Economically Disadvantaged and Completion Rates Appeal

This section is divided into two parts. The first part (pages 289 through 319) provides background information on the economically disadvantaged and completion rates appeal and outlines the process and procedures for submitting an economically disadvantaged and completion rates appeal. The second part (pages 320 through 328) provides sample material as it would pertain to an economically disadvantaged and completion rates appeal.

To understand the economically disadvantaged and completion rates appeal process, the U.S. Department of Education (Department) recommends that the reader review both parts of this section. In addition, since an economically disadvantaged and completion rates appeal is a type of exceptional mitigating circumstances appeal, please refer to the "Exceptional Mitigating Circumstances Appeal" section beginning on page 221 for additional information that applies to all exceptional mitigating circumstances appeals, including the economically disadvantaged and completion rates appeal.

PART I: Background, Process, and Procedures

QUALIFYING

What is an economically disadvantaged rate?

An economically disadvantaged rate is the percentage of at least half-time students enrolled in a school's Title IV eligible programs who are eligible to receive at least one-half of the maximum Federal Pell Grant award regardless of the school's enrollment status or cost of attendance or who have an adjusted gross income below the poverty level.[1]

Please refer to page 293 for a more in depth discussion of how to calculate an economically disadvantaged rate.

Q. What is a regular student?
A. A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

What is a completion rate?

A completion rate is the percentage of a school's regular students that completed their program of study, as defined in the Higher Education Amendments of 1965, as amended (HEA), Section 435(a)(4)(A)(ii).

Please refer to page 299 for a more in depth discussion of how to calculate a completion rate.

Which schools are eligible to submit an economically disadvantaged and completion rates appeal?

To file an exceptional mitigating circumstances appeal based on its **economically disadvantaged and completion rates**, a school must[2]:

- be **subject to sanctions**;

[1] HEA Section 435(a)(4)(A)(i)
[2] HEA Section 435(a)(4)(A)

- be a **degree-granting** school;
- demonstrate that at least 66 ⅔ percent of its students came from **economically disadvantaged backgrounds** as defined in HEA Section 435(a)(4)(A)(i);

  AND
- demonstrate that at least 70.0 percent of its regular students **completed their program of study** as defined in HEA Section 435(a)(4)(A)(ii).

The checklist on this page summarizes the eligibility criteria for an economically disadvantaged and completion rates appeal.

Q. What if the school is not sure whether it is classified as a degree-granting or non-degree-granting school?

A. A school should refer to its Eligibility and Certification Approval Report generated by the Department's Case Management and Oversight Office.

If additional assistance is needed in making this determination, please contact the Case Management and Oversight Office at (202) 260-3616.

Economically Disadvantaged and Completion Rates Appeal Eligibility Checklist

To be eligible to submit an economically disadvantaged and completion rates appeal, a school must meet both of the following criteria:

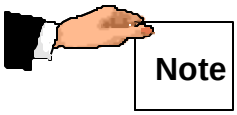
- The school is subject to one or more of the following sanctions:
  - ❖ initial loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program;
  - ❖ extended loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program;

    AND/OR
  - ❖ possible action to limit, suspend, and/or terminate (LS&T) participation in one or more Title IV Student Financial Assistance Programs.
- The school is a **degree granting** school that:
  - ❖ enrolls at least 66 ⅔ percent of its students from economically disadvantaged backgrounds as defined in HEA Section 435(a)(4)(A)(i);

    AND
  - ❖ can demonstrate that at least 70.0 percent of its students completed their programs as defined in HEA Section 435(a)(4)(A)(ii).

How can an economically disadvantaged and completion rates appeal affect a school's loss of eligibility to participate in Title IV Student Financial Assistance Programs?

If a degree granting school submits a successful economically disadvantaged and completion rates appeal, the Department will withdraw its notification of loss or extension of loss of the school's eligibility to participate in the Federal Family Education Loan (FFEL) Program, William D. Ford Federal Direct Loan (Direct Loan) Program, and/or Federal Pell Grant Program.[3] In addition, the Department will NOT initiate an action to limit, suspend, or terminate (LS&T) the school's participation in any or all of the Title IV Student Financial Assistance Programs due to the school's official cohort default rate.[4]



A successful exceptional mitigating circumstances appeal does NOT change a school's official cohort default rate. Therefore, if a school submits a successful economically disadvantaged and completion rates appeal, the Department will only withdraw its notification that the school is subject to loss for one year. If the school's subsequent cohort default rate is once again equal to or greater than 25.0 percent or 40.1 percent, the school will be notified that it is once again subject to sanctions. The school may then choose to submit another economically disadvantaged and completion rates appeal based on a 12-month period which ends within the six months preceding the time period used to calculate the school's most recent cohort default rate.

