



February 18, 2020

James A. Galati, President  
MyComputerCareer.com  
346 Raleigh Street  
Holly Springs, NC 27540

UPS Tracking #:  
1ZA879640295055934

RE: **Final Program Review Determination**  
OPE ID: 04206500  
PRCN: 2018-3-04-29844

Dear President Galati:

The U.S. Department of Education's (Department's) Office of Federal Student Aid issued a Program Review Report (PRR) on August 6, 2018 covering MyComputerCareer.com's (MCC or Institution) 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 2016-2017 and 2017-2018 award years. MCC's final response was received on May 7, 2019. A copy of the PRR (and related attachments) and MCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by MCC 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 PRR. The purpose of this letter and the enclosed FPRD is to: (1) identify liabilities resulting from the findings of the PRR, (2) provide instructions for payment of liabilities to the Department, and (3) notify the Institution of its right to appeal.

The total liabilities due from the Institution from this program review are \$532,071.26.

The FPRD contains detailed information about the liability determination for all findings.

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

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the enclosed FPRD 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 - Program Review Student Statistical Sample. In addition, Appendices Appendix A-1 - Finding #1 File Review Student Level Detail, Appendix C-1 - Institution's Written Response Exhibits, Appendix F - Finding #1 Cost of Funds (Loan) Worksheet, Appendix F-1 - Finding #1 Cost of Funds (Non-Loan) Worksheet also contain PII. These appendices were encrypted and sent separately to the institution via e-mail.

### **Appeal Procedures:**

If MCC elects to appeal to the Secretary of Education for a review of the financial liabilities established by this FPRD, the institution must file a written request for a hearing. Please note that institutions may appeal financial liabilities only. The Department must receive MCC's request no later than 45 calendar days from the date MCC receives this letter and the FPRD. **The Department requests that MCC submit an original and four copies of its complete request for review.** The request must be sent to:

Attn: Susan Crim, Director  
Administrative Actions and Appeals Service Group  
U.S. Department of Education  
Federal Student Aid/Enforcement  
830 First Street, NE UCP3, Room 84F2  
Washington, DC 20002-8019

MCC's appeal request must:

- (1) indicate the findings, issues, and facts being disputed;
- (2) state the Institution's position, together with pertinent facts and reasons supporting its position; and
- (3) include a copy of the FPRD received by the school.

When it submits its request for appeal, the Institution may also include documentation it believes the Department should consider in support of the appeal. If such documentation is submitted, please provide one copy on an electronic format, preferably as a PDF, such as on a flash drive. Please provide the additional copies in hard copy format.

If any appeal documents include PII, the PII must be redacted, except for the student's name and last four digits of his/her social security number (please see the enclosed document, "Protection of Personally Identifiable Information," for instructions on how to mail records containing PII).

If the Institution's appeal is timely, the request for appeal will be transmitted to the Department's Office of Hearings and Appeals (OHA), for an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The Hearing Official assigned to the case will issue an order scheduling the submission of briefs and supporting evidence in accordance with 34 C.F.R. § 668.114(c). The Institution may therefore submit additional documentation supporting its appeal request at that time. Further, if the Institution is appealing a projected liability amount, it may provide detailed liability information from a complete file review, either at the time it initially submits its appeal request or pursuant to the proceedings at OHA. The

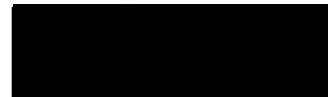
procedures followed with respect to MCC's appeal are those provided at 34 C.F.R. Part 668, Subpart H. Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory notes.

**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).

If the Institution has any questions regarding this letter, please contact Daniel Castellanos at (404) 974-9246. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,



Chris Miller  
Division Director

Enclosures:  
Protection of Personally Identifiable Information  
Program Review Report (and appendices)  
Final Program Review Determination Report (and appendices)

cc: Amanda Miller, Financial Aid Administrator, Financial Aid Administrator  
Scott Corl, North Carolina Community College System  
Judy Hendrickson, Accrediting Council of Continuing Education and Training

Prepared for

MyComputerCareer.com

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

PROUD SPONSOR of  
the AMERICAN MIND™

**OPE ID: 04206500**

**PRCN: 2018-3-04-29844**

**Prepared by**

**U.S. Department of Education**

**Federal Student Aid**

**School Participation Division-Atlanta**

# Final Program Review Determination

February 18, 2020

### **Table of Contents**

	Page
A. Institutional Information	3
B. Scope of Review	4
C. Final Determinations	5
Resolved Findings/Findings without Liabilities	5
Findings with Establishedd Liabilities	7
Finding #1 - Incorrect/Untimely Paid Return of Title IV Calculations	7
D. Summary of Liabilities	14
E. Payment Instructions	14
F. Appendices	17
Appendix A - Program Review Student Statistical Sample	
Appendix A-1 - Finding #1 File Review Student Level Detail	
Appendix B - Program Review Report	
Appendix C - Institution's Written Response	
Appendix D - Amanda Simms E-mail	
Appendix E - Kevin Galati E-mail	
Appendix F - Finding #1 Cost of Funds (Loan) Worksheet	
Appendix F-1 - Finding #1 Cost of Funds (Non-Loan) Worksheet	

**A. Institutional Information**

MyComputerCareer.com

346 Raleigh Street

Holly Springs, NC 27540

Type: Proprietary

Highest Level of Offering: Certificate

Accrediting Agency: Accrediting Council of Continuing Education and Training

Current Student Enrollment: 1,084

% of Students Receiving Title IV: 92% (2016-2017, 2017-2018)

Title IV, HEA Program Participation (G5): 2016-2017

Federal Pell Grant \$3,148,720

William D. Ford Federal Direct Loan Program (DL) \$8,552,459

Default Rate DL: 2012 - \*\*  
2013 - 26.3%  
2014 - 13%

\*\* Cohort Default Rate (CDR) data is not provided when "No. in Repay" (number of borrowers entering repayment in cohort) includes 10 or fewer borrowers.

## **B. Scope of Review**

The U.S. Department of Education (the Department) Office of Federal Student Aid conducted a program review at MyComputerCareer.com (MCC or Institution) from April 23, 2018 to April 27, 2018. The review was conducted by Daniel Castellanos and Lisa Lancaster. The review covered award years 2016-2017 and 2017-2018 (through April 27, 2018).

