



May 26, 2015

Mr. Timothy Slottow, President
University of Phoenix
1625 West Fountainhead Parkway
Tempe, AZ 85282-2371

2nd UPS Day Delivery
Tracking #: 1Z A87 964 02 9262 9856

RE: Final Program Review Determination
OPE IDs: 02098800, 42098875, 32098818, 42098802, 02098856
PRCNs: 201440928730, 201440628746, 201440428848, 201440228731, 201440328784

Dear Mr. Slottow:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on January 21, 2015 covering University of Phoenix's (UOP'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 2012-2013 and 2013-2014 award years. UOP's final response was received on February 28, 2015. A copy of the program review report and UOP's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by UOP 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 UOP 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 UOP'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 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.

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.

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 Marcia Clark, Sr. Institutional Review Specialist at (415) 486-5602 or by email addressed to Marcia.Clark@ed.gov.

Sincerely,

(b)(6)

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

Enclosure:

Final Program Review Determination (and appendices)

cc: Ms. Kristen Vedder, Vice President of Financial Aid
Dr. Barbara Gellman-Danley, Higher Learning Commission
Ms. Terri Stanfill, Arizona State Board for Private Postsecondary Education
Department of Defense (osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Department of Veterans Affairs (INCOMING.VBAVACO@va.gov)
Consumer Financial Protection Bureau (CFPB_ENF_Students@cfpb.gov)

Prepared for
University of Phoenix

Corporate Headquarters:

Tempe, AZ	OPE ID:	02098800
	PRCN:	201440928730

Locations:

Jersey City, NJ	OPE ID:	42098802
	PRCN:	201440228731
Philadelphia, PA	OPE ID:	02098856
	PRCN:	2014403328784
Jacksonville, FL	OPE ID:	32098818
	PRCN:	201440428848
Dallas, TX	OPE ID:	42098875
	PRCN:	201440628746

Prepared by:
U.S. Department of Education
Federal Student Aid
School Participation Division - San Francisco/Seattle
School Participation Division - Dallas
School Participation Division - Atlanta
School Participation Division - New York/Boston
School Participation Division - Philadelphia

Final Program Review Determination
May 26, 2015

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B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at the University of Phoenix (UOP) corporate headquarters in Tempe, AZ from August 4, 2014 to August 9, 2014. The program review was continued off-site until November 7, 2014. The review of the Tempe, AZ headquarters location was conducted by Marcia Clark, Marisol Nealon and Adeline Espinosa. Program reviews of four of UOP's additional locations were also conducted. Stephanie Akon, Michelle Allred, and Crystal Brennan conducted a review of the Dallas location. Toyoko Woodard and Jon Finkelstein conducted a review of the Jacksonville, FL location. Ebony Foy and Brenee Johnson conducted a program review of the Jersey City location. Carmen Austin and Heidi Kovalick conducted a review of the Philadelphia location.

The focus of the review was to assess UOP's administration of the Title IV, HEA programs in which it participates. The review consisted of an examination of UOP's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and the participation of students in UOP's distance education courses.

A sample of 154 files was identified for review from the 2012-2013 and 2013-2014 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. An additional sample of 35 students was selected from class rosters for the distance education courses reviewed. Appendix A lists the names and social security numbers of the students whose files were examined during the program review and will be provided to UOP as an encrypted WinZip file using Advanced Encryption Standard 256-bit encryption. A program review report was issued on January 21, 2015.

Disclaimer:

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

Findings ##2, 3, 4, 5, and 6

UOP has taken the corrective actions necessary to resolve findings ##2, 3, 4, 5, and 6 of the program review report. Therefore, these findings may be considered closed. See Appendix C containing UOP's written response related to the resolved findings. Findings requiring further attention and continued corrective action by UOP are discussed below.

Finding with Final Determination

Finding 1. Crime Awareness Requirements Not Met - Incomplete Annual Security Report

***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 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 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). 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).

An institution's 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). When applicable, an institution must also compile, and publish separate crime statistic disclosures for each of its campuses. 34 C.F.R. § 668.46(d).

The ASR also 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 ASR 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. 34 C.F.R. § 668.46(b)(2). 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. §485(f) of the HEA; 34 C.F.R. § 668.46(b).

