

## ISSUE ALERT: Satisfactory Academic Progress Pima Community College

### INTRODUCTION

In the course of the interim management engagement with Pima Community College, Attain has identified both best-practice and compliance-based concerns arising from the institution's evaluation of Satisfactory Academic Progress (SAP) for Title IV recipients.

The purpose of this Issue Alert is to provide our initial assessment and recommendations for mitigating any potential compliance risk associated with this issue. This Issue Alert is organized into the following sections:

**Citation** – Explains the federal student aid (FSA) requirements and citation(s) associated with this issue.

**Condition** – Identifies the current practices and circumstances at the school, which have raised concern for Attain.

**Cause** – Provides our assessment about the root cause(s) contributing to the issue.

**Effect** – Explains the result of the school's current practices and the potential consequences of continuing these practices.

**Recommendations** – Outlines Attain's recommended corrective actions for resolving the concerns.

### CITATION

#### SAP – Inclusion of Transfer Credits

*Your policy must explain how GPA and pace of completion are affected by course incompletes, withdrawals, and repetitions, and by transfer credits from other schools. Generally, all periods of the student's enrollment count when assessing progress, even periods in which the student did not receive FSA funds. However, only transfer credits that count toward the student's current program should be counted (as both attempted and completed hours). Your policy may permit that for students who change majors, credits and grades that do not count toward the new major will not be included in the satisfactory progress determination. You may limit how many times a student can in this way "reset" academic progress by changing majors.*

2015-2016 FSA Handbook Volume 1 Chapter 1 Page 1-8

#### SAP – 150% Standard

*A student is ineligible when it becomes mathematically impossible for him to complete his program within 150% of its length if it is an undergraduate program, or within the maximum timeframe established by the school if it is a graduate program. In this situation, an appeal would be possible if your school accepts appeals.*

2015-2016 FSA Handbook Volume 1 Chapter 1 Page 1-10

### **SAP – Policy as Strict for Title IV Recipients as for Non-Recipients**

*Your SAP policy must be at least as strict as your SAP policy for students enrolled in the same program of study who are not receiving FSA funds at your school, and it must apply to all students within categories, e.g., full-time, part-time, undergraduate, and graduate students (different SAP policies may apply to different academic programs. All relevant SAP policy must be applied).*

2015-2016 FSA Handbook Volume 1 Chapter 1 Page 1-9

## **CONDITION**

### **SAP – Inclusion of Transfer Credits**

College officials advised the consultant that the institution accepts in transfer all credits in which the student earned the required grade except as follows:

- Upper division and beyond
- Developmental courses
- Duplicate coursework
- Any courses in which the student received the grade of D or F (or equivalent)
- Pass grades are accepted provisionally
- There are some prefixes that the college does not automatically accept, generally from healthcare programs
- Additionally, the college accepts a maximum of 42 credits of departmental electives (different from general electives)

This policy, which the financial aid office also follows when evaluating SAP, causes students to fail the 150% SAP standard, at times upon entry to the college. Although the college accepts all of the student's eligible credits the institution should only count those credits that are applicable to the student's current program when evaluating SAP (unless the college is actually accepting these as open electives). Federal regulations allow and encourage colleges to count only those credits that are applicable to the student's current program when evaluating SAP.

As there is not currently a federal regulation requiring the college to only include those credits that are applicable to the student's program when evaluating SAP, this issue is a best-practice concern rather than a compliance deficiency.

### **SAP – 150% Standard**

Among the federal regulations governing SAP is the requirement that institutions identify the point at which it is mathematically impossible for students to complete their degrees or certificates within 150% of the published timeframe. When it becomes mathematically impossible for the student to complete the

program within 150% of the published timeframe, the student has failed SAP and is ineligible for Title IV aid, whether or not the student has reached the 150% point. This area of the Title IV regulations provides even greater impetus for the college to count only those credits in the SAP calculation that are applicable to the student's degree or certificate.

It does not appear that the college is measuring students for compliance with this SAP standard because the institution is not currently evaluating the applicability of courses to programs.

#### **SAP – Policy as Strict for Title IV Recipients as for Non-Recipients**

The consultant reviewed the college's standards of academic progress policy in the 2015-2016 catalog and the financial aid office's internal written SAP policy. According to the catalog, it appears that all students are held to a stricter academic standard than that which is described in the written SAP policy for Title IV recipients.

For example, according to the written SAP policy Title IV recipients are measured against a graduated GPA scale (inserted below) that initially requires the attainment of a minimum 1.0 GPA for those students who have earned 3 credits or less. There appear to be several points where the institutional and SAP standards differ, with the college's measurement being stricter.