Please refer to the "Cohort Default Rate Effects" section for more information on sanctions associated with cohort default rates.

[3] 34 CFR Section 668.17(c)(5)
[4] 34 CFR Section 668.17(a)(5)

Economically disadvantaged and completion rates must be based on which time period?

A school must base its economically disadvantaged and completion rates on a 12-month period which ends within the six months preceding the time period used to calculate the school's most recent cohort default rate [in this case fiscal year (FY) 1998].

Please refer to page 227 of the “Exceptional Mitigating Circumstances Appeal” section for more information on selecting an acceptable 12-month period.

How is the economically disadvantaged rate calculated?

The **economically disadvantaged rate**[5] is calculated as follows:

$$100 \times \frac{\text{number of regular students enrolled on at least a half-time basis in a Title IV eligible program during the selected 12-month period who were eligible to receive at least one-half the maximum Federal Pell Grant award regardless of the student’s enrollment status or cost of attendance or who had an adjusted gross income less than the U.S. Department of Health and Human Services poverty level during an award year/calendar year that overlaps the selected 12-month period}}{\text{number of regular students enrolled on at least a half-time basis in a Title IV eligible program during the selected 12-month period}}$$

Note

A school must select a 12-month period that ends during the six months immediately preceding FY 1998. Information on how to select an acceptable 12-month period is provided on page 227 in the "Exceptional Mitigating Circumstances Appeals" section.

As a part of a successful exceptional mitigating circumstances appeal, a school must have an economically disadvantaged rate of at least 66⅔ percent. Please refer to the next page for an example.

[5] HEA Section 435(a)(4)(A)(i)

Example: Forrest University had a total of 200 students enrolled on at least a half-time basis in a Title IV eligible program during an acceptable 12-month period. Of those 200 students, 80 students were eligible to receive at least one-half the maximum Federal Pell Grant award and 60 different students had an adjusted gross income less than the U.S. Department of Health and Human Services poverty level during an award year/calendar year that overlaps the selected 12-month period by at least one day. Forrest University's economically disadvantaged rate is calculated as follows:

$$100 \times \frac{80\ (\text{Pell}) + 60\ (\text{AGI}) = 140}{200} = 70.0\%$$

Which students are included in the denominator of the economically disadvantaged rate calculation?

To be included in the denominator of the economically disadvantaged rate, a student must have been—

- enrolled in a Title IV eligible program;

  AND

- enrolled on at least a half-time basis for one or more days during the selected 12-month period.[6]

Note

A student's entire enrollment period does not have to fall within the selected 12-month period. A student who enrolled **prior** to the 12-month period but completed/withdrew **during** the 12-month period is considered to have been enrolled during the 12-month period. In addition, a student who enrolled **during** the 12-month period but completed/withdrew **after** the 12-month period is considered to have been enrolled during the 12-month period. Finally, a student that enrolled **prior** to the 12-month period and continued to be enrolled until **after** the 12-month period is considered to have been enrolled during the 12-month period.

[6] HEA Section 435(a)(4)(A)(i)

Which students are included in the numerator of the economically disadvantaged rate?

To be included in the numerator of the economically disadvantaged rate, the student must first be included in the denominator of the rate. If a student is included in the denominator of the economically disadvantaged rate and meets either of the following conditions, the student will be included in the numerator of the economically disadvantaged rate:

- the student has an expected family contribution (EFC) of 1200 or less for the 1995/1996 or 1996/1997 award years or 1400 or less for the 1997/1998 award year and the award year associated with the qualifying EFC overlaps the 12-month period selected by the school;[7]

Note

A student with an EFC of 1200 or less for the 1995/1996 and 1996/1997 award years is considered to be eligible to receive at least one-half of the maximum Federal Pell Grant award. A student with an EFC of 1400 or less for the 1997/1998 award year is considered to be eligible to receive at least one-half of the maximum Federal Pell Grant award.

OR

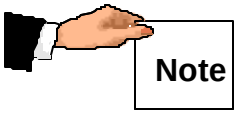
- the student has an adjusted gross income that is below the U.S. Department of Health and Human Services poverty level for a calendar year that overlaps with the 12-month period selected by the school.[8]

Please refer to the next page for the poverty level guidelines established by the U.S. Department of Health and Human Services.