Noncompliance Summary: *Based on a review of UOP's 2013 ASR, UOP violated the provisions of the Clery Act by failing to publish a materially complete ASR. UOP's ASR was missing the following required statistical disclosures and information:*

- *The location of crimes was not provided, since the ASR failed to identify whether crimes occurred on-campus, on non-campus property, or on public property;*
- *Disciplinary actions and referrals for alcohol, drug and/or weapons violations were not included in the ASR;*
- *Hate crimes failed to identify the type of bias (i.e. gender, sexual orientation, religious affiliation etc.).*

Failure to publish an accurate and complete ASR and to actively distribute it to students and employees deprives interested persons of important campus security information and its campus community to be informed and play an active role in their own safety and security.

Required Action Summary: *As a result of this violation, UOP was required to develop and implement substantive policies and procedures to ensure that its ASRs are prepared, published, and distributed in accordance with the Clery Act and the Department's regulations. Using its new policies as a guide, UOP was required to prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.46(b). In*

addition, UOP was required to submit a copy of the revised policies and procedures with its response to the program review report. UOP was also required to provide a complete 2014 ASR and documentation evidencing the distribution of the ASR along with a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification was to affirm that the institution understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

The exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. UOP has been given an opportunity to develop and distribute an accurate and complete ASR, and in doing so, UOP may finally begin to bring its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement (PPA). However, UOP is advised that these remedial measures 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 additional corrective measures.

UOP officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) during the preparation of its response. The handbook is available online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

UOP's Response: In its official response, UOP did not explicitly state whether it concurred or disagreed with the finding; however, the University claimed that several remedial actions were initiated, thereby implying general concurrence. Specifically, UOP responded that it is "strongly committed to providing safe learning and working environments and transparency in the reporting of crime statistics and related disclosures to its campus community and prospective students and employees. The University seeks to ensure that current and potential members of its campus community have access to information necessary to make well-informed decisions about where to work and study." In addition, UOP substantially stated the following:

1. Location of crimes

The University does not have a traditional residential campus; instead, it utilizes multiple teaching sites around the nation, which usually are located in suites in multi-tenant buildings. The University previously reported, and continues to report, all crimes that occur in the geographic locations defined by 34 C.F.R. § 668.46, specifically on-campus, on non-campus property, on public property, and as reported by local police departments. To provide the most detailed and transparent information regarding crime statistics, the University identified in its ASR the addresses for each individual location. With this information, students, employees, and the public could identify whether crime incidents occurred on-campus or on non-campus or public property, utilizing the specific addresses

provided. The general public also could access crime statistics for each on-campus or non-campus location using the University's public-facing website.

At the same time, each campus utilized a Crime Submission Form to report crime incidents for internal tracking and reporting to the Department. This form required Campus Security Authorities (CSAs) to identify the geographic location of the crime as occurring "on-campus," on "non-campus" property, or on "public property." CSAs received, and continue to receive, regular training on monitoring and reporting crime incidents in Clery geographic locations, including local police statistics in those numbers of incidents. The University also accurately reported crime location information to the Department. Nevertheless, to ensure full compliance with the Clery Act, in 2014, the University implemented a new crime database system. This new system specifically delineates, on the University's public-facing website and in its ASR, whether crime incidents occur on-campus, on non-campus property, or on public property. The University published its 2014 ASR by October 1 and categorized all statistical disclosures using this location nomenclature. The ASR may be viewed at http://www.phoenix.edu/about_us/campus-safety.html.

2. Disciplinary actions and referrals

The University collected and accurately reported to the Department, through the Annual Crime Survey, statistics regarding disciplinary actions and referrals for alcohol, drug and/or weapons violations. The University published these statistics in the 2013 ASR under the "Violations" categories for these offenses which included both arrests and disciplinary referrals together. As shown in the University's Crime Submission Form the statistics were collected in these sub-categories and access to required data was available in each campus's crime log, which is available for public viewing. The University trained CSAs to accurately report these statistics and monitored this data to ensure the safety of its campus community.

Prior to the Program Review, the University proactively put in place a crime database system that makes visible, in the 2014 ASR, statistics regarding disciplinary actions and referrals for alcohol, drug and/or weapons violations separate from the arrests. The 2014 ASR included statistics for calendar years 2013, 2012, and 2011. This information is currently available in the University's external-facing display and will be available in ASRs going forward, as required by the Clery Act.