It appears from the programming code that the practice of using the graduated GPA scale below has been in place since 2004.

Credits Completed	Minimum Cumulative Grade Point Average (GPA)
0-3	1.0
4-9	1.2
10-14	1.3
15-24	1.5
25-48	1.75
49 or more	2.0

By comparison the college's current catalog contains the following academic progress standard used to evaluate all students, which is stricter than the SAP policy. The college's academic progress standard is detailed on page 34 of the catalog:

## Good Academic Standing

PCC students who have completed 20 semester credit hours with a cumulative grade point average of at least 2.0 will be considered in Good Academic Standing. Students who have attempted 36 semester credit hours must have a completion rate of 67 percent or better, as well as a 2.0 or better cumulative GPA, to be considered in Good Academic Standing. Completion is determined by dividing the number of credits completed by the number of credits attempted. For example: If a student attempted 36 credit hours, they must have completed at least 24 with a passing grade to meet 67 percent completion ( $24 \div 36 = 67\%$  percent). Withdrawals, incomplete grades and repeated courses are considered attempted courses. Repeated courses with a grade that is the same, or lower than, a prior attempt are considered attempted but not completed credit.

Title IV regulations require the college to measure those students who are Title IV recipients using the stricter of its institutional academic progress or the federal standards in its SAP policy.

## CAUSE

While it is permissible under the federal SAP regulations for the college to use a graduated scale to measure GPA for Title IV recipients, since the college's standard of academic progress requires a minimum overall cumulative 2.0 GPA for students who have completed at least 20 credits, Title IV recipients must be held to this stricter standard.

It appears that the college does not measure whether it is mathematically possible for students to complete their programs with 150% of the published timeframe and that it uses a stricter overall academic progress policy than the requirements that are included in the SAP policy.

## EFFECT

It appears that the college has improperly disbursed Title IV funds to any recipients who earned at least 20 and less than 49 credits who also earned a GPA of less than 2.0 (and who were not in an approved probationary status).

It is also likely that the college has disbursed Title IV aid to students who were not eligible to receive those funds because it was impossible for them to complete their programs within 150% of the published timeframe and/or they had not met the institution's standards of academic progress.

## RECOMMENDATIONS

Prior to its next SAP review the college should update the evaluating parameters so that they are as strict as (or stricter) than the institutions academic progress policy that is detailed in the catalog.

For purposes of the 150% standard the college should consider revisions to its SAP policy that include a restriction in the number of times students can change their programs (thereby resetting their SAP status) and limiting the credits that are counted in the 150% standard to those that are applicable to the student's program of study.

#### **Next Steps**

Attain will assist the college in evaluating the number and percentage of students who received Title IV aid for which they were not eligible based upon their GPAs during the 2014-2015 award year.

Attain will continue to assist the college in evaluating its practices related to ensuring that students are meeting its SAP policy, in order to understand the scope of any deficiencies and of the institution's resulting potential liability. As Attain continues its review we will provide guidance to college officials on the appropriate corrective actions that are necessary to remediate this issue.

The college's compliance with the U.S. Department of Education's (ED) Title IV regulations that govern the federal financial aid programs is seated in the financial aid office; however, the scope of responsibility for compliance extends across the institution.

As an example, staff members in the business office who have responsibility for any cash management activities that affect the Title IV programs must be conversant in the governing regulations. Staff members in the registration, admissions, advising and athletic offices (to name several but not all of the areas that share responsibility for compliance) are accountable for knowing how practices in their operations affect students' eligibility for Title IV aid. Likewise, individuals who are tasked with making broad institutional policies must arm themselves with sufficient knowledge to ensure that their decisions uphold the college's compliance with Title IV regulations.

Additionally, the financial aid office must have the cooperation and support of key departments that include but are not limited to admissions, student accounts, information technology and registration to properly discharge its fiduciary duties and compliance responsibilities.

Owing to the level of risk associated with the administration of the Title IV programs at any college and in order to avoid the potential of costly liabilities, the financial aid office requires the informed support of the institution's senior administrators, who may from time-to-time be needed to compel immediate action and cooperation from members of the campus community.

The college is required by statute to engage an adequate number of appropriately qualified and capable individuals to manage and staff the financial aid office. The financial aid office's authoritative knowledge of compliance must be recognized by the institution. Finally, the Director of Financial Aid and the office more generally, must have sufficient authority and be held in the appropriate high regard by the institution to properly establish and maintain the power necessary to the proper discharge of their duties.

It appears that the college's lack of proper regard for the authority of the financial aid office is the root cause of several of the compliance and best practice deficiencies Attain observed.

***Coordinating official—definition of capable individual***

*An individual is "capable" if he or she is certified by the state in which the school is located, if state certification is required. Other factors affecting capability include the individual's successful completion of FSA program training provided or approved by the Department and previous experience and documented success in FSA program administration.*

34 CFR 668.16(b)(1)

***Coordinating official***

*A school must designate a capable individual to be the coordinating official. This person performs a key role in demonstrating the school's administrative capability.*

2015-2016 FSA Handbook Volume 2, Chapter 3, Page 2-39

***Adequate staffing***

*To manage a school's aid programs effectively, the aid administrator must be supported by an adequate number of professional and clerical personnel. The number of staff that is adequate depends on the number of students aided, the number and types of programs in which the school participates, the number of applicants evaluated and processed, the amount of funds administered, and the type of financial aid delivery system the school uses. What may be adequate at one school may be insufficient at another.*

*The Department will determine on a case-by-case basis whether a school has an adequate number of qualified persons, based on program reviews, audits, and information provided on the school's application for approval to participate in the FSA programs.*

2015-2016 FSA Handbook Volume 2, Chapter 3, Page 2-40.

## ISSUE ALERT: Course Applicability to Program Pima Community College

### INTRODUCTION

In the course of the interim management engagement with Pima Community College, Attain has identified compliance-based concerns arising from the institution's apparent disbursement of Title IV funds to students who are enrolled in courses that are not applicable to and required for their programs of study.

The purpose of this Issue Alert is to provide our initial assessment and recommendations for mitigating any potential compliance risk associated with this issue. This Issue Alert is organized into the following sections:

**Citation** – Explains the federal student aid (FSA) requirements and citation(s) associated with this issue.

**Condition** – Identifies the current practices and circumstances at the school, which have raised concern for Attain.

**Cause** – Provides our assessment about the root cause(s) contributing to the issue.

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**Recommendations** – Outlines Attain's recommended corrective actions for resolving the concerns.

### CITATION

*If a student is enrolled in courses that do not count toward his degree, certificate, or other recognized credential, they cannot be used to determine enrollment status unless they are eligible remedial courses.*

*This means you cannot award the student aid for classes that do not count toward his degree, certificate, or other recognized credential. Also, federal student aid can be awarded only for learning that results from instruction provided or overseen by the school. It cannot be awarded for any portion of a program based on study or life experience prior to enrollment in the program, or based on tests of learning that are not associated with educational activities overseen by the school.*

2015-2016 FSA Handbook Volume 1, Chapter 1, Pages 1-14 and 1-15

*Completed program, no degree - A student who completes the academic requirements for a program but does not yet have the degree or certificate is not eligible for further additional FSA funds for that program.*

2015-2016 FSA Handbook Volume 1, Chapter 1, Page 1-10

**R2T4 Calculation - Charges for non Title IV eligible courses**

*A school should not include in Step 5, Block L, tuition charges for courses for which the student may not receive Title IV funds.*

2015-2016 FSA Handbook Volume 5, Chapter 1, Page 5-15

*If a student remains enrolled only in non Title IV eligible courses*

*If a student ceases attendance (drops or withdraws) from all his or her Title IV eligible courses in a payment period or period of enrollment, the student must be considered a withdrawal for Title IV purposes.*

2015-2016 FSA Handbook Volume 5, Chapter 1, Page 5-5

## CONDITION

From discussions with college officials, it appears that the college does not currently have evaluating programming in place that ensures that Title IV aid eligibility is calculated based upon only those courses that are required for and applicable to the student's program. In addition, according to the catalog, students are permitted to change their programs once per semester. Not only are changes of program not addressed in the Satisfactory Academic Progress (SAP) policy (as is required) it appears that the college does not have a mechanism to reevaluate the students' courses against the new program.

In addition, according to college officials, the institution does not have a process in place that identifies students who have completed the requirements for their programs and are still enrolled under the same program status. College officials also advised the consultant that although the institution permits students to enroll in double majors, Banner (the student information system) does not capture and reflect this dual status.

As a result of the combination of the factors identified above, it does not appear to be possible for the financial aid office to determine if all, some or none of the students' classes are applicable to their initial program, change of program, dual program status or completed program.

This apparent lack of evaluation of whether or not the student's classes are applicable to his program also raises the likelihood that the college is not properly calculating the student's Cost of Attendance (COA). Incorrectly calculated COAs in turn are likely to lead to improperly awarded aid in the Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study (FWS) and Direct Loan (Subsidized, Unsubsidized and Parent Loan for Undergraduate Students – PLUS) programs. Incorrectly calculated COAs may also lead to improper awards in state, institutional and any other programs that are based on the student's need or COA.