The focus of the review was to determine MCC's compliance with specific regulation(s) as they pertain to the Institution's administration of the Federal student aid programs under Title IV of the Higher Education Act of 1965, as amended, U.S.C. §§ 1070 et seq. (Title IV programs). The focus of the review was to examine the cause of the increased level of Title IV, HEA program funding, MCC's program offerings and its compliance with 34 C.F.R. § 668.14(b)(22).

The Department identified a sample of 30 files for review from the 2016-2017 and 2017-2018 award years (through April 27, 2018). The Department randomly selected the files from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

The Department issued its Program Review Report (PRR) on August 6, 2018. *See* Appendix B. The PRR covered not only award years 2016-2017 and 2017-2018, but also (for Finding 1) award year 2015-2016. The Department recognized that MCC had revised its R2T4 policy on July 1, 2017 to be in compliance with federal regulations regarding non-term credit hour programs. The implementation date coincided with the 2017-2018 award year which was included in the scope of the program review. While the 2015-2016 award year was not included in the scope of the review, the amount of 2015-2016 award year funds drawn down by MCC was in excess of \$7.8 million. Because it had been determined that the R2T4 procedures that were in practice during the 2015-2016 award year were not in compliance with 34 C.F.R. § 668.22 (for non-term credit hour programs), the Department opted to include the 2015-2016 award year in the PRR's Required Action. After multiple extensions, MCC submitted its written response (Response) to the PRR on May 7, 2019. *See* Appendix C. The Response as well as the accompanying supporting documentation were complete and provided sufficient information for the Department to make a Final Determination for each of the PRR findings.

### **Disclaimer:**

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

## **C. Final Determinations**

### **Resolved Findings/Findings without Liabilities**

#### **Findings #2 through #6**

MCC has taken the corrective actions necessary to resolve the following findings of the PRR and, therefore, these findings may be considered closed:

#### **Finding #2 - Missing Exit Loan Counseling**

MCC failed to provide student loan exit counseling to students 4, 23, 26, and 27 of the student statistical sample as required by 34 C.F.R. § 685.304(b).

In its Response, MCC:

1. Submitted copies of the exit loan counseling it provided to the students identified in the PRR finding as required. *See* Exhibits 2-A through 2-D of Appendix C.
2. Updated the systems it utilizes for the administration of loan counseling, revised its loan counseling procedures, and provided a copy to the Department as required. *See* Exhibits 2-E through 2-G of Appendix C.

#### **Finding #3 - Student Enrollment Status Inaccurately Reported**

MCC failed to timely and/or accurately report enrollment statuses to the National Student Loan Data System (NSLDS), for students 3, 5, 7, 20 and 28 of the student statistical sample as required by 34 C.F.R. § 685.309(b) (2016 & 2017 editions).

In its Response, MCC:

1. Performed a 100% file review of its 2016-2017 and 2017-2018 award year Direct Loan recipients and identified additional enrollment reporting errors; MCC provided the results of the file review<sup>1</sup> to the Department illustrating it had taken the appropriate measures to ensure its students' enrollment statuses are being properly reported to NSLDS. *See* Exhibit 3-B of Appendix C.
2. Updated the systems it utilizes for reporting student enrollment statuses to NSLDS, revised its enrollment reporting procedures, and provided a copy to the Department as required. *See* Exhibits 3-A, 3-C, and 3-D of Appendix C.

---

<sup>1</sup> MCC engaged an Independent Public Accountant (IPA) to attest to the accuracy and completeness of the file review using procedures agreed upon by the Department.



**Finding #4 - Selective Service Registration Requirement Not Met**

MCC failed to provide clear and unambiguous evidence that student 14 of the student statistical sample, did not knowingly and willfully fail to register with the Selective Service, as required by 34 C.F.R. § 668.37(d), (e) (2016 edition).

In its Response, MCC:

1. Provided additional documentation which demonstrated by a preponderance of evidence that the student's failure to register was not knowing and willful. *See* Exhibits 4-C, 4-D, and 4-E of Appendix C.
2. Revised its policy for addressing special cases and/or C codes on a student's ISIR and provided a copy to the Department as required. *See* Exhibit 4-F of Appendix C.

**Finding #5 - Failure to Resolve Discrepant Information**

MCC failed to identify and resolve discrepancies in the financial aid application of student 30 of the student statistical sample as required by 34 C.F.R. § 668.16(f) (2017 edition).

In its Response, MCC:

1. Provided documentation illustrating that any necessary corrections to the student's financial aid application were made and the student was properly awarded aid. *See* Exhibits 5-D through 5-G of Appendix C.
2. Revised its policy for identifying and resolving discrepancies in its student financial aid application and provided a copy to the Department as required. *See* Exhibit 5-H of Appendix C.

**Finding #6 - Satisfactory Academic Progress Policy Not Adequately Developed**

MCC's Satisfactory Academic Progress (SAP) policy failed to meet all requirements as they relate to credit hour programs, as described in 34 C.F.R. § 668.34 (2016 & 2017 editions).

In its Response, MCC revised its SAP policy to comply with 34 C.F.R. § 668.34 and provided a copy to the Department as required. *See* Exhibit 6-A of Appendix C.

### **Finding with Established Liabilities**

The PRR finding with liabilities requiring further action is summarized below. At the conclusion of the finding is a summary of MCC's response to the finding, and the Department's final determination for that finding. A copy of the PRR issued on August 6, 2018 is attached as Appendix B.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

### **Finding #1 - Incorrect/Untimely Paid Return of Title IV (R2T4) Calculations**

#### **Summary of Noncompliance:**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period<sup>2</sup> or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22 (2015 & 2016 editions). An institution must return any unearned aid. 34 C.F.R. § 668.22(g) (2015 & 2016 editions). The amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student, and applying this percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period as of the student's withdrawal date. 34 C.F.R. § 668.22(e)(1) (2015 & 2016 editions).

The percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period that the student completed as of the student's withdrawal date, if this date occurs on or before completion of 60 percent of the payment period or period of enrollment; or 100 percent, if the student's withdrawal date occurs after completion of 60 percent of the payment period or period of enrollment. 34 C.F.R. § 668.22(e)(2) (2015 & 2016 editions).

In the case of a program that is measured in credit hours, the percentage of the payment period completed is determined by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date. 34 C.F.R. § 668.22(f)(1)(i) (2015 & 2016 editions). The total number of calendar days in a payment period includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment

---

<sup>2</sup> MCC performs its R2T4 calculations upon a payment period basis.

period and the number of calendar days completed in that period. 34 C.F.R. § 668.22(f)(2) (2015 & 2016 editions).