The University notes that it did not have any incidents in the category of disciplinary actions or arrests for alcohol, drug and/or weapons violations in any of the four campuses that were audited during the time period at issue.

3. Hate crimes

Likewise, with regard to hate crimes, the University's Crime Submission Form captured data regarding the commission of hate crimes, including the type of bias. On the form, when the category "Hate Crime" was selected, CSAs were required to denote the type of bias. The form specifically states "...victim of this reported incident appeared to be selected due to gender, gender identity, race, religion, sexual orientation, ethnicity or disability..." The crime database system in place since 2014 collects and reports on the University's public-facing website and on its ASR statistics regarding hate crimes and the type of bias at issue. The University's 2014 ASR included these statistics for calendar years 2013, 2012, and 2011. CSAs continue to receive regular training on the accurate reporting of hate crimes.

Notably, the University accurately reported its hate crimes data to the Department as part of the Annual Crime Survey, and there were no hate crimes committed at any of the campuses audited as part of the Department's Program Review during the time period at issue.

The University notes that the Department recently made changes to the regulatory language at issue here, by clarifying to institutions its expectations with regard to disclosures that must be included in the ASR. Specifically, 34 C.F.R. § 668.46(c) currently states: "Crime Statistics – (1) Crimes that must be reported. An institution must report statistics for the three most recent calendar years concerning the occurrence on campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority[.]" In contrast, the new regulation published October 14, 2014, which will be effective on July 1, 2015, adds the specific language regarding disclosure in the ASR: "Crime statistics – (1) Crimes that must be reported *and disclosed*. An institution must report to the Department and *disclose in its annual security report* statistics for the three most recent calendar years concerning the number of each of the following crimes that occurred on or within its Clery geography and that are reported to the local police agencies or to a campus security authority[.]" (*Emphasis added*) The University appreciates the steps that the Department has taken to clarify this requirement and notes the following: (1) the University accurately reported to the Department the required statistics for 2010, 2011, and 2012, consistent with the plain language of the regulation; (2) the new language in the regulation does not become effective until July 2015; and (3) the University nevertheless complied with the new requirements in its 2014 ASR by reporting and disclosing all required 2011, 2012, and 2013 data.

As explained in greater detail above, the University took steps to accurately report crimes in its Clery defined geography and provided crime statistics to the public to permit informed decision-making about safety on campus. In the Fall 2014, the University implemented a new crime database that addressed any concerns identified during the

Program Review, published an ASR that included required crime statistics for 2011, 2012, and 2013, and notified students and employees of the ASR's availability by October 1, 2014. The University notes that the information at issue in the Program Review was accurately and timely submitted to the Department, and accessible to the general public on the Department's College Navigator Web site at www.collegenavigator.gov and on the Office of Postsecondary Education's Data Analysis Cutting Tool at <http://ope.ed.gov/Security/> for all the time periods. In furtherance of its commitment to compliance with the Clery Act and to ensure that current and prospective students and employees are empowered to play an active role in their safety and security, the University has taken the following actions:

Policies and procedures: The University has strengthened current policies and developed additional policies and trainings to ensure accurate and compliant preparation, publication, and distribution of the ASR. The University maintains an ASR training document, ASR procedure document and CSA training manual which provides procedures for CSAs related to tracking of crimes and assisting with preparation of the ASR in addition to other Clery responsibilities. An excerpt of the ASR procedure is below:

"Every year, the University provides electronic notice of reporting and disclosure of Campus Safety Policies and Annual Crime Statistics to current students, faculty and staff. The goal of this SOP is to define the process for preparing, publishing and actively distributing the Annual Security Report (ASR) by October 1 of each year to all current students, faculty and staff in accordance with the Clery Act and the Department's regulations."

Publication of accurate and complete ASR: As noted above, prior to October 1, 2014, the University published its ASR on its website and provided appropriate notice to its campus community. The ASR addresses all exceptions identified during the Department's Program Review and accurately disclosed 2011, 2012, and 2013 data to students, employees, and the general public.

Certification statement: With this submission, the University's President provided a written certification that the University sent an Annual Security Report Notice on September 30, 2014 to University students, staff, and faculty. The Notice stated that the ASR was posted to the University's Campus Safety website, which is available to the general public, and provided an electronic link at which the ASR is located. Further, the Notice described the contents of the ASR and advised that a paper copy is available upon request. The certification also affirmed the University's understanding of its Clery Act obligations, that it takes seriously these obligations, and that it has taken steps to ensure full compliance with the Clery Act.

Updated crime database system: As described previously, in 2014, the University implemented a new campus safety database for reporting and tracking crime statistics.

This database allows the University's ASR to display locations of crimes using Clery designations (on-campus, non-campus property, public property), as well as publish statistics for disciplinary actions and referrals for alcohol, drug and/or weapons violations and hate crimes, including the type of bias. Through use of this database and related training manuals and activities described, the University asserts that it has published an accurate and complete ASR for 2014 and will continue to do so going forward.

Quarterly Clery Act and Annual ASR training: The University provides regular training to CSAs and other employees involved in tracking and reporting crime statistics and preparing the ASR. Each quarter, relevant employees participate in educational webinars on Clery related topics such as preparing the ASR, timely warning notifications, emergency mass notifications, managing the sex offender registry, maintaining the campus crime logbook and CSA notebook, hate crimes, and student suicide threat procedures. The University provides annual training to all Campus Security Authorities (CSAs) on preparing to publish and distribute the ASR and includes specific information regarding the Clery geography (on-campus, non-campus), hate crime bias designation, and arrests or disciplinary action for alcohol, drug and/or weapons violations. These trainings ensure that employees are well prepared to publish a complete and accurate ASR, and to comply with the mandates of the Clery Act more broadly.

Internal review process: As reflected in its revised policy, the University has determined that it will conduct an annual review of its Clery-related obligations to ensure that it is in full compliance with Clery requirements. The annual review will include an audit of the University's ASR to ensure continued compliance with the Clery Act.

The University believes that its actions and the explanation provided above demonstrate that it takes meaningful steps to protect its campus community and to publish crime statistics and policy statements in a transparent, compliant manner. The University reiterates that it takes seriously its obligations under the Clery Act and is deeply committed to maintaining a safe and secure campus.

Final Determination: Finding 1 of the program review report cited UOP for multiple violations of the Clery Act. First, the University did not publish an accurate and complete 2013 ASR as a result of its failure to disclose incidents of crime reported by geographical category, now referred to collectively as "Clery Geography." Clery Geography is broken down into the categories of on-campus property (including residence halls), non-campus buildings and property, and adjacent and accessible public property. In addition, UOP failed to separately disclose arrest and disciplinary referral data for certain liquor law, drug law, and illegal weapons offenses in its 2013 ASR. Moreover, the University did not disclose hate crime statistics by category of bias (e.g. gender, sexual orientation, religious affiliation, etc.). As a result of these violations, UOP was required to revise and enhance its internal policies to ensure that the 2014 ASR included all statistical and policy disclosures required by 34 C.F.R. § 668.46(b) and to then actively distribute the report to all enrolled students and current employees. In its

response, UOP did not specifically concur or challenge the substance of the finding and instead explained its current practices and corrective actions. The University also asserted that it is committed to providing safe learning and working environments and to be transparent in the reporting of crime statistics. The University also submitted documents in support of its claims of remedial action.

The Department carefully examined UOP's narrative response and supporting documentation. Based on that review, all components of the initial finding are sustained. The review team's examination also showed that the identified violations were, for the most part, satisfactorily addressed by the University's most-recent ASR and its new and revised internal policies and procedures. As such, the Department determined that UOP's remedial action plan meets minimum requirements. For these reasons, the Department has accepted UOP's response and considers this finding to be closed. Although the finding is now closed, the review team concluded that the identified exceptions and the University's response warrant additional consideration and as such, the matter is hereby referred to the Department's Clery Act Compliance Team (CACT) for further review. UOP will be contacted if the CACT requires additional documentation or information to complete its assessment. Although the finding is now closed for the purposes of this program review, the officers and directors of UOP are on notice that the University must take any additional actions that may be needed to address the violations identified by the Department as well as any other deficiencies and weaknesses that were detected during the preparation of its official response and/or as may otherwise be needed to ensure that these violations do not recur.

UOP is also 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. The requirement to develop and implement a substantive public safety and crime prevention program and to produce an accurate and complete ASR as part of that program are among the most basic requirements of the Clery Act and are fundamental to its campus safety goals. UOP asserted that it is now in compliance with the Clery Act as a result of its ongoing efforts and recent reforms. Nevertheless, UOP is advised that its remedial actions 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 additional corrective actions as a result.