The FSA Handbook contains extensive guidance throughout a number of chapters on the proper calculation of the COA and of awarding in all of the Title IV programs. In general, miscalculated COAs that are a product of including classes that are not applicable to the student's program result in students receiving too much aid, based on inaccurate enrollment levels, and the college having commensurate liability for repayment of those improperly disbursed Title IV funds.

It is also likely that the college has incorrectly processed Return to Title IV (R2T4) calculations by including the costs for non-Title IV eligible courses in the institutional charges. Incorrectly including the costs for non-Title IV eligible courses may have caused the college to either retain or to return incorrect amounts of Title IV funding.

Also in the area of R2T4 compliance, by not identifying those courses that are not applicable to the student's program, the college likely failed to perform R2T4 calculations at all for some students and failed to perform R2T4 calculations timely for others. The college is required to process a R2T4 calculation when a student completely withdraws from all or his classes. The college is also required to process a R2T4 calculation when a student withdraws from all of his Title IV eligible classes. Accordingly, there may have been students who dropped classes remaining enrolled only in courses that were not Title IV eligible, for whom the college should have processed a R2T4. In general, failure to perform R2T4s at all and failure to perform them timely would cause the college to have liability for repayment of improperly retained Title IV funds.

Inability to assess whether or not students' courses are applicable to and required for their programs also raises both compliance and best practice concerns in the area of evaluating SAP. Attain prepared a separate Issue Alert to advise college officials as to the SAP requirements.

## **CAUSE**

It appears that at present the college does not have required policies and procedures in place that exclude courses that are not required for and applicable to the student's program from being excluded in their enrollment status that is used to calculate eligibility for Title IV aid. In addition, according to college officials, the current Banner student information system is not set up to identify whether or not students' courses are applicable to their programs.

## **EFFECT**

In response to questions, college officials informed the consultant that for several years the institution has failed to evaluate students' courses for applicability to their programs when calculating Title IV eligibility. College officials confirmed that it is possible for students to enroll in courses that are neither required for nor applicable to their programs. Also, college officials confirmed that the institution has disbursed Title IV aid to students for the past several years without assessing whether their courses were required for and applicable to their programs. It appears that as a result of these practices the college may have made improper disbursements of Title IV aid. This practice may result in ED assessing a liability against the college.

As such, it appears that the college is not in compliance with Title IV regulations and could therefore be cited in an audit or federal program review. Moreover, the college is at risk of disbursing Title IV funds for the fall 2015 semester for which students are ineligible. The college may incur additional financial liability for improperly disbursed funds, if discovered in a federal program review or audit.

## RECOMMENDATIONS

The college should immediately develop and implement procedures to prevent any future improper disbursements that are caused by students' enrollment in courses that are not required for and applicable to their programs.

1. In the near-term, the college should immediately notify students who are enrolled in ineligible courses that they are not eligible for Title IV funding for those credits.

The college distributed a general update notification to those students who have been Title IV aid on Tuesday August 25, 2015. (In the notice the college advised students that their eligibility is being reviewed and they cannot receive Title IV aid for those courses that are not applicable to their programs); and

2. The institution should gather the necessary college officials to discuss and design a long-term solution, which should include an assessment of Banner to determine if there is existing functionality (within Banner or elsewhere) to accurately evaluate whether or not students' courses are required for and applicable to their programs.

3. If the appropriate functionality cannot be deployed in Banner at this time, the college should identify companion software or another supplemental process to accurately evaluate students' courses for applicability to their programs.

4. The college should also determine if it has sufficient resources within the institution to fully remediate this issue. Whether the college can remedy this issue using internal resources or will require additional support, Attain can assist the college in developing a comprehensive corrective action plan.

### Corrective Action Taken and Next Steps

In a meeting on Monday August 24, 2015 College officials reiterated that a future software enhancement to Banner (XE) will have functionality to evaluate students' courses against their programs. This enhancement is described as being approximately eighteen months away and not possible to implement at an earlier point. In the interim college officials must implement a means of evaluating course applicability, which may require some level of manual review.

College officials expressed the intent to evaluate those students who have been awarded Title IV aid to determine if their courses are applicable to their programs by the first disbursement of aid for the fall 2015 semester. The broad outline of the approach is to extract the IDs of those students who have been awarded Title IV aid and to then evaluate their courses for applicability using an automated and manual review process.

The consultant described several possible approaches that colleges use to manage the enrollment status for students who have not as yet gained admission to a selective program. College officials discussed approaches for permitting Title IV eligibility for those students who are seeking admission to a selective program and who are currently in an *intended program* status that will meet the various needs and objectives of the institution.

