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University of Connecticut



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FEDERAL STUDENT AID

OPE ID 00141700

PRCN 2011-101-27367

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Team – New York/Boston

Program Review Report

February 22, 2011

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A. Institutional Information

University of Connecticut
352 Mansfield Road
Unit 2048
Storrs, Connecticut 06269-2048

Type: Public

Highest Level of Offering: Doctor's Degree

Accrediting Agency: New England Association of Schools and Colleges - CHE

Current Student Enrollment: 29,517 (Fall 2009)

Title IV Participation:

	<u>2009/10</u>
Pell Grant	\$17,045,613
Academic Competitiveness Grant	\$944,445
Smart Grant	\$931,793
FFELP Stafford Subsidized	\$ 4,442,572
FFELP Unsubsidized	\$10,667,566
FFELP PLUS	\$68,145
FFELP Graduate Professional PLUS	\$1,412,693
FDLP Stafford Subsidized	\$47,556,194
FDLP Stafford Unsubsidized	\$52,280,374
FDLP PLUS	\$39,656,603
FDLP Graduate Professional PLUS	\$6,116,133
Federal Perkins Loan	\$1,784,870
Federal SEOG	\$959,079
Federal Work Study	<u>\$3,360,935</u>
Total Funding:	\$187,239,025

Default Rate FFEL/DL: 2007: 2.0%
 2006: 1.4%
 2005: 1.8%

Default Rate Perkins: 2009 8.04%
 2008: 8.19%
 2007: 6.1%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at UCONN from November 15, 2010 to November 19, 2010. The review was conducted by Edward Buckley, Elaine Griffin, and Shari Mecca.

The focus of the review was Return to Title IV Calculations, NSLDS Reporting, Verification and Cost of Attendance calculations. The review consisted of an examination of UCONN's student financial aid files, student's academic transcripts and bursar student files.

A sample of 30 files was identified for review from the 2009/2010 and the 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 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 UCONN'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 UCONN 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 UCONN to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Incorrect Return to Title IV (R2TIV) Calculations

Citation: 34 CFR Section 668.22 of the Student Assistance General Provisions regulations states, in part, that 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 grant or loan assistance that the student earned as of the withdrawal date. If the total amount of Title IV grant or loan assistance earned is less than the amount of Title IV grant or loan assistance disbursed to the student or on behalf of the student (in the case of a PLUS loan) as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs.

The institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in 34 CFR 668.22(l)(3).

Noncompliance: While reviewing R2TIV calculations, reviewers could not reconcile the number of days in the payment period that was used with the number of days in the institution's academic calendar. In addition the institutional charges that were used in the calculations did not reconcile with the student ledger cards. Due to these discrepancies, reviewers were unable to verify that R2TIV returns were calculated correctly. Reviewers met with members of the bursar staff who were responsible for the completion of R2TIV calculations to attempt to reconcile the discrepancies. The staff members explained that the institution was not using the correct number of days in the payment period for the calculations and in addition the charges used in the calculation were post withdrawal adjusted charges rather than the original institution charges that should have been used.

Required Action: The institution must review the all R2TIV calculations performed during the 2009/2010 award year (July 1, 2009 through June 30, 2010) as well as all R2TIV calculations performed thus far in the 2010/2011 award year (July 1, 2010 through the receipt of this report). The institution must provide the results of its review to this office in spreadsheet format with the following information:

1. Student Name
2. Last Four Numbers of the Student's Social Security Number
3. Withdrawal Date/Stopped Attending Date
4. Date of Determination That Student Withdrew
5. Amount of Unearned Title IV Originally Returned, By Program
6. Dates of Title IV Returns, By Program
7. If Late, the Number of Days Late
8. The Additional Amount Due After a Corrected Calculation Was Performed

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In addition to the spreadsheet referenced above, the institution must send a copy of the original R2TIV worksheet and the revised R2TIV Worksheet for each calculation.

Finding 2. Improper use of Professional Judgment

Citation: HEA Sec. 479A(a) IN GENERAL—Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances may include tuition expenses at an elementary or secondary school, medical, dental, or nursing home expenses not covered by insurance, unusually high child care or dependent care costs, recent unemployment of a family member or an independent student, a student or family member who is a dislocated worker (as defined in section 101 of the Workforce Investment Act of 1998), the number of parents enrolled at least half time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 487, a change in housing status that results in an individual being homeless (as defined in section 103 of the McKinney-Vento Homeless Assistance Act), or other changes in a family's income, a family's assets or a student's status. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases (1) to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title, or (2) to offer a dependent student financial assistance under section 428H or a Federal Direct Unsubsidized Stafford Loan without requiring the parents of such student to file the financial aid form prescribed under section 483 if the student financial aid administrator verifies that the parent or parents of such student have ended financial support of such student and refuse to file such form. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