Because of the serious consequences of such violations, the Department strongly recommends that UOP officials 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 requirements. To that end, UOP officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2013) as a reference guide on Clery Act compliance. The Handbook is online at:

www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a

number of other Clery Act training resources. The University can access these materials at: 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.

UOP 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 in their ASRs regarding sexual assault prevention, response, and adjudication. All institutions are currently obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and were required to include all new required content in the 2014 ASR. The Department issued Final Rules on the VAWA amendments on October 20, 2014 and therefore, these regulations will go into effect on July 1, 2015, per the Department's Master Calendar. University officials may access the text of the Final Rule at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

Finally, UOP 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 University makes sure that a comprehensive DAAPP is in place across its campuses, that it produces and distributes accurate and complete program materials to all members of the campus community, and conducts substantive reviews to assess the effectiveness of its program and produces detailed 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 School Participation Division.

Appendix B: Program Review Report



January 21, 2015

Mr. Timothy P. Slottow
President
University of Phoenix
1625 West Fountainhead Parkway
Tempe, AZ 85282-2371

Certified Mail
Return Receipt Requested
#: 7303 1680 3025 1119 7131

RE: Program Review Report
OPE IDs: 02098800, 42098875, 32098818, 42098802, 02098856
PRCNs: 201440928730, 201440628746, 201440428848, 201440228731, 201440328784

Dear Mr. Slottow:

From August 4, 2014 through August 8, 2014, Marcia Clark, Marisol Neston, Adelina Espinosa, Stephanie Aken, Michelle Alfred, Crystal Brennan, Toyoko Woodard, Jon Finkelstein, Cannon Austin, and Heidi Kovalick conducted reviews of University of Phoenix's (UOP's) corporate headquarters in Tempe, AZ and four additional locations in Jersey City, NJ; Philadelphia, PA; Jacksonville, FL; and Dallas, TX. UOP'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) was reviewed. The findings of those reviews 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 statutes and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by UOP. The response should include a brief, written narrative for each finding that clearly states UOP's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative UOP 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 report¹ 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.

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

University of Phoenix
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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 response will not be attached to the FPRD. However, it will be retained and available for inspection by UOP 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 Marcia Clark 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. 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 reviews must be retained until the later of: resolution of the loans, claims, or expenditures questioned in the program reviews; 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 reviews. 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 Marcia Clark at (415) 486-5607 or Marcia.Clark@ed.gov.

Sincerely,

(b)(6)

Dyon F. Toney
Compliance Manager
San Francisco/Seattle School Participation Division

cc: Ms. Kristen Vudder, Vice President, Student Financial Aid

Enclosures:
Program Review Report
Protection of Personally Identifiable Information

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.



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Prepared for
University of Phoenix

Corporate Headquarters:

Tempe, AZ OPE ID: 02098800
PRCN: 201440928730

Locations:

Jersey City, NJ OPE ID: 42098802
PRCN: 201440228731
Philadelphia, PA OPE ID: 02098856
PRCN: 2014403328784
Jacksonville, FL OPE ID: 32098818
PRCN: 201440428848
Dallas, TX OPE ID: 42098875
PRCN: 201440628746

Prepared by:

U.S. Department of Education
Federal Student Aid

School Participation Division - San Francisco/Seattle
School Participation Division - New York/Boston
School Participation Division - Philadelphia
School Participation Division - Atlanta
School Participation Division - Dallas

Program Review Report
January 21, 2015

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A. Institutional Information

University of Phoenix

- Locations Visited:** 1635 West Fountainhead Parkway
 Tempe, AZ 85282-2371
- 100 Town Square Place
 Jersey City, NJ 07310-1756
- 120 South 17th Street
 Philadelphia, PA 19103-4001
- 4500 Salisbury Road
 Jacksonville, FL 32216-0959
- 12400 Coit Road
 Dallas, TX 75251

Type: Proprietary

Highest Level of Offering: Master's or Doctor's Degree

Accrediting Agency: Higher Learning Commission, North Central Association of Colleges

Current Student Enrollment: 326,400 (2013-2014)

% of Students Receiving Title IV: 83% (2013-2014)