As explained in the Federal Student Aid (FSA) Handbook, a credit-hour non-term program, the ending date for a period and, therefore, the total number of calendar days in the period, may depend on the pace at which an individual student progresses through the program. Therefore, for a student who withdraws from a credit-hour non-term program in which the completion date of the period depends on an individual student's progress, an institution must project the completion date based on the student's progress as of his or her withdrawal date to determine the total number of calendar days in the period. *See* Volume 5, Chapter 2, page 77 of the 2015 & 2016 FSA Handbook.

If a student withdraws from a self-paced, non-term credit-hour program before earning any credits, the institution must have a reasonable procedure for projecting the completion date of the period. To the extent that any measure of progress is available, the institution should base its determination on that progress. *See* Volume 5, Chapter 2, page 77 of the 2015 & 2016 FSA Handbook.

An 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. 34 C.F.R. § 668.22(j) (2015 & 2016 editions).

The Department identified 4 incorrect R2T4 calculations and 1 untimely paid return, during the review.

#### **Directives from PRR:**

Based upon the error rate of this finding, MCC was required to:

1. Conduct a 100% file review of all *Withdrawn* (WD) Title IV recipients for the 2015-2016<sup>3</sup> and 2016-2017 award years to identify additional incorrect R2T4 calculations. The file review required MCC to recalculate R2T4s for all WD students in the 2015-2016 and 2016-2017 award years and report any changes in the return amount to the Department. The results of the file review were to be provided in MS Excel format and include the fields indicated in Enclosure A of the PRR.
2. Engage an Independent Public Accountant (IPA) to attest to the file review completed by MCC. The IPA was required to develop a set of procedures

---

<sup>3</sup> MCC determined that the R2T4 policy it had in place *prior* to July 1, 2017, was not in compliance with 34 C.F.R. § 668.22 (for non-term credit hour programs). MCC drew down approximately \$7.8 million dollars in Title IV aid during the 2015-2016 award year; consequently, the Department included the 2015-2016 award year in the Required Action.

designed for testing the accuracy and completeness of the file review and provide them to Daniel Castellanos for approval within 30 days of the Institution's receipt of the PRR.

3. The IPA was required to apply the Agreed Upon Procedures to test the file reviews completed by MCC and prepare a report (to be submitted with MCC's PRR response) in accordance with the AICPA Attestations Standards, detailing and identifying any exceptions noted during its testing.

#### **Analysis of Liability Determination:**

During the on-site review, MCC **self-reported** to the Department that the R2T4 policy it had in place prior to July 1, 2017, was not in compliance with 34 C.F.R. § 668.22, as it relates to non-term credit hour programs. MCC revised its R2T4 policy to comply with federal regulations and implemented the new policy on July 1, 2017, approximately 10 months **prior** to the Department's review conducted April 23, 2018 to April 27, 2018.

When asked to provide an example of how MCC was performing its R2T4 calculations under the new policy, Financial Aid Director Amanda Simms responded in an email dated April 26, 2018 (*see* Appendix D), providing the methodology that MCC utilizes to determine the percentage of the payment period completed by the student at the time of his or her withdrawal from a non-term credit hour program (Step 2 of the R2T4 calculation). The methodology used is a reasonable approach and is identical to guidance provided by the Department for non-term credit hour programs, in Volume 5, Chapter 2, page 81 of the 2017-2018 FSA Handbook.

MCC received the PRR on August 9, 2018. MCC was directed to submit proposed file review attestation procedures<sup>4</sup> to Daniel Castellanos by September 8, 2018. At the Institution's request, the Department granted an extension until September 28, 2018. The proposed attestation procedures were received by the Department on September 28, 2018. In addition to the proposed attestation procedures, MCC proposed methodologies for extending the payment period which differed from the methodology that the Institution had **self-imposed** July 1, 2017<sup>5</sup>.

The proposed methodologies are as follows:

1. If a student failed one or more courses, MCC would extend the payment period by the number of days in the failed courses and
2. If a student did not fail any courses, MCC would not extend the payment period.

---

<sup>4</sup> Number 2 of the required actions for this finding.

<sup>5</sup> MCC implemented its revised R2T4 policy on July 1, 2017. *See* Appendix E.

On October 17, 2018, the Department informed MCC that the proposed attestation procedures and methodologies were rejected. The proposed attestation procedures and methodologies were rejected for the following reasons.

1. The proposed methodologies were **not** in line with MCC's R2T4 calculation policies and procedures, nor the methodologies being practiced **prior** to the Department's review.
2. As a result of MCC having revised its R2T4 policy to be in compliance with 34 C.F.R. § 668.22, and implemented it July 1, 2017 to coincide with the start of the 2017-2018 award year, a change in methodology would result in a change of return amounts for the 2017-2018 award year which was not included in the scope of the required file review for this finding. The 2017-2018 award year was not included in the scope of the file review based upon the low error rate for the 2017-2018 award year statistical sample. The low error rate is attributed to MCC adhering to its R2T4 policies and procedures, and methodologies which as noted, were **self-imposed** and put into practice approximately 10 months **prior** to the Department's review.

MCC was, however, given an opportunity to propose a reasonable methodology for projecting the payment period completion date for those students who withdraw prior to earning any credits based on the student's progress at the time of his or her withdrawal. The revised proposed file review attestation procedures and methodologies were received October 26, 2018 and were in line with MCC's R2T4 calculation policies and procedures, and the methodologies being practiced. The attestation procedures received final approval from the Department on November 5, 2018.

MCC submitted its Response on May 7, 2019 (Appendix C). While MCC did complete the required file review, the Institution stated that it did not agree with the methodology that it was required to adhere to when completing the required file review for this finding. MCC requested that the Department permit it to conduct the required file review "under the different methodology" (see page 1 of Appendix C) it proposed on September 28, 2018, prior to the Department's issuing its Final Determination with established liabilities.

In its Response, MCC contested that its programs are self-paced non-term programs. The Department considers a credit-hour program to be using a non-term calendar if it has:

- Courses that do not begin and end within a set period of time
- Courses that overlap terms
- Self-paced courses that overlap terms
- Sequential courses that do not begin and end within a term

See Volume 3, Chapter 1, page 7 of the 2015 & 2016 FSA Handbook.