[7] HEA Section 435(a)(4)(A)(i)(I)
[8] HEA Section 435(a)(4)(A)(i)(II)

U. S. Department of Health and Human Services Poverty Levels Based on Family Size

State	Year	Family Size	
		One person	Each additional person
Alaska	1994	$9,200	+$3,100
	1995	$9,340	+$3,200
	1996	$9,660	+$3,280
	1997	$9,870	+$3,400
Hawaii	1994	$8,470	+$2,850
	1995	$8,610	+$2,940
	1996	$8,910	+$3,010
	1997	$9,070	+$3,130
All Other States	1994	$7,360	+$2,480
	1995	$7,470	+$2,560
	1996	$7,740	+$2,620
	1997	$7,890	+$2,720

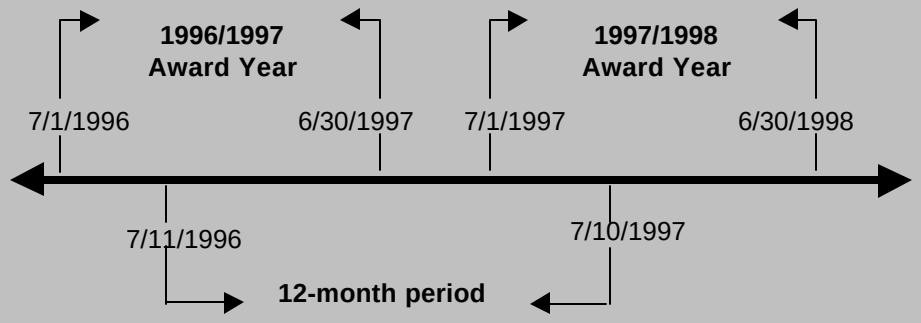


In order for a student to be included in the numerator of the economically disadvantaged rate, the student's applicable EFC or adjusted gross income must be associated with an award/calendar year that overlaps the 12-month period chosen by the school.

How does a school determine if an award year overlaps the selected 12-month period?

An award year begins on July 1 of one year and ends on June 30 of the next year. An award year overlaps a 12-month period if any portion of the award year overlaps any portion of the 12-month period.

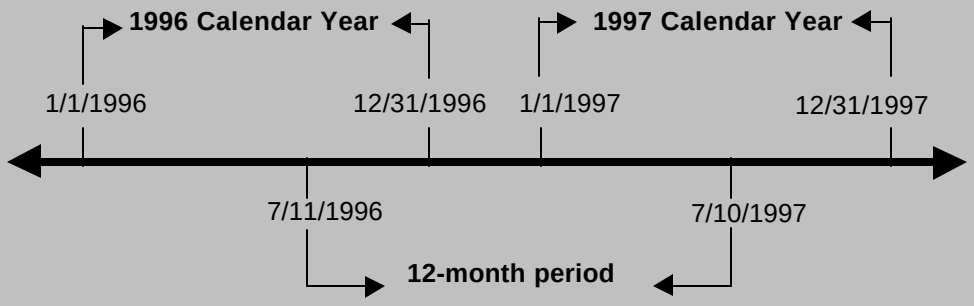
Example: Forrest University selected July 11, 1996, through July 10, 1997, as its 12-month period. The 1996/1997 award year, which begins on July 1, 1996 and ends on June 30, 1997, overlaps the selected 12-month period. In addition, the 1997/1998 award year, which begins on July 1, 1997 and ends on June 30, 1998, overlaps the selected 12-month period. Therefore, Forrest University can use estimated family contributions associated with both the 1996/1997 and 1997/1998 award years to determine if students are economically disadvantaged.



How does a school determine if a calendar year overlaps the selected 12-month period?

A calendar year begins on January 1 and ends on December 31. A calendar year overlaps a 12-month period if any portion of the calendar year overlaps any portion of the 12-month period.

Example: Forrest University selected July 11, 1996, through July 10, 1997, as its 12-month period. The 1996 and 1997 calendar years overlap the selected 12-month period. Therefore, Forrest University can use adjusted gross incomes associated with both the 1996 and 1997 calendar years to determine if students are economically disadvantaged.



How is the completion rate calculated?

