available to the public in the form of consumer information.

**Noncompliance:** TCTC does not provide the following in its consumer information, all required by the above statute and regulations:

- 1.) Information on costs of attendance for transportation purposes.
- 2.) Information regarding terms and conditions of Federal Direct Loans.
- 3.) Information on how students apply for federal financial aid and how eligibility is determined.
- 4.) Information on how the institution distributes aid.
- 5.) Rights and responsibilities with regard to receiving Title IV aid.
- 6.) Information on how and when federal student aid will be disbursed.
- 7.) The terms of, schedules for, necessity of loan repayment, and required loan counseling.

- 8.) Verification requirements, specifically how students are selected, the process of verification, what forms are required, and any deadlines associated with verification requirements.
- 9.) The process whereby an individual may receive a copy, for review, of the institution's accreditation, licensure, or approval documents.
- 10.) Information regarding any special facilities and services available to disabled students.
- 11.) The terms and conditions under which deferments may be obtained (for students who have received Title IV student loans).
- 12.) Policies regarding the transfer of credit, criteria used regarding transfer of credit earned at another institution, and a list of schools with which TCTC has established an articulation agreement.
- 13.) Information regarding student body diversity in the categories of gender and ethnicity of enrolled, full-time students who receive Federal Pell Grant funds.
- 14.) Information regarding placement of and types of employment obtained by graduates of the institution's programs.
- 15.) Information regarding retention rates of certificate- or degree-seeking first-time, full-time, undergraduates.
- 16.) Information regarding emergency response and evacuation procedures for students and staff.

In addition, TCTC is required to provide, upon request, an example of an R2T4 calculation. The institution was unable to provide an example calculation during the on-site Program Review.

**Required Action:** TCTC must, in its response to this PRR, provide a copy of the revised student consumer information, including all of the above information, and sample R2T4 calculation.

#### **D. Recommendation**

The following is a recommendation based upon observations made by the review team during the program review. TCTC is not required to provide a response to, nor is TCTC required to act upon, this recommendation. However, the review team believes that adoption of this recommendation will assist the institution in its administration of Title IV, HEA program funds.

It was discovered during staff interviews that the institution is assisting the students with completing Federal Direct Loan Master Promissory Notes online by entering the student's information online, while the student is in the office, and TCTC is submitting the information for the student. It is the recommendation of the review team that the institution immediately stops this practice and requires students to complete the Master

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Promissory Note on their own in order to assure that each student is electronically signing the document.