MCC programs consist of six modules and each module contains one course for a total of six courses in each program.<sup>6</sup> A payment period consists of three courses so the program in its entirety is equivalent to two payment periods. Each course is typically 5-7 weeks long and can be taken in any order, or students will complete the first three courses in any order before advancing to the final three courses which can also be taken in any order. While courses are *approximated*<sup>7</sup> to begin and end within a set period of time, a student is **not required** but instead encouraged or “pushed” to successfully complete the course by the approximated course end date. In many instances a student neither fails nor successfully completes (receive a passing grade) a course until they are well past the approximated course end date. MCC explains in its Response that a student who does not fail or successfully complete his or her first course by the approximated end date is “required” to proceed onto the second course and may not successfully complete the first course until well into the second or third course; and in certain cases (a student who is not meeting SAP at the time of his or her official SAP evaluation which coincides with the end of the first payment period) a student is not required to successfully complete course(s) from the *first* payment period until they have reached the approximated *program* end date or possibly even later for a student who does not successfully complete each course in the program until 125% of the published program length (maximum time frame).

When asked if MCC’s programs were self-paced, Vice President of Campus Operations Kevin Galati<sup>8</sup>, responded in an email dated April 26, 2018 (*see* Appendix E) stating, “students have the ability to complete coursework **after** the material has been taught (after the course end date) even while new material is being taught (subsequent course). Our view at this time is that we are not self-paced because of the emphasis we place on completing coursework while the material is being taught.” Mr. Galati went on to state, “We push our students to complete by the time we are finished teaching the material in the classroom, however, **students will take the entire payment period to complete a course.**”

Regardless of the “emphasis” that MCC places on its students to successfully complete a course by the approximated end date, a student is **not required** to and often does not successfully complete a course until well into a subsequent course and/or payment period. These characteristics are consistent with a non-term self-paced credit-hour program; therefore, the Department has determined that MCC’s programs are non-term self-paced credit hour programs. See 34 C.F.R. §691.75(e) (defining a “self-paced” program as an “educational program without terms that allows a student—(1) To

---

<sup>6</sup> MCC’s programs are structured so that 1 course is equal to 1 module. The Department will refer to a module as a course moving forward.

<sup>7</sup> “The start dates for the programs at MCC are dependent upon sufficient enrollment. Program start dates occur approximately every 5-7 weeks.” See Page 12 of MCC catalog published April 2018.

<sup>8</sup> Kevin Galati previously held the Title of Financial Aid Director for MCC.

complete courses without a defined schedule for completing the courses; or (2) At the student's discretion, to begin courses within a program either at any time or on specific dates set by the institution for the beginning of courses without a defined schedule for completing the program").<sup>9</sup>

In its Response, MCC claims that the Department imposed the agreed upon procedures and methodologies that were utilized to complete the file review.

The following examples from the 2017-2018 award year (7/1/2017 to 6/30/2018) statistical sample, are being provided to further illustrate that MCC had already adopted the agreed upon methodologies for extending the payment period for WD students, **prior** to the Department's review.

MCC identified students 18, 20 and 21 of the 2017-2018 award year statistical sample (see Appendix A) with an enrollment status of WD, on the Recipient Data Spreadsheet it provided to the Department.

**Student 18:** The student successfully completed his first payment period (3 courses) and proceeded onto the first course of the second payment period. The student withdrew thirty-one days into his second payment period, prior to failing or successfully completing the course. On 3/18/2018, MCC performed its R2T4 calculation and extended the payment period by thirty-one days, the number of days in the course that the student did not fail nor successfully complete. This methodology mirrors regulations and guidance provided by the Department and is identical to the second methodology agreed upon for the required file review.

**Student 20:** Prior to withdrawing, the student successfully completed the first course in his first payment period and withdrew two days into his second course; the student successfully completed a total of 6 of the 18 quarter credit-hours in the payment period. To determine the percentage of credits earned by the student at the time of his withdrawal (.333)<sup>10</sup>, MCC took the number of credits completed by the student in the payment period (6) and divided it by the total number of credits in the payment period (18).

To determine the number of days in the payment period, MCC took the number of days attended by the student at the time of his withdrawal (51) and divided it by the percentage of credits earned (.333). MCC entered 153<sup>11</sup> in Step 2, Box H, of the R2T4 calculation. This methodology mirrors its R2T4 policy, regulations and guidance provided by the Department and is identical to the first methodology agreed upon for the required file review.

---

<sup>9</sup> Although Section 691 applies to the administration of grant payments under the Academic Competitiveness Grant and National Science and Mathematics Access to Retain Talent grant programs, the definition is instructive for any self-paced program.

<sup>10</sup> Percentage of credits earned by the student at the time of withdrawal: 6 credits / 18 credits = .333

<sup>11</sup> Number of days in the payment period: 51 days attended / .333 = 153

**Student 21:** Prior to withdrawing, the student successfully completed the first course in his first payment period and withdrew twenty-one days into his second course; the student successfully completed a total of 6 of the 18 quarter credit-hours in the payment period. To determine the percentage of credits earned by the student at the time of his withdrawal (.333)<sup>12</sup>, MCC took the number of credits completed by the student in the payment period (6) and divided it by the total number of credits in the payment period (18).

To determine the number of days in the payment period, MCC took the number of days attended by the student at the time of his withdrawal (71) and divided it by the percentage of credits earned (.333). MCC entered 213<sup>13</sup> in Step 2, Box H, of the R2T4 calculation. This methodology mirrors its R2T4 policy, regulations and guidance provided by the Department and is identical to the first methodology agreed upon for the required file review.

The Department did not “impose” this methodology as MCC claims multiple times in its Response. The Department simply required MCC to adhere to its R2T4 policies and procedures, and the adopted methodologies it had self-imposed prior to the Department’s review conducted April 23, 2018 to April 27, 2018.

Furthermore, a change in methodology would serve solely to benefit the school by lowering any possible liability amount owed to the Department<sup>14</sup>, **and more importantly it would result in adversely affecting MCC’s students by significantly increasing his or her student loan debt.**

MCC’s request that the Department refrain from issuing a Final Determination utilizing the results of the completed file review for assessing liabilities, is **denied**.

As previously stated, MCC conducted the 100% file review of all its withdrawn 2015-2016 and 2016-2017 award year Title IV recipients. The Institution identified additional incorrect and unpaid refunds; MCC provided the results of the file review<sup>15</sup> to the Department illustrating the changes in the return amount due the Department. The additional errors and amounts identified in the file review represent funds needing to be returned to the Department on behalf of previously withdrawn MCC students, who were negatively impacted by the non-compliant refund policy in place prior to July 1, 2017. See Exhibit 1-J of Appendix C.