Attain will continue to assist the college in evaluating its practices related to ensuring courses are applicable to the student's program, in order to understand the scope of any deficiencies and of the institution's resulting potential liability. As Attain continues its review we will provide guidance to college officials on the appropriate corrective actions that are necessary to remediate this issue.

The college's compliance with the U.S. Department of Education's (ED) Title IV regulations that govern the federal financial aid programs is seated in the financial aid office; however, the scope of responsibility for compliance extends across the institution.

As an example, staff members in the business office who have responsibility for any cash management activities that affect the Title IV programs must be conversant in the governing regulations. Staff members in the registration, admissions, advising and athletic offices (to name several but not all of the areas that share responsibility for compliance) are accountable for knowing how practices in their operations affect students' eligibility for Title IV aid. Likewise, individuals who are tasked with making broad institutional policies must arm themselves with sufficient knowledge to ensure that their decisions uphold the college's compliance with Title IV regulations.

Additionally, the financial aid office must have the cooperation and support of key departments that include but are not limited to admissions, student accounts, information technology and registration to properly discharge its fiduciary duties and compliance responsibilities.

Owing to the level of risk associated with the administration of the Title IV programs at any college and in order to avoid the potential of costly liabilities, the financial aid office requires the informed support of the institution's senior administrators, who may from time-to-time be needed to compel immediate action and cooperation from members of the campus community.

The college is required by statute to engage an adequate number of appropriately qualified and capable individuals to manage and staff the financial aid office. The financial aid office's authoritative knowledge of compliance must be recognized by the institution. Finally, the Director of Financial Aid and the office more generally, must have sufficient authority and be held in the appropriate high regard by the institution to properly establish and maintain the power necessary to the proper discharge of their duties. It appears that the college's lack of proper regard for the authority of the financial aid office is the root cause of several of the compliance and best practice deficiencies Attain observed.

**Coordinating official—definition of capable individual**

*An individual is "capable" if he or she is certified by the state in which the school is located, if state certification is required. Other factors affecting capability include the individual's successful completion of FSA program training provided or approved by the Department and previous experience and documented success in FSA program administration.*

34 CFR 668.16(b)(1)

**Coordinating official**

*A school must designate a capable individual to be the coordinating official. This person performs a key role in demonstrating the school's administrative capability.*

2015-2016 FSA Handbook Volume 2, Chapter 3, Page 2-39

**Adequate staffing**

*To manage a school's aid programs effectively, the aid administrator must be supported by an adequate number of professional and clerical personnel. The number of staff that is adequate depends on the number of students aided, the number and types of programs in which the school participates, the number of applicants evaluated and processed, the amount of funds administered, and the type of financial aid delivery system the school uses. What may be adequate at one school may be insufficient at another.*

*The Department will determine on a case-by-case basis whether a school has an adequate number of qualified persons, based on program reviews, audits, and information provided on the school's application for approval to participate in the FSA programs.*

2015-2016 FSA Handbook Volume 2, Chapter 3, Page 2-40



## ISSUE ALERT: Resolution of Conflicting Information Pima Community College

### INTRODUCTION

In the course of the interim management engagement with Pima Community College, Attain has identified compliance-based concerns arising from the institution's apparent failure to implement policies and procedures to identify and resolve conflicting information prior (and subsequent to, when required) disbursement of Title IV funds.

The purpose of this Issue Alert is to provide our initial assessment and recommendations for mitigating any potential compliance risk associated with this issue. This Issue Alert is organized into the following sections:

**Citation** – Explains the federal student aid (FSA) requirements and citation(s) associated with this issue.

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**Recommendations** – Outlines Attain's recommended corrective actions for resolving the concerns.

### CITATION

#### *Consistency of information and conflicting information*

*A school must have a system of identifying and resolving discrepancies in all FSA-related information received by any school office. A school must resolve discrepancies for all students, not just those selected for verification. Resolution includes determining what information is correct and documenting the school's findings in the student's file. Such a system must include a review of:*

- All student aid applications, need analysis documents, multiple reporting records, potential overawards from COD, statements of educational purpose, statements of registration status, and eligibility notification documents presented by or on behalf of each applicant.*
- The Student Aid Report/ISIR for a student. Even if a school has already verified the information on a student's SAR/ISIR, it must review all information on subsequent SARs/ISIRs.*

- Any documents, including copies of federal tax return and tax account transcripts, that are normally collected by the school to verify information received from the student or other sources.
- Any other information submitted or normally available to the school regarding a student's citizenship, previous educational experience, or Social Security number or other factors relating to the student's eligibility for FSA funds.