Title IV Participation

2012-2013 Award Year	
Federal Pell Grant (Pell Grant) Program	\$814,000,355
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	\$8,407,127
Teacher Education Assistance for College and Higher Education (TEACH) Program	\$194,154
Federal Perkins Loan Program	\$691,623
William D. Ford Federal Direct Loan (Direct Loan) Program	\$2,644,058,087

Default Rate FFEL/DL: 2011: 19.0% (3-year Cohort Default Rate)
 2010: 17.9% (3-year Cohort Default Rate)
 2009: 18.8% (3-year Cohort Default Rate)

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Default Rate Perkins:	2013: 36.4%
	2012: 32.6%
	2011: 44.2%

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B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at the University of Phoenix (UOP) corporate headquarters in Tempe, AZ, from August 4, 2014 to August 8, 2014. The program review was continued off-site until December 29, 2014. The review of the Tempe, AZ headquarters location was conducted by Marcia Clark, Marisol Nealon and Adeline Espinosa. Program reviews of four of UOP's additional locations were also conducted. Stephanie Axon, Michelle Alford, and Crystal Brennan conducted a review of the Dallas, TX location. Toyoko Woodard and Jon Finkelstein conducted a review of the Jacksonville, FL location. Ebony Foy and Bruce Johnson conducted a program review of the Jersey City, NJ location. Carmen Austin and Heidi Kovalick conducted a review of the Philadelphia, PA location.

The focus of the review was to assess UOP's administration of the Title IV, HEA programs in which it participates. The review consisted of an examination of UOP's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, and student account ledgers, and participation of students in UOP's distance education courses.

A sample of 154 files was identified for review from the 2012-2013 and 2013-2014 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. An additional sample of 30 students was selected from class rosters for the distance education courses reviewed. Appendix A lists the names and 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 UOP'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 UOP 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 UOP to bring operations of the financial aid programs into compliance with the statutes and regulations.

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Finding #1. Crime Awareness Requirements Not Met -- Incomplete Annual Security Report

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 enumerated in 34 C.F.R. § 668.46(b). 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. § 485(l) 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 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). 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).

An institution's 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). When applicable, an institution must also compile and publish separate crime statistic disclosures for each of its campuses. 34 C.F.R. § 668.46(d).

The ASR also 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 ASR itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication

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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. 34 C.F.R. § 668.46(b)(2). 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. § 485(f) of the HEA; 34 C.F.R. § 668.46(b).

Noncompliance: Based on a review of UOP's 2013 ASR, UOP violated the provisions of the Clery Act by failing to publish a materially complete ASR. UOP's ASR is missing the following required statistical disclosures and information:

- The location of crimes was not provided, since the ASR failed to identify whether crimes occurred on-campus, on non-campus property, or on public property;
- Disciplinary actions and referrals for alcohol, drug and/or weapons violations were not included in the ASR;
- Hate crimes failed to identify the type of bias (i.e. gender, sexual orientation, religious affiliation etc.).

Failure to publish an accurate and complete ASR and to actively distribute it to students and employees deprives interested persons of important campus security information and its campus community to be informed and play an active role in their own safety and security.

Required Action: As a result of this violation, UOP must develop and implement substantive policies and procedures to ensure that its ASRs are prepared, published, and distributed in accordance with the Clery Act and the Department's regulations. Using its new policies as a guide, UOP must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.46(b). In addition, UOP must submit a copy of the revised policies and procedures with its response to this program review report. UOP is also required to provide a complete 2014 ASR and documentation evidencing the distribution of the ASR along with a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that the institution understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

The exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. UOP will be given an opportunity to develop and distribute an accurate and complete ASR, and in doing so, UOP may finally begin to bring its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement (PPA). However, UOP is advised that these remedial measures 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 additional corrective measures.

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of using the incorrect number of completed days, UOP returned \$1,051 instead of \$864 to the Pell Grant funds account for the 2012-2013 award year.

UOP's failure to accurately determine the amount of Title IV funds earned for these students resulted in UOP returning more funds to the Department than was required, and which the student was entitled to retain.

In addition, the following inconsistencies were noted in last dates of attendance:

Student #FL-11: There was a discrepancy between the date that the student signed the Instructor Verification form ("attendance roster") and the date that UOP identified as the student's last day of class. UOP reported the student engaged in a Learning Team Activity and posted an assignment for the "RHS/251" ground course on August 13, 2013. However, the last date that the student signed the attendance roster was on August 6, 2013.