The **completion rate**[9] is calculated as follows:

number of former regular students included in the denominator of the completion rate calculation who *either*:

- ♦ received degrees;
- ♦ transferred to higher level programs;
- ♦ at the end of the 12-month period, remained enrolled and making satisfactory academic progress toward completion of their educational programs;

  AND/OR
- ♦ entered active duty in the U.S. Armed Forces within a year of leaving the school.

100 X

number of regular students who were initially enrolled on a full-time basis in a Title IV eligible program who were originally scheduled to complete their programs during the same 12-month period selected for the economically disadvantaged rate.

Note

A school must use the same 12-month period for its completion rate as was used for its economically disadvantaged rate. Information on how to select an acceptable 12-month period is provided on page 227 in the "Exceptional Mitigating Circumstances Appeal" section.

As part of a successful economically disadvantaged and completion rates appeal, a school must have a completion rate of at least 70.0 percent. Please refer to the next page for an example.

[9] HEA Section 435(a)(4)(A)(ii)

Example: Forrest University had a total of 300 regular students initially enrolled on a full-time basis in a Title IV eligible program who were originally scheduled to complete their programs during the same 12-month period used to determine the economically disadvantaged rate. Of those 300 students, 80 students received degrees, 70 students transferred to higher level programs, 45 students were making satisfactory academic progress toward completion of their educational programs at the end of the 12-month period, and 45 students entered active duty in the U.S. Armed Forces within a year of leaving the school. Forrest University's completion rate is calculated as follows:

$$100 \times \frac{80 + 70 + 45 + 45 = 240}{300} = 80.0\%$$

Which students are included in the denominator of the completion rate calculation?

Q. What is a regular student?

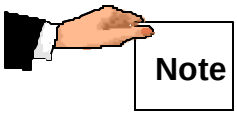
A. A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

To be included in the denominator of the completion rate calculation, a former regular student must have been—

- **initially enrolled** on at least a full-time basis;[10]
- enrolled in a **Title IV eligible program**;
- **scheduled to complete** his/her program of study during the same 12-month period used to calculate the economically disadvantaged rate.

[10] HEA Section 435(a)(4)(A)(ii)

Example: Forrest University selected July 11, 1996 through July 10, 1997 as its 12-month period. Virginia Marshall was originally scheduled to complete her business administration program on May 11, 1997. Because Virginia's originally scheduled to complete date falls within the 12-month period selected by the school, Virginia should be included in the denominator of the completion rate.



Even though the same 12-month period is used to calculate both the economically disadvantaged and completion rates, the students included in the denominator of each rate may **not** be the exact same group of students. Students who were **enrolled** during the 12-month period and qualify to be included in the denominator of the economically disadvantaged rate may not have been **originally scheduled to complete** their programs during the same 12-month period (i.e. the denominator of the completion rate).

Which students are included in the numerator of the completion rate?

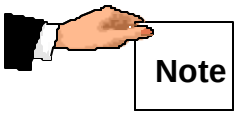
In order to be included in the numerator of the completion rate, the regular student must first be included in the denominator of the rate. If the student is in the denominator of the completion rate and meets any of the following criteria, the student is included in the numerator of the completion rate:

- the regular student received a degree;

Example: Virginia Marshall is included in the denominator of Forrest University's completion rate. Even though Virginia was originally scheduled to complete her program on May 11, 1997, Virginia's last date of attendance was not until May 17, 1998. After completing the business administration course, Virginia received a business administration associate's degree. Because Virginia received a degree, Virginia should be included in the numerator of the completion rate.

- the regular student transferred to a higher level program;

  Example: Cody Carter is included in the denominator of Forrest University's completion rate. Cody completed his associate's degree at Forrest University as originally scheduled on May 11, 1997 and transferred to bachelor's degree program at Brown University on September 16, 1997. Because Cody transferred to a higher level program, Cody should be included in the numerator of the completion rate.



Note The student's last day of attendance, graduation and/or transfer date does NOT need to fall within the selected 12-month period. Only the student's originally scheduled to complete date must fall within the selected 12-month period.

- the regular student remained enrolled and was making satisfactory academic progress at the end of the 12-month period used to calculate the completion rate;

Example: Bob Tucker is included in the denominator of Forrest University's completion rate. Bob was originally scheduled to complete on May 11, 1997. However, Bob did not graduate on May 11, 1997 BUT he was enrolled on July 10, 1997, the end of the 12-month period chosen by the school, and held a grade point average of 3.1. Because Bob remained enrolled and was making satisfactory progress at the end of the 12-month period, Bob should be included in the numerator of the completion rate.

AND/OR

- the regular student entered active duty in the U.S. Armed Forces within one year of leaving the school.

Example: Hannah Jacoby is included in the denominator of Forrest University's completion rate. Hannah left Forrest University on May 17, 1997 and entered active duty in the U.S. Armed forces on April 12, 1998. Because Hannah entered active duty in the U.S. Armed forces within one year of leaving the school, Hannah should be included in the numerator of the completion rate.

Does is an independent auditor have to review a school's economically disadvantaged and completion rates?

Yes, school's economically disadvantaged and completion rates must be reviewed and attested to by an independent auditor. The material the school is required to submit to the Department, as outlined on page 318, to demonstrate that it meets the economically disadvantaged and completion rate thresholds is considered the school's management's written assertion. The independent auditor must attest to the school's management's written assertion.

Upon reviewing the school's management's written assertion and other documentation that the auditor deems appropriate, the independent auditor must state whether, in the auditor's opinion, the school's management's written assertion demonstrates that the school meets the economically disadvantaged and completion rate criteria established in Section 435(a)(4)(A) of the Higher Education Act of 1965, as amended (HEA). The report must also indicate if management's written assertions are fairly stated in all material respects. The engagement, which forms the basis of the independent auditor's opinion, must be an examination-level compliance attestation engagement performed in accordance with the American Institute of Certified Public Accountant's (AICPA) Statement on Standards for Attestation Engagements, Compliance Attestation (AICPA, Professional Standards, Volume 1, AT sec. 500), as amended, and Government Auditing Standards issued by the Comptroller General of the United States.

TIMING AND SUBMITTING

What are the time frames and procedures for submitting an economically disadvantaged and completion rates appeal?

Timing is critical when submitting an economically disadvantaged and completion rates appeal.

The following pages provide a step-by-step description of the time frames and procedures associated with an economically disadvantaged and completion rates appeal.

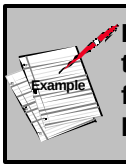
Time frames may overlap. Read ALL steps.

Step 1: **Within 30 calendar days** of receiving the school's official cohort default rate notification letter, review the school's official cohort default rate notification letter and this Guide to determine if the school is eligible to submit an economically disadvantaged and completion rates appeal.

Please refer to pages 290 and 291 for a detailed discussion regarding which schools are eligible to appeal based on economically disadvantaged and completion rates.

Step 2: If a school is eligible to submit an economically disadvantaged and completion rates appeal, **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving its official cohort default rate notification letter), submit a letter to the Department at the address on page 319 that indicates that the school intends to submit an economically disadvantaged and completion rates appeal.

Refer to the Sample Notice of Intent to File An Economically Disadvantaged and Completion Rates Appeal LETTER on page 321 to assist in the development of the letter.



Please refer to page 321 for a sample letter.

The following chart provides an overview of the material that should be included in a school's notice of intent to file an economically disadvantaged and completion rates appeal.

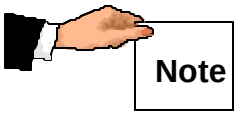
Within the time frame described in Step 2 on page 305, the following MATERIAL should be sent to the Department's Default Management Division at the address on page 319.

A LETTER on the school's letterhead with—

- the school's OPE ID number;
- a statement indicating that the school intends to submit an exceptional mitigating circumstances appeal based upon its economically disadvantaged and completion rates;
- the current fiscal year to which the appeal applies;

  AND
- the signature of the school's President/ CEO/Owner, followed by a signature block providing the signer's name and job title

Schools should refer to the Sample Notice of Intent to File an Economically Disadvantaged and Completion Rates Appeal LETTER on page 321.



Note

The Department will not accept any notices that a school intends to submit an economically disadvantaged and completion rates appeal after the 30 calendar day deadline.

Step 3: Prior to **60 calendar days** after receiving the school's official cohort default rate notification letter, a school must compile a list of the students that qualify to be included in the school's economically disadvantaged rate.

A school should refer to the Sample Economically Disadvantaged Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 323 and 322, respectively, to assist in developing the list.

Please refer to page 323 for a sample list.

A school must provide the following information on the list:

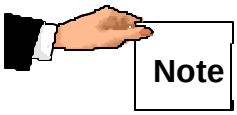
- the school's **name** and **OPE ID Number**;
- the **12-month period** on which the school is basