



June 16, 2014

Mr. Arthur Knox
President
Universal Barber College
1202 South Seventh Avenue
Phoenix, AZ 85007-3014

Certified Mail
Return Receipt Requested
#: 70070710000106755073

RE: **Final Program Review Determination**
OPE ID: 04139200
PRCN: 201210927759

Dear Mr. Knox:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on April 5, 2012 covering Universal Barber College's (UBC'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 2010-2011 and 2011-2012 award years. UBC's final response was received on May 8, 2012 with subsequent documentation provided on February 7, 2013. A copy of the program review report (and related attachments) and UBC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by UBC 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, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are \$2,997.07. This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

50 Beale Street, Suite 9800, San Francisco, CA 94105-1863

StudentAid.gov

students only by a student number created by Federal Student Aid. The student numbers were the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 5, 2012 program review report. If UBC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date UBC receives this FPRD. An original and four copies of the information UBC 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
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

UBC's appeal request must:

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

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to UBC'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 Pilar M. Diaz, Institutional Review Specialist, at (415) 486-5368.

Sincerely,

(b)(6)

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

Enclosures:
Protection of Personally Identifiable Information
Final Program Review Determination

cc: Sam La Barbera, Arizona State Board of Barbers
Tony Mirando, National Accrediting Commission of Career Arts and Sciences
(NACCAS)

Prepared for
Universal Barber College

OPE ID: 04139200
PRCN: 201210927759

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

Final Program Review Determination
June 16, 2014

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A. Institutional Information

Universal Barber College
1202 South Seventh Avenue
Phoenix, AZ 85007-3014

Type: Proprietary

Highest Level of Offering: Non-Degree 1 year

Accrediting Agency: National Accrediting Commission of Career Arts and Sciences

Current Student Enrollment: 67 (Award Year 2011-12)

Percentage of Students Receiving Title IV Aid: 86% (Award Year 2011-12)

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

Award Year 2010-2011

Pell Grant	\$266,077
Federal Direct Loan	\$317,037

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at Universal Barber College (UBC) from December 5, 2011 to December 9, 2011. The review was conducted by Marcia Clark and Pilar M. Diaz, Institutional Review Specialists.

The focus of the review was to determine UBC'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 UBC'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 2010-2011 and 2011-2012 (year to the program review 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 April 5, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning UBC'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 UBC 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

- Finding 1. Failure to Have a System to Reconcile Title IV Program Accounts
- Finding 2. Failure to Offer Maximum Title IV Eligibility
- Finding 3. Inadequate and Incomplete Verification
- Finding 4. Inconsistent Cost of Attendance
- Finding 5. Unauthorized Institutional Student Information Record (ISIR) Corrections
- Finding 6. Exit Counseling Deficiencies
- Finding 7. Unauthorized Retention of Credit Balances
- Finding 8. Failure to Comply with Satisfactory Academic Progress (SAP) Policy
- Finding 9. Conflicting Attendance Records
- Finding 10. Failure to Maintain Accurate Documentation of Dependency Overrides

- Finding 12. Failure to Comply with Leave of Absence (LOA) Requirements
- Finding 13. Incorrect Return to Title IV (R2T4) Calculations
- Finding 14. Failure to Provide Adequate/Accurate Consumer Information
- Finding 15. Failure to Update National Student Loan Data System (NSLDS)

UBC has taken the corrective actions necessary to resolve the above findings from the program review report. Therefore, these findings may be considered closed. UBC's written response to the program review report may be found at Appendix B. The finding requiring further action by UBC is discussed below.

Finding with Final Determination

The PRR finding requiring further action is summarized below. At the conclusion of the finding is a summary of UBC's response to the finding, and the Department's final determination for that finding. A copy of the PRR issued on April 5, 2012 is attached as Appendix E.