Student #FL-14: There was a discrepancy between the date that the student signed the Instructor Verification form ("attendance roster") and the date that UOP identified as the student's last day of class. UOP reported the student posted an assignment for the HUM/114 ground course on December 18, 2012. However, the last date that the student signed the attendance roster was on December 10, 2012.

Required Action: During the program review, UOP officials explained that UOP's R2T4 policy was revised and updated in December 2012. Specifically, UOP's revised policy outlined the details of the "completed days" field and resulting calculation process. The revised and updated R2T4 policy ensured that the calculations used the correct number of completed days for a payment period.

UOP officials also confirmed that Students #PA-7 and TX-8 did not incur additional charges at UOP when the corrected R2T4 calculations resulted in less Title IV earned by the students. No further action is required relative to these students' accounts.

However, UOP must provide documentation that clearly explains the discrepancies between the dates that Student #FL-11 and Student #FL-14 signed the attendance rosters and UOP's report of subsequent academic activities for these students.

Finding #3. Ineligible Pell Grant Disbursement

Citation: A student must meet all eligibility requirements, including not being in default on a loan made under any Title IV, HEA loan program, before receiving Title IV program assistance. 34 C.F.R. § 668.32(a)(1). For each payment period, an institution may pay a Pell Grant to an eligible student only after it determines that the student qualifies as an eligible student under 34 C.F.R. Part 668, Subpart C. 34 C.F.R. § 690.75(a)(1).

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Noncompliance: UOP disbursed Pell Grant funds to Student GPA-7 who was not eligible for Title IV funds. Specifically, Student GPA-7 was in default on two Direct Loans during the first payment period of the 2012-2013 Borrower Based Academic Year (BBAY). The first payment period began on August 13, 2011 and ended on July 31, 2012. The student's default status was resolved on August 31, 2012, which was after the end of the first payment period. As a result, the student was ineligible to receive Pell Grant funds during the first payment period.

UOP's failure to accurately determine a student's eligibility for Title IV funds resulted in the student receiving Pell Grant funds to which the student was not entitled during the first payment period.

Required Action: During the on-site portion of the program review, UOP officials reviewed the student's file to determine the amount of ineligible Pell Grant funds disbursed to the student's account during the first payment period. On August 12, 2014, the Department received an email from UOP officials stating that the student's record was further reviewed and that UOP determined that \$2,775 in Pell Grant funds was disbursed to the student when the student was ineligible.

Additionally, UOP officials indicated that a full adjustment of the \$2,775 in Federal Pell Grant funds was made to the student's account and that the funds were returned to the Department. The school provided a copy of the student's account card showing two downward adjustments in the amount of \$2,644 and \$131 in Federal Pell Grant funds made on August 7, 2014.

UOP must provide supporting documentation to show that the ineligible Pell Grant funds have been returned to the Department along with its response to this report. Additionally, UOP must review its procedures for determining a student's eligibility to receive Title IV funds to ensure that this error does not reoccur. The institution must provide a copy of the updated policies and procedures with its response to this report.

Finding #4. Inaccurate Common Origination and Disbursement (COD) Dates

Citation: The disbursement date is the date that a school credits a student's account at the school or pays a student or parent borrower directly with Title IV funds received from the U.S. Department of Education or with institutional funds in advance of receiving Title IV program funds. This is the date that a school must report to the COD System as the actual disbursement date for a Direct Loan, as distinguished from the anticipated disbursement date. The anticipated disbursement date is the date that a school expects to disburse Direct Loan funds. The actual disbursement date is the date the funds are made available to the borrower. In many cases, the anticipated disbursement date that a school initially reports to the COD System may not be the same as the actual disbursement date. 34 C.F.R. § 668.164(a).

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Noncompliance: UOP failed to report the actual disbursement dates in the COD system for two students.

Student #AZ-19: The student ledger reflected that a Pell Grant was disbursed on May 13, 2014 in the amount of \$2,197. The COD website reflected that the disbursement was made on May 12, 2014 in the amount of \$2,197.

Student #AZ-22: The student ledger reflected that a Pell Grant was disbursed on May 13, 2014 in the amount of \$2,823. The COD website reflected that the disbursement was made on May 12, 2014 in the amount of \$2,823.

During the on-site portion of the program review, UOP officials researched the reporting of the COD disbursement records for these two students. UOP officials advised the reviewers that both students had been reported to COD on the same day by an employee who didn't normally perform that function. This inadvertently caused the one-day COD disbursement reporting error for the two students.

Required Action: UOP has taken corrective actions to resolve the noncompliance for this finding. No further action is required.

Finding #5. Inaccurate Reporting to the National Student Loan Data System (NSLDS)

Citation: An institution must provide timely notification of changes to a student's enrollment status for purposes of student loan administration. Before an institution may disburse Title IV, HEA program funds to a student who previously attended another eligible institution, the institution must use information it obtains from the Secretary, through NSLDS or its successor system, to determine:

- Whether the student is in default on any Title IV, HEA program loan;
- Whether the student owes an overpayment on any Title IV, HEA program grant or Federal Perkins Loan;
- For the award year for which a Federal Pell Grant is requested, the student's Scheduled Federal Pell Grant Award and the amount of Federal Pell Grant funds disbursed to the student;
- The outstanding principal balance of loans made to the student under each of the Title IV, HEA loan programs; and
- For the academic year for which Title IV, HEA aid is requested, the amount of, and period of enrollment for, loans made to the student under each of the Title IV, HEA loan programs.

If a student transfers from one institution to another institution during the same award year, the institution to which the student transfers must request from the Secretary, through NSLDS, updated information about that student so it can make appropriate determinations; and the institution may not make a disbursement to that student for seven

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days following its request, unless it receives the information from NSLDS in response to its request or obtains that information directly by accessing NSLDS, and the information it receives allows it to make that disbursement. 34 C.F.R. § 685.309(b).

Noncompliance: UOP failed to report the following two students' enrollment statuses to NSLDS within 30 days.

Student #FL-20: UOP reported the student's full time status to NSLDS on October 13, 2013. However, the student became a full time student at UOP on August 13, 2013. The student's enrollment status change was reported 61 days after the student became a full time student.

Student #FL-24: UOP reported the student's full time status to NSLDS on June 16, 2013. The student became a full time student at UOP on March 19, 2013. The student's enrollment status was reported 89 days after the student became a full time student.

Required Action: UOP is responsible for ensuring that each student enrollment is reported accurately and timely to NSLDS. UOP must submit updated policies and procedures to ensure that all changes are reported accurately and timely to NSLDS.

Finding #6. Inconsistent Pell Grant Cost of Attendance (COA)

Citation: Financial need for a Pell Grant is determined according to the provisions of the FFEA and federal regulations. Title IV packaging and awarding procedures require the use of the provisions of the FFEA and federal regulations, and involve determinations of a student's academic year, program length, cost of attendance, and expected family contribution (EFC).

The Pell Grant regulations also stipulate that the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published each award year. This table is based on the student's EFC and the student's cost of attendance. Cost of attendance is further explained in Volume 3 of the Federal Student Aid Handbook for both the Pell Grant and Direct Loan programs. The Handbook describes a cost of attendance for loans as an estimate of the student's educational expenses for the period of enrollment. Pell Grant costs of attendance are always based on the cost of full-time attendance for a full academic year. The Handbook also presents different methods of arriving at estimated costs and items that may or may not be included in estimated costs of attendance. 34 C.F.R. § 668.16(h)(2), 34 C.F.R. § 685.301(a), and 34 C.F.R. § 690.62

Noncompliance: UOP used a different average COA to determine student need than that included in their computer software. Subsequent to the on-site portion of the program review, UOP officials advised that a PeopleSoft computer system field had not been updated for some time and it contained an average Pell Grant COA that did not reflect the "current average" Pell Grant COA. UOP further advised that it had updated the Pell

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Grant COA field to reflect the "current" Pell Grant average COA even though the field in question wasn't utilized to determine Pell Grant eligibility, and the field didn't impact the calculation of eligibility for a Pell Grant.

Required Action: UOP has taken corrective actions to resolve the noncompliance for this finding. No further action is required.

D. Recommendations

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

1. UOP should remove the word "Federal" from its form titled "Federal Financial Aid Application."
2. UOP should rename its "Financial Aid Authorization Form" to ensure that the form clearly identifies that it is a credit balance authorization form, and UOP should also require students to update the form after students return from a substantial break in enrollment.

E. Appendix

Appendix A (Student Sample) contains personally identifiable information and will be emailed to UOP as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix A: Student Sample

2012-2013

2013-2014