---

<sup>12</sup> Percentage of credits earned by the student at the time of withdrawal: 6 credits / 18 credits = .333

<sup>13</sup> Number of days in the payment period: 71 days attended / .333 = 213

<sup>14</sup> MCC selected a sample population and conducted a comparative analysis of possible liabilities applying the different methodologies; agreed upon R2T4 methodology vs. MCC’s proposed R2T4 methodology and provided the results in its Response. MCC’s proposed methodology results in a decrease of 29.5% in MCC’s liability.  $\$5,330.97 / \$18,057.91 = 29.5\%$ . See Exhibit 1-C of Appendix C.

<sup>15</sup> MCC engaged an Independent Public Accountant (IPA) to attest to the accuracy and completeness of the file review using procedures agreed upon by the Department.



Based upon the results of the file review conducted by MCC, the Department has established a Pell Grant liability of \$64,680.50 and a DL liability of \$459,507.65. The Cost of Funds (COF) due on the Pell Grant liability is \$1,081.11 and \$6,802 on the DL liability. The total liability to be remitted for this finding is \$532,071.26. The COF calculations are included as Appendices F and F-1 and provide the student level detail for the established liability.

MCC must notify all students and/or borrowers in writing regarding refunds made on their behalf. This notification must include the amount and date of the refunds.

Due to the number of unpaid and late refunds, the Institution is required to have on file with the Department an irrevocable Letter of Credit (LOC) equal to 25% of the total refunds the Institution made, or should have made, during the most recently closed fiscal year (34 C.F.R. § 668.173(d)). The LOC must be issued by a financial institution that is insured by the Federal Deposit Insurance Corporation. The Department will send instructions for submitting this LOC to the Institution under separate cover.

#### **D. Summary of Liabilities**

The total amount calculated as liabilities from the finding in the program review determination is as follows:

Established Liabilities				
Liability	Pell	Direct Loans	Cost of Funds	Total
Finding 1	\$64,680.50	\$459,507.65	\$7,883.11	<b>\$532,071.26</b>

#### **E. Payment Instructions**

##### **Liabilities Owed to the Department \$100,000 or More**

MCC owes the Department \$532,071.26. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. MCC must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If MCC's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the Institution must first make any required adjustments in the

Common Origination and Disbursement (COD) system as required by the applicable finding and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

### **Terms of Payment**

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. MCC is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivables & Bank Management Group at (202) 245-8080 and ask to speak to MCC's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Centralized Receivables Service (CRS) at 1-855-549-2683 to apply for a payment plan. Interest charges and other conditions apply.

If within 45 days of the date of this letter, MCC has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due MCC from the Federal Government. **MCC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, MCC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

**William D. Ford Federal Direct Loan (Direct Loan) Liabilities**Direct Loan Closed Award Years (Request Extended Processing)

Finding: Finding #1 - Incorrect/Untimely Paid Return of Title IV (R2T4) Calculations  
Appendix: A-1

MCC must repay the following Direct Loan liabilities:

DL Closed Award Year			
Award Year	Amount (Principal)	Amount (Interest)	Total
2015-2016	\$85,507.00	\$1,890.00	\$87,397.00
2016-2017	\$374,000.65	\$4,912.00	\$378,912.65
Totals	\$459,507.65	\$6,802.00	<b>\$466,309.65</b>

The disbursement record for each student identified in the appendix listed above must be adjusted in the COD system based on the recalculated amount identified in the appendix. A copy of the adjustment to each student's COD record must be sent to Daniel Castellanos **within 45 days of the date of this letter.**

Request Extended Processing

COD adjustments are necessary for the closed award years listed above. Before any student level adjustments can be processed, MCC must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the Institution should indicate in its explanation that the request is based on a program review and provide the program review control number.
- The Institution will be notified of the status of the request at the time of submission and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the Institution must transmit student/borrower level adjustments to COD for the closed award years.

**Liabilities Owed to the Department in the case of Title IV Grants****Pell - Closed Award Year**

Finding: Finding #1 - Incorrect/Untimely Paid Return of Title IV (R2T4) Calculations  
Appendix: A-1

MCC must repay:

Pell Closed Award Year			
Award Year	Amount (Principal)	Amount (Interest)	Total
2015-2016	\$18,968.24	\$ 438.29	\$19,406.53
2016-2017	\$45,712.26	\$ 642.82	\$46,355.08
Totals	\$64,680.50	\$1,081.11	<b>\$65,761.61</b>

The disbursement record for each student identified in the appendix to the applicable finding must be adjusted in the COD system based on the recalculated amount identified in the appendix.

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

A copy of the adjustment to each student's COD record must be sent to Daniel Castellanos **within 45 days of the date of this letter.**

**F. Appendices**

The following Appendices contain personally identifiable information (PII) and will be emailed to MCC 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 - Program Review Student Statistical Sample
- Appendix A-1 - Finding #1 File Review Student Level Detail
- Appendix C-1 - Institution's Written Response Exhibits
- Appendix F - Finding #1 Cost of Funds (Loan) Worksheet
- Appendix F-1 - Finding #1 Cost of Funds (Non-Loan) Worksheet

The following Appendices are attached to this report:

- Appendix B - Program Review Report
- Appendix C - Institution's Written Response
- Appendix D - [REDACTED] E-mail
- Appendix E - [REDACTED] E-mail

Final Program Review Determination  
PRCN: 2018-3-04-29844

## Appendix B

### Program Review Report

Prepared for  
**MyComputerCareer.com**

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

PROUD SPONSOR of  
the AMERICAN MIND™

**OPE ID: 04206500**  
**PRCN: 2018-3-04-29844**

**Prepared by**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division-Atlanta**

# **Program Review Report**

**August 6, 2018**

## Table of Contents

	Page
A. Institutional Information	3
B. Scope of Review	3
C. Findings	3
Finding #1 - Incorrect/Untimely Paid Return of Title IV (R2T4) Calculations	4
Finding #2 - Missing Exit Loan Counseling	7
Finding #3 - Student Enrollment Status Inaccurately Reported	8
Finding #4 - Selective Service Registration Requirement Not Met	10
Finding #5 - Failure to Resolve Discrepant Information	11
Finding #6 - Satisfactory Academic Progress Policy Not Adequately Developed	12
D. Appendices and Enclosures	14
Appendix A: Statistical Sample	
Enclosure A: Finding #1 File Review Spreadsheet	
Enclosure B: Finding #3 File Review Spreadsheet	