*For instance, if a student receives an academic scholarship through one school office, that office must notify the aid administrator of these benefits to ensure that the amounts are correctly reported on the student's aid application and are counted as estimated financial assistance for the Campus-based and Direct Loan programs.*

*Other examples include:*

- A school's admissions or registrar's office must provide the aid office with any information it has that might affect a student's eligibility, such as the student's enrollment in an ineligible program or in summer classes immediately preceding a fall term of enrollment.
- A school's business office must inform the aid office whenever it receives information about a student receiving an outside scholarship

2015-2016 FSA Handbook Volume 2 Chapter 3 Pages 2-37 and 2-38

*You may not ignore a document in your files unless a student is no longer enrolled. If you have conflicting information in your files, you must resolve it as expeditiously as possible.*

*If you become aware of conflicting information for a student who is no longer enrolled and there is aid to be disbursed, you must resolve the conflict before making the late or postwithdrawal disbursement.*

*If aid that the school was unaware of is received after the end of a period of enrollment for a student who is intending to reenroll, that aid must be treated as estimated financial assistance for either the period of enrollment just completed or for the subsequent period of enrollment. See the discussion of estimated financial assistance and packaging in Volume 3.*

*Remember, if any office at your school has information that might affect a student's eligibility for FSA funds, it must provide that information to the school's designated coordinating official (described later). That person must forward it to the financial aid office, where procedures must be in place to ensure that any conflicting information is resolved and documented before the student receives any (or any additional) FSA funds.*

2015-2016 FSA Handbook Volume 2 Chapter 3 Page 2-38

### **Conflicting Information**

*In addition to reviewing application and data match information from the CPS, a school must have an adequate internal system to identify conflicting information—regardless of*

*the source and regardless of whether the student is selected for verification—that would affect a student's eligibility, such as information from the admissions office as to whether the student has a high school diploma or information from other offices regarding academic progress and enrollment status. The school must resolve all such conflicting information, except when the student dies during the award year.*

*If your school has conflicting information concerning a student's eligibility or you have any reason to believe a student's application information is incorrect, you must resolve the discrepancies before disbursing FSA funds. If you discover discrepancies after disbursing FSA funds, you must still reconcile the conflicting information and take appropriate action under the specific program requirements.*

2015-2016 FSA Handbook AVG Chapter 5 Page AVG 125

#### ***Resolution of conflicting information***

*You may not disburse aid until you have resolved conflicting information, which you must do for any student as long as he is at your school. Even if the conflict concerns a previous award year, you must still investigate it. You have resolved the matter when you have determined which data are correct; this might simply be confirming that an earlier determination was the right one. Of course, you must document your findings in the student's file and explain why, not simply assert that, your decision is justified.*

2015-2016 FSA Handbook AVG Chapter 5 Page AVG 126

#### ***Academic Qualifications***

*To receive FSA funds, a student must be qualified to study at the postsecondary level. A student qualifies if she:*

- has a high school diploma (this can be from a foreign school if it is equivalent to a U.S. high school diploma);*
- has the recognized equivalent of a high school diploma, such as a general educational development or GED certificate or other state sanctioned test or diploma-equivalency certificate;*
- has completed homeschooling at the secondary level as defined by state law; or*
- has completed secondary school education in a homeschool setting which qualifies for an exemption from compulsory attendance requirements under state law, if state law does not require a homeschooled student to receive a credential for their education.*

*A student may self-certify on the FAFSA that he has received a high school diploma or high school equivalency certificate or that he has completed secondary school through homeschooling as defined by state law.*

*If a student indicates that he has a diploma or high school equivalency certificate, your school isn't required to ask for a copy (except as noted below), but if your school requires a diploma for admission, then you must rely on that copy of the diploma or high school equivalency certificate and not on the student's certification alone.*

2015-2016 FSA Handbook Volume 1 Chapter 1 Page 1-5

### ***Admissions Standards***

*An eligible institution may admit as regular students only persons who have a high school diploma or its recognized equivalent, are beyond the age of compulsory school attendance in the state in which the school is located, or are dually enrolled in the college and a secondary school. Admissions standards also play a role in student eligibility, as discussed in Volume 1, Chapter 1.*

### ***High School Diploma***

*A high school diploma is a document recognized by the state in which the high school is located. Unless required by its accrediting or state licensing agency, the college is not required to keep a copy of a student's high school diploma or recognized equivalent of a high school diploma (see below). Rather, the college may rely on the student's certification (including that on the FAFSA) that he or she has received the credential and a copy of the certification must be kept on file. This certification need not be a separate document. It may be collected on the college's admissions application. The college may also require the student to provide supporting documentation.*