Dear Colleague Letter ID: GEN-09-04 (dated April 2, 2009) reminds administrators of their authority as a financial aid administrator to make adjustments on the basis of adequate documentation on a case-by-case basis to address circumstances not reflected in a student's original Free Application for Federal Student Aid (FAFSA). The letter also stipulates:

While we encourage you to exercise professional judgment where appropriate, you should be mindful of the statutory limitations. Professional judgment must only be used to address special circumstances, which are conditions that differentiate an individual student from a class of students. While students may face common or similar issues in these economic times, you may not establish automatic categories of special circumstances and provide identical treatment to all students in that circumstance. You could, however, identify a category to reach out to (for example, all students that had a parent that had recently lost a job) but

then would need to assess and document how each individual student's situation was affected. (It would not be permissible to assume that every student in that category was affected in the same way.) You should refer to the complete information on pages 99-100 of the Application and Verification Guide of the Department's 2008-09 Federal Student Aid Handbook for further guidance on the use of professional judgment.

DCL ID: GEN-09-05 (dated May 8, 2009) "provides information to financial aid administrators regarding their ability to exercise, if properly documented, professional judgment when determining the eligibility of a student for federal student aid. It also informs aid administrators about letters that will be provided to all recipients of unemployment insurance benefits by state unemployment agencies that can be used by a financial aid administrator to document special circumstances of students during these challenging economic times."

The letter further stipulates:

During this period of economic hardship, you may use the letter from the state unemployment agency, or other evidence that a student is receiving unemployment benefits, to document that the income earned from work of that *student* is zero for the purposes of adjusting data items for the student on the student's federal financial aid application. For purposes of implementing this letter only, unemployment benefits can also be considered zero as the Department of Education, in consultation with the Department of Labor and the Office of Management and Budget, has determined that the maximum unemployment benefits available would not have a material impact on the Expected Family Contribution of an *independent student*. If there are other members of the student's family for whom you may have evidence of their receiving unemployment benefits, we encourage you to examine the totality of the family's economic situation and make any appropriate adjustments. Unemployed individuals will be able to present letters for 90 days from the date of issuance of those letters to an aid administrator for consideration under this guidance. (The letter should not be accepted if you know that an applicant already has obtained other employment.) Other verification of current receipt of unemployment benefits is an acceptable substitute for the state unemployment agency letter.

It further stipulates:

the Department will make appropriate adjustments to its risk-based model. We will continue to monitor and enforce requirements for appropriate use of professional judgment, but recognize that appropriate use of professional judgment by a school is likely to increase in the current economic environment. As long as you retain in your student records a valid letter, as described above, or other evidence of current receipt of unemployment insurance benefits from a state

unemployment office, we will consider that to be adequate documentation for the adjustment to the *student-recipient's income*.

Noncompliance: Student 26 is a dependent student whose file was selected for verification. The copy of the parent's income tax return shows that they earned \$15,171 in unemployment compensation for the 2009 tax year. Institutional data showed that the parent's income had been changed to zero. Reviewers questioned the school about the parent unemployment income having been changed to zero. The institution stated that all unemployment income for all students and parents was changed to zero per Dear Colleague guidance. The guidance issued (referenced in the citation) allows an institution to change an independent student's unemployment income to zero on a case by case basis. The guidance is not a blanket authorization to change all unemployment income to zero.

Required Action: The institution must review all files where unemployment benefits were changed to zero. A list of these students as well as the documentation used to exercise the professional judgment must be included in the response to this report. In addition, the institution must provide a copy of its procedures for future use of professional judgment.

Finding 3. Failure to Conduct Exit Counseling

Citation: 34 CFR 685.304(b) stipulates that an institution must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school.

The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student borrower may be provided with written counseling materials within 30 days after the student borrower completes the program.

If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

Noncompliance: While on site, the reviewers could not find evidence in the university's automated system that exit interviews were conducted for students 7 and 11.

It was explained that Student #7 completed a voluntary separation notice form on April 22, 2010 making the institution aware of his official withdrawal on that date. The student withdrew after the 60% mark so an R2TIV calculation was not required. No comments were entered on FA status concerning his withdrawal. No exit counseling communication and or service indicator was assigned and therefore the student was never completed an exit interview.

It was explained that Student #11 completed a voluntary separation notice form on March 26, 2010 making the institution aware of his official withdrawal on that date. An e-mail was sent to the processor who handles Exit interviews. The processor in charge of that task was unable to locate the e-mail. No exit counseling communications and/or service indicator was assigned and therefore the student was never completed an exit interview.

In researching the two students; the institution found that they were part of a larger deficiency. For the 2009-10 award year 6,312 students were sent exit interviews, however 580 were not sent the required interviews. It was further discovered that from 7/1/2010 through 11/18/11; 407 students separated from the institution and should have had exit interviews however they were