## **A. Institutional Information**

MyComputerCareer.com  
346 Raleigh Street  
Holly Springs, NC 27540

Type: Proprietary

Highest Level of Offering: Certificate

Accrediting Agency: Accrediting Council of Continuing Education and Training

Current Student Enrollment: 1,084

% of Students Receiving Title IV: 92% (2016-2017, 2017-2018)

Title IV Participation (G5): 2016-2017

Federal Pell Grant \$3,148,720

William D. Ford Federal Direct Loan Program (DL) \$8,552,459

Default Rate DL: 2012 - \*\*  
2013 - 26.3%  
2014 - 13%

\*\* Cohort Default Rate (CDR) data is not provided when "No. in Repay" (number of borrowers entering repayment in cohort) includes 10 or fewer borrowers.

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at MyComputerCareer.com (MCCC) from April 23, 2018 to April 27, 2018. The review was conducted by Daniel Castellanos and Lisa Lancaster.

The focus of the review was to examine the cause of the increased level of Title IV, HEA program funding. The review consisted of an examination of MCCC's program offerings as well as employee payroll records to detect any abnormalities in payroll fluctuations.

A sample of 30 files was identified for review from the 2016-2017 and 2017-2018 (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.

**Disclaimer:**

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

**Finding #1 - Incorrect/Untimely Paid Return of Title IV (R2T4) Calculations**

**Noncompliance:**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date, 34 C.F.R. § 668.22.

The amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student, and applying this percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date.

The percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date, if this date occurs on or before completion of 60 percent of the payment period or period of enrollment; or 100 percent, if the student's withdrawal date occurs after completion of 60 percent of the payment period or period of enrollment.

In the case of a program that is measured in credit hours, the percentage of the payment period or period of enrollment completed is determined by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date. The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to

complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

Volume 5, Chapter 1 of the Federal Student Aid (FSA) Handbook explains that in a credit-hour non-term program, the ending date for a period and, therefore, the total number of calendar days in the period, may depend on the pace at which an individual student progresses through the program. Therefore, for a student who withdraws from a credit-hour non-term program in which the completion date of the period depends on an individual student's progress, an institution must project the completion date based on the student's progress as of his or her withdrawal date to determine the total number of calendar days in the period.

If a student withdraws from a self-paced, non-term credit-hour program before earning any credits, the institution must have a reasonable procedure for projecting the completion date of the period. To the extent that any measure of progress is available, the institution should base its determination on that progress.

Dear Colleague Letter (DCL) GEN 04-03 provides that, for non-term credit hour programs, if the student has not successfully completed any courses in the payment period, the payment period must be extended to reflect the number of days in the failed courses that the student did not successfully complete. This is further explained in Volume 5, Chapter 1 of the FSA Handbook.

Volume 5, Chapter 1 of the FSA Handbook also explains that institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days after the student's last date of attendance as determined by the institution from its attendance records.

An 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.

During the course of the review, 4 incorrect R2T4 calculations and 1 untimely paid return were identified. The student specific deficiencies are listed below.

**Student #5:** The student withdrew from his program 135 days into his 147 day payment period, without successfully completing any courses. MCCC failed to extend the payment period in Step 2 of the R2T4 calculation, to reflect the number of days in the courses that the student did not successfully complete.

**Student #8:** The student withdrew from his program 11 days into his 105 day payment period, without successfully completing any courses. MCCC failed to extend the payment period in Step

2 of the R2T4 calculation, to reflect the number of days in the courses that the student did not successfully complete.

**Student #13:** The student withdrew from his program 106 days into his 147 day payment period, while successfully completing one course. MCCC failed to extend the payment period in Step 2 of the R2T4 calculation, to reflect the number of days in the courses that the student did not successfully complete.

**Student #15:** The student withdrew from his program 43 days into his 147 day payment period, without successfully completing any courses. MCCC failed to extend the payment period in Step 2 of the R2T4 calculation, to reflect the number of days in the courses that the student did not successfully complete.

**Student #20:** The student's last date of attendance was 12/12/2017. MCCC's Date of Determination was 3/6/2018 which is well past the 14 day requirement. As a result, the funds were untimely returned to the Department on 3/20/2018, approximately ninety-eight days from the student's withdrawal date.

**Required Action:** The Department recognizes that MCCC revised its R2T4 policy on 7/1/2017 to be in compliance with federal regulations regarding non-term credit hour programs. The implementation date coincides with the 2017-2018 award year which was included in scope of the program review. While the 2015-2016 award year was not included in the scope of the review, the amount of 2015-2016 award year funds drawn down by MCCC was in excess of \$7.8 million. Since it has been determined that the R2T4 procedures that were in practice during the 2015-2016 award year were not in compliance with 34 C.F.R. § 668.22 (for non-term credit hour programs), the Department has opted to include the 2015-2016 award year in the proceeding Required Action. Based upon the error rate of this finding, MCCC must:

1. Conduct a 100% file review of students who withdrew during the 2015-2016 and 2016-2017 award years to identify additional incorrect R2T4 calculations. MCCC must recalculate *all* R2T4's (including the students identified in the noncompliance section of this finding) and report any changes in the return amount to the Department.
  - a) The results of the file review must be included in MCCC's response to the Program Review Report (PRR) and provided in MS Excel or a similar spreadsheet format for *each* award year (2015-2016, 2016-2017). At minimum, the spreadsheet must include the fields indicated in *Enclosure A*.
2. MCCC must engage an Independent Public Accountant (IPA) to attest to the accuracy and completeness of the file review completed by MCCC. The IPA must develop a set of procedures to verify the file review performed by MCCC is accurate and complete; a copy of the proposed procedures must be provided to Daniel Castellanos for revision and/or approval within 30 days of MCCC's receipt of the PRR.

Please send the file review summary reports (spreadsheets) to Daniel Castellanos by e-mail at daniel.castellanos@ed.gov. See the enclosure – Protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. In lieu of a supplemental review by the Department, please maintain supporting documentation for all withdrawn students, e.g., student account ledgers, detailed attendance records starting from the students' initial enrollment, withdrawal forms, award letters, R2T4 calculation worksheets, etc.

MCCC will be liable for any Title IV, HEA funds owed as a result of any incorrect R2T4 calculations. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination (FPRD) letter.