*If the institution does not require that applicants submit high school diplomas (or other documents) but applicants do so, the institution is then required to review the information for conflicts with other information in the file and to confirm that the additional information does not make the student ineligible for Title IV funds.*

2015-2016 FSA Handbook Volume 2 Chapter 1 Page 2-8

### ***Referral of Fraud Cases***

*If you suspect that a student, employee, or other individual has misreported information or altered documentation to fraudulently obtain federal funds, you should report your suspicions and provide any evidence to the Office of Inspector General. See also Volume 2.*

2015-2016 FSA Handbook AVG Chapter 5 Page AVG 126

## CONDITION

1). The Attain consultant reviewed the downloadable version of the college's application for admission for questions that are also posed on the Free Application for Federal Student Aid (FAFSA). Under Title IV regulations, the financial aid office is required to be aware of information that is available to other offices on campus. The financial aid office is also required to resolve any instance of conflicting information that arises in the student's file. The admissions application contains questions about the following topics, which may give rise to conflicts with information in the student's financial aid file:

Name	Gender	Receipt of Baccalaureate degree
Social Security Number	Citizenship	Arizona Residency
Address	High School Completion	
Date of Birth	Name of High School	

2). College officials informed Attain that although the institution does not require the high school diploma from applicants some individuals submit this document. The documents that are collected are not reviewed by college employees and are accumulated in boxes. Whenever an institution takes possession of a document that may affect Title IV eligibility it then becomes responsible to review it to insure that it does not conflict with any other information in the student's file.

By failing to review the high school diplomas the college is exposed to the risk that it has in its possession unresolved conflicting information or documents that confirm that a student is ineligible to receive Title IV aid.

3). College officials informed the consultant that they recently identified several students who earned baccalaureate degrees and were subsequently disbursed Pell Grant funds. Except for certain limited circumstances, (as specified in the FSA Handbook) students who have earned a baccalaureate degree, or its equivalent, are ineligible to receive Pell Grant (such students are also ineligible for the Federal Supplemental Educational Opportunity Grant (FSEOG) funds).

According to college officials the students in question provided the erroneous information on their FAFSAs that they had not earned baccalaureate degrees. Also according to college officials, these students may have knowingly provided the conflicting information to the institution that they had earned baccalaureate degrees on their applications for admission. If the college had the conflicting information in hand at the time it disbursed the Pell Grant to these students the improper payments must be considered an institutional error, although the students may also have culpability.

These instances are examples of the college's lack of adequate procedures to compare information students provide on the FAFSA and in other places over which the institution has oversight for accuracy and consistency.

## CAUSE

It appears that the college does not have in place policies and procedures to ensure that information that it has collected both inside and outside the financial aid office is compared for accuracy and consistency.

## EFFECT

It is assumed (and confirmed in number 3, above) that students (and others) at times submit information to the college that conflicts with other data in the individual's financial aid file. The institution is required to satisfactorily resolve the conflicting information to establish or continue the student's eligibility for Title IV aid. When the college fails to identify instances of conflicting information and then does not resolve the issue it risks the improper disbursement of Title IV funds to ineligible students.

## RECOMMENDATIONS

- 1). If any of the items in the above list under **Condition** (1.) are not utilized in the admissions process or used elsewhere for institutional research, the college should delete them from the application so that those opportunities for conflicting information can be eliminated. For those items that are necessary for the admissions process (or institutional data gathering) the college should implement procedures under which the financial aid office can identify and resolve those instances when the student's response on the application for admission conflicts with the answer to the same question on the Free Application for Federal Student Aid (FAFSA).
- 2). Attain recommends that college officials develop and implement a process under which unsolicited high school diplomas are reviewed for consistency with the student's self-certification of high school completion on the application for admission and the FAFSA.

Attain also recommends that the college develop and implement a process under which the student's response to the high school/ GED question on the FAFSA is compared for consistency with the response to that question on the application for admission.

More broadly, the college should implement a standard operating process to catalogue and review high school diplomas and any other unsolicited documents to evaluate them for any information that affects the student's eligibility for Title IV aid.

- 3). The college should review the messages that it presents to incoming students as to what documents are and are not required for admission. The college should explore all of its options to effectively communicate the message to applicants that non-required documents should not be submitted.
- 4). The college is required by statute to return all of the Title IV funds which students were ineligible to receive for all years of their enrollment. The college has the discretion to pursue the students (and former students, as allowable under FSA regulations.) for payment and to levy appropriate collection measures

against them. College officials should also seek to understand whether it appears the students intentionally or inadvertently provided conflicting information. If college officials determine that there is credible information that any of the students knowingly provided conflicting information they should report their findings to ED's Office of the Inspector General (OIG) and should also subject any currently enrolled students to the institution's disciplinary process.