Finding 11. Ineligible Student – Invalid High School Diploma

Citation Summary: *Standards of Administrative Capability require that to begin and to continue to participate in any Title IV, HEA Program, an institution shall demonstrate to the secretary that the institution is capable of adequately administering the programs under each of the standards established in 34 C.F.R. § 668.16.*

The Secretary considers an institution to have such administrative capability if, among other things, the institution develops procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has a reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary education. 34 C.F.R. § 668.16(p)

Noncompliance Summary: *UBC accepted a diploma that was not from a legitimate high school for Student # 26. This student provided a diploma from (b)(6); (b)(7)(C) located in Santa Monica. The certificate of completion failed to identify courses by name. Instead, it listed subject areas and provided test competencies. Website searches for this school revealed that students pay \$200 for such diploma. Moreover, students had complained on the website that diplomas from this school were fake and not accepted by colleges in the Los Angeles area.*

Required Action Summary: *UBC was required to determine whether this student met its eligibility and admissions requirements.*

UBC's Response: After further investigation and discussion, UBC agrees with the program reviewers that the diploma submitted by Student # 26 is invalid. UBC thanked the program reviewers for sharing intelligence regarding (b)(6); (b)(7)(C) and the

dangers and potency of other “diploma mills.” Immediately following the program review, UBC met with the student to discuss the situation. UBC terminated the student due to the fact that the diploma is unable to be verified as a legitimate diploma. UBC has attempted to maintain contact with the student as he moves through the GED process so that he can re-enroll as an eligible student. UBC indicated the school is prepared to return full liabilities, including Pell received, if required to do so.

Final Program Review Determination: UBC paid a total of \$6,690 to this ineligible student. UBC was informed and agreed with this analysis. However, in the case of student loans disbursed to the student, the Department will apply a liability for the estimated loss (EL) to the federal government on these loans and not for the actual principal loan amounts. These estimated loss amounts are delineated below. The estimated actual loss for the ineligible loans is based on UBC’s most recent cohort default rate available. As a result, the estimated loss that UBC must pay to the Department for the ineligible loans is \$207.70. A copy of the results of that calculation is included as Appendix C. This estimated loss liability is in addition to the Pell Grant liability of \$2775 plus interest of \$14.37 on the Pell Grant liability.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review is as follows.

Established Liabilities

	Pell Grant	DL Estimated Loss	Interest/Cost of Funds
Finding 11	\$ 2775.00		\$14.37
Finding 11		\$207.70	
Finding 11			
Total	\$ 2775.00	\$207.70	14.37

E. Payment Instructions

I. Liabilities Owed to the Department

Liabilities Owed to the Department \$1,000 or More but Less Than \$100,000

<u>Program</u>	<u>Amount</u>
Pell Grant	\$2,775.00
Sub DL (Estimated Loss)	\$ 207.70
Unsub DL	\$ 0.00
Interest/Cost of Funds	\$ 14.37
Total	\$2,997.07

UBC owes to the Department \$2,997.07. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

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

The following identification data must be provided with the payment:

Amount: \$2,997.07
DUNS: 940884653
TIN: 371533069
Program Review Control Number: 201210927759

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. UBC 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 UBC's account representative.

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

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

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

II. Instructions by Title IV, HEA Program

Liabilities Owed to the Department in the case of Direct Loans

Direct Loan - Estimated Actual Loss

Finding #11

UBC must repay the following Direct Loan liabilities:

DL Estimated Actual Loss		
Amount	Award Year	Program Award #
\$207.70	2011-12	P268K126615
Total		
\$207.70		

UBC must pay \$207.70 in Direct Loan estimated loss liabilities for award year 2011-2012. The liability will be applied to the general Direct Loan fund.

Pell Grants - Closed Award Year

Finding #11

UBC must repay:

Pell Grant - Closed Award Year				
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year	Award No.
\$2,775.00	\$14.37	Pell Grant	2011-2012	P063P116615
Total Principal	Total Interest			
\$2,775.00	\$14.37			

The disbursement record for student #26 must be adjusted in the Common Origination and Disbursement (COD) system.

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

A copy of the adjustment to the student's COD record must be sent to Pilar M. Diaz **within 45 days of the date of this letter.**

F. Appendices

- Appendix A: Student Sample to the Program Review Report
- Appendix B: Universal Barber College's Response to the Program Review Report
- Appendix C: Calculation of Interest Liability
- Appendix D: Estimated Loss
- Appendix E: Program Review Report