### **Finding #2 - Missing Exit Loan Counseling**

#### **Noncompliance:**

A student Direct Loan borrower who is graduating, leaving school, or dropping below half-time enrollment is required to complete exit counseling. If the borrower drops out without notifying your school, you must confirm that he has completed online counseling or mail exit counseling material to him at his last known address. It is also acceptable to email the information to his home (not school) email address if you have it. The print or PDF version of the *Exit Counseling Guide for Federal Student Loan Borrowers* satisfies this requirement. Whatever material you use, you must mail or email it within 30 days of learning that the borrower has withdrawn or failed to participate in an exit counseling session. 34 C.F.R. § 685.304.

When mailing exit materials to students who have left school, you're not required to use certified mail with a return receipt requested, but you must document in their file that the materials were sent. If they fail to provide updated contact information, you are not required to take further action.

MCCC uses an automated system to email exit counseling to student Direct Loan borrowers who are graduating, leaving school, or dropping below half-time enrollment. However, MCCC was unable to provide the Department documentation illustrating that exit counseling was provided to students: 4, 23, 26, and 27

**Required Action:** In response to this PRR, MCCC must:

1. Provide exit loan counseling to the students identified in the non-compliance section of this finding
2. Determine if the discrepancies were instances of human error or systematic in nature to effectively develop and/or revise its loan counseling procedures to safeguard against similar errors from occurring in the future
3. Make the necessary updates to any systems utilized for administering loan counseling (if applicable)

4. A copy of the exit counseling email correspondence as well as a copy of the revised loan counseling procedures must be submitted to the Department for review.

### **Finding #3 - Student Enrollment Status Inaccurately Reported**

#### **Noncompliance:**

Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary within 30 days after the date the school discovers:

- That a Title IV loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the school
- The student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis
- The student has changed his or her permanent address for the period for which the loan was intended

However, if the school intends to submit a roster file within 60 days, the school may provide the updated data on that roster file. 34 C.F.R. § 685.309(b).

Volume 2, Chapter 3 of the 2017-2018 FSA Handbook explains the importance of reporting student enrollment information to the National Student Loan Data System (NSLDS). Enrollment information is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment.

Volume 3, Chapter 5 of the 2017-2018 FSA Handbook explains that since the implementation of the 150% rule (SULA), students may not receive Direct Subsidized Loans for a period that exceeds 150% of the published length of the academic program in which they are currently enrolled. Incorrectly reported data from a current or previously attended institution, to NSLDS, may have a lasting negative impact on a student's Direct Subsidized Loan eligibility.

During the course of the program review, 5 students were identified with untimely or inaccurate enrollment statuses reported to NSLDS. The student specific deficiencies are listed below.

**Student #3:** The student graduated from her program of study on 3/16/2017. At the time of the Department's onsite visit, MCCC had yet to update the student's enrollment status from full time to *Graduated* in NSLDS.

**Student #5:** The student withdrew from his program of study on 12/13/2016. MCCC untimely updated the student's enrollment status to *Withdrawn* on 4/14/2017, with an incorrect effective date of 5/21/2017.

**Student #7:** The student graduated from her program of study on 3/15/2017. MCCC updated the student's enrollment status to *Graduated* with an incorrect effective date of 3/19/2017.

**Student #20:** The student withdrew from his program of study on 12/12/2017. MCCC incorrectly updated the student's enrollment status to *Leave of Absence*. At the time of the Department's onsite visit, MCCC had yet to update the student's enrollment status from *Leave of Absence* to *Withdrawn* in NSLDS.

**Student #28:** The student started his program of study on 11/20/2017. At the time of the Department's onsite visit, MCCC had yet to update the student's enrollment status to *Full Time* in NSLDS.

**Required Action:**

The Department noted that both of MCCC's two most recent compliance audit submissions (2016, 2017) contained NSLDS Enrollment Reporting findings. This indicates that MCCC has not retroactively corrected enrollment statuses for its Direct Loan recipients; and that the corrective action taken by MCCC has not been effective in alleviating what appears to be a systemic issue. Based upon the error rate of this finding, MCCC must:

1. Perform a 100% file review for all of its Direct Loan recipients in the 2016-2017 and 2017-2018 award years to determine if any additional enrollment status reporting errors exist.
  - The results of the file review must be included in MCCC's response to the PRR and provided in MS Excel or a similar spreadsheet format for *each* award year (2016-2017, 2017-2018). At minimum, the spreadsheet must include the fields indicated in *Enclosure B*.
2. Utilizing the data obtained from the file review, MCCC must:
  - a) Take the appropriate measures to ensure its students' enrollment statuses are being properly reported to NSLDS (including the students identified in noncompliance section of this finding)
  - b) Provide a copy of the students *corrected* Enrollment Detail (*if applicable*)
  - c) Determine if the discrepancies were instances of human error or systemic in nature to effectively develop and/or revise its enrollment reporting procedures to safeguard against similar errors from occurring in the future
  - d) Make the necessary updates to any systems utilized for reporting student enrollment status to NSLDS (if applicable)
3. MCCC must engage an Independent Public Accountant (IPA) to attest to the accuracy and completeness of the file review completed by MCCC. The IPA must develop a set of procedures to verify the file review performed by MCCC is accurate and complete; a

copy of the proposed procedures must be provided to Daniel Castellanos for revision and/or approval within 30 days of MCCC's receipt of the PRR.

Please submit the file review summary reports (spreadsheets) as well as a copy of the revised enrollment reporting procedures to Daniel Castellanos by e-mail, at [daniel.castellanos@ed.gov](mailto:daniel.castellanos@ed.gov). See the enclosure – Protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. In lieu of a supplemental review by the Department, please maintain any supporting documentation for all students, e.g., detailed attendance records starting from the students' initial enrollment, withdrawal forms, enrollment agreements, transcripts, leave of absence forms, etc.

#### **Finding #4 - Selective Service Registration Requirement Not Met**

##### **Noncompliance:**

An institution may determine that a student, who was required to, but failed to register with the Selective Service, is not ineligible to receive Title IV funds providing the student can demonstrate by submitting clear and unambiguous evidence that he did not knowingly and willfully fail to register with the Selective Service. 34 C.F.R. § 668.37.

Volume 1, Chapter 5 of the FSA Handbook explains that when a student claims that he thought he was registered; correspondence indicating an attempt to register could form a basis for determining that the student did not knowingly and willfully fail to register. On the other hand, a letter from Selective Service stating that it received no response to correspondence sent to the student at a correct address would be a negative factor.