Attain can assist college officials with the appropriate process to report any credible information to the OIG.

<b>OIG Address and Phone Numbers</b>		
<i>Regional Offices</i>	<i>Telephone No.</i>	<i>National Hotline</i>
Boston, MA	(617) 289-0174	Inspector General's Hotline Office of Inspector General U.S. Department of Education 400 Maryland Avenue, SW Washington, DC 20202-1500
New York, NY	(646) 428-3861	
Philadelphia, PA	(215) 656-6900	
Pittsburgh, PA	(215) 656-6900	
Atlanta, GA	(404) 974-9430	1-800-MIS-USED (1-800-647-8733)
Pembroke Pines, FL	(404) 974-9430	Hours: M, W 9-11am T, Th 1-3pm
Chicago, IL	(312) 730-1630	
Ann Arbor, MI	(312) 730-1630	
Dallas, TX	(214) 661-9530	
Denver, CO	(303) 844-0058	
Kansas City, MO	(816) 268-0530	
Long Beach, CA	(562) 980-4141	
Phoenix, AZ	(562) 980-4141	
San Juan, PR	(787) 766-6278	
Washington, DC	(202) 245-6911	To submit a complaint online at any time, go to <a href="http://www.ed.gov/about/offices/list/oig/hotline.html">http://www.ed.gov/about/offices/list/oig/hotline.html</a> and click on the appropriate link.

### **Next Steps**

Attain will continue to assist the college in evaluating its practices related to the identification and resolution of conflicting information, in order to understand the scope of any deficiencies and of the institution's resulting potential liability. As Attain continues its review we will provide guidance to college officials on the appropriate corrective actions that are necessary to remediate this issue.

The college's compliance with the U.S. Department of Education's (ED) Title IV regulations that govern the federal financial aid programs is seated in the financial aid office; however, the scope of responsibility for compliance extends across the institution.

As an example, staff members in the business office who have responsibility for any cash management activities that affect the Title IV programs must be conversant in the governing regulations. Staff members in the registration, admissions, advising and athletic offices (to name several but not all of the areas that share responsibility for compliance) are accountable for knowing how practices in their operations affect students' eligibility for Title IV aid. Likewise, individuals who are tasked with making broad institutional policies must arm themselves with sufficient knowledge to ensure that their decisions uphold the college's compliance with Title IV regulations.

Additionally, the financial aid office must have the cooperation and support of key departments that include but are not limited to admissions, student accounts, information technology and registration to properly discharge its fiduciary duties and compliance responsibilities.

Owing to the level of risk associated with the administration of the Title IV programs at any college and in order to avoid the potential of costly liabilities, the financial aid office requires the informed support of the institution's senior administrators, who may from time-to-time be needed to compel immediate action and cooperation from members of the campus community.

The college is required by statute to engage an adequate number of appropriately qualified and capable individuals to manage and staff the financial aid office. The financial aid office's authoritative knowledge of compliance must be recognized by the institution. Finally, the Director of Financial Aid and the office more generally, must have sufficient authority and be held in the appropriate high regard by the institution to properly establish and maintain the power necessary to the proper discharge of their duties. It appears that the college's lack of proper regard for the authority of the financial aid office is the root cause of several of the compliance and best practice deficiencies Attain observed.

***Coordinating official—definition of capable individual***

*An individual is "capable" if he or she is certified by the state in which the school is located, if state certification is required. Other factors affecting capability include the individual's successful completion of FSA program training provided or approved by the Department and previous experience and documented success in FSA program administration.*

34 CFR 668.16(b)(1)

***Coordinating official***

*A school must designate a capable individual to be the coordinating official. This person performs a key role in demonstrating the school's administrative capability.*

2015-2016 FSA Handbook Volume 2, Chapter 3, Page 2-39

***Adequate staffing***

*To manage a school's aid programs effectively, the aid administrator must be supported by an adequate number of professional and clerical personnel. The number of staff that is adequate depends on the number of students aided, the number and types of programs in*

*which the school participates, the number of applicants evaluated and processed, the amount of funds administered, and the type of financial aid delivery system the school uses. What may be adequate at one school may be insufficient at another.*

*The Department will determine on a case-by-case basis whether a school has an adequate number of qualified persons, based on program reviews, audits, and information provided on the school's application for approval to participate in the FSA programs.*

2015-2016 FSA Handbook Volume 2, Chapter 3, Page 2-40