During the course of the program review, one student failed to provide sufficient evidence that his failure to register with the Selective Service was not done knowingly and willfully. The student specific deficiency is explained below.

**Student #14:** The Selective Service provided a letter stating that one or more pieces of correspondence was sent to the student informing him of his requirement to register with the Selective Service, and none were returned as undeliverable. In a letter provided by the student to the institution, he stated that any pertinent registration documentation has been misplaced. While the Department acknowledges that mistakes in recordkeeping may occur, the student's explanation is ambiguous; therefore, the Department was unable to determine whether the student's failure to register was done knowingly and willfully.

##### **Required Action:**

In response to this PRR, MCCC must:

1. Obtain additional documentation in order for the Department to be able to make a determination on the student's Title IV eligibility.



2. Revise and/or expand on its current policy for addressing special cases and/or C codes on a student's ISIR. A copy of the revised policy must be submitted to the Department for review.

MCCC will be liable for any Title IV, HEA funds owed as a result of this finding. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination (FPRD) letter.

#### **Finding #5 - Failure to Resolve Discrepant Information**

##### **Noncompliance:**

To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that it is capable of adequately administering Title IV funds. One standard that an institution must adhere to in order for the Secretary to consider it to be administratively capable, is to develop and apply an adequate system to identify and resolve discrepancies in the information provided in a student's financial aid application. The Secretary determines whether the institution's system is adequate by considering whether the institution obtains and reviews:

- All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant
- Any documents, including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources
- Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs, (34 C.F.R. § 668.16(f)).

Chapter 4 of the Application and Verification Guide (AVG) of the FSA Handbook explains that in the case where a student provides a non-IRS tax return, a school may accept a transcript obtained from a foreign nation that includes all of the tax filer's income and tax information required to be verified for tax year 2015. The school should use the income and tax information that most closely corresponds to the information on the IRS tax return, and convert monetary amounts into U.S. dollars as appropriate.

During the course of the program review, there was one instance identified where MCCC failed to identify and resolve discrepancies in the information provided in a student's financial aid application. The student specific deficiency is explained below.

**Student #30:** When completing his 2017-2018 FAFSA, the student reported his spouse's 2015 income earned in the United States; but failed to report his 2015 income which he earned in

Canada. The student provided MCCC a copy of his 2015 Canadian *Income Tax and Benefit Return* illustrating his 2015 income. The student's earnings should have been converted and included in his Adjusted Gross Income when completing the 2017-2018 FAFSA. MCCC failed to identify and resolve the income discrepancy in the student's financial aid application.

**Required Action:** In response to this PRR, MCCC must:

1. Make any necessary correction(s) to the student's financial aid application
2. Should the correction(s) result in a change in Title IV eligibility for the student, MCCC will be liable for the difference and must provide documentation (e.g., ISIR, COD adjustment record, award letter, student account ledger) evidencing the student was properly awarded
3. Revise and/or expand on its current policy to identify and resolve discrepancies in the information provided in a student's financial aid application.

A copy(s) of any documentation illustrating the student was properly awarded as well as a copy of the revised policy to identify and resolve discrepant information must be submitted to the Department for review.

MCCC will be liable for any Title IV, HEA funds owed as a result of this finding. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination (FPRD) letter.

#### **Finding #6 - Satisfactory Academic Progress Policy Not Adequately Developed**

##### **Noncompliance:**

An institution must establish a reasonable satisfactory academic progress (SAP) policy for determining whether a student is meeting the institutions published SAP standards for his or her educational program, making them eligible to receive Title IV funds. The Secretary considers the institution's policy to be reasonable if:

- The policy provides for consistent application of standards to all students and educational programs established by the institution
- The policy provides that for educational programs one academic year in length (or shorter) that a student's academic progress is evaluated at the end of each payment period
- The policy specifies the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe

*Maximum timeframe* means:

- For an undergraduate program measured in credit hours, a period that is no longer than 150 percent of the published length of the educational program, **as measured in credit hours**
- For an undergraduate program measured in clock hours, a period that is no longer than 150 percent of the published length of the educational program, **as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time**

A review of SAP is not complete until **both** the qualitative and quantitative measures have been reviewed. At the time of each SAP evaluation, a student who has not achieved the required GPA, or who is not maintaining the required pace, is no longer eligible to receive Title IV funds; unless the student is placed on financial aid warning or probation(after a successful appeal). 34 C.F.R. § 668.34.

Volume 2, Chapter 2 of the FSA Handbook states that the credit hour definition and the credit/clock hour conversion rules serve two purposes: to determine program eligibility and to determine the award amount for certain FSA programs.

In the preamble of the final regulations issued in October of 2010, the Department provided guidance stating that there is no “seat time” requirement implicit in the definition of a credit hour. Nothing in the regulations prevents an institution from defining a credit hour using other metrics or measures of student progress and learning outcomes for academic and other **non-federal** purposes, as long as it is also awarding FSA funds using the credit hour definition in the regulations. An institution may have courses measured in federal credit hours and also in institutional credit hours, or in MCCC’s case clock hours. Use of the federal credit hour definition is only required for Title IV purposes, for example, measuring a student’s pace of completion in order to determine Title IV eligibility.

MCCC’s *Credit Hour* SAP policy states that, “Quantitative progress is based upon the completion of credit hours and **clock hours**. A student must have earned all the scheduled credit hours at the point of evaluation **and completed 80% of their scheduled clock hours.**” MCCC utilizes the full formula clock to credit hour conversion to meet program eligibility requirements; therefore, its programs are credit hour programs for Title IV purposes. MCCC’s use of clock hours to measure a student’s quantitative progress does not correlate with the maximum timeframe definition. In view of MCCC’s established programs being measured in credit hours, the quantitative component of MCCC’s SAP policy should not utilize clock hours as a means to evaluate SAP as it does not provide for consistent application of standards.

**Required Action:** In response to this PRR, MCCC must revise its current SAP policy to meet all requirements as described in 34 C.F.R. § 668.34, as they relate to credit hour programs. A copy of the revised SAP policy must be submitted to the Department for review.

#### **D. Appendices and Enclosures**

Appendix A (Statistical Sample) contains PII and will be emailed to MCCC 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.

Enclosure's A and B (File Review Spreadsheet's) will be emailed to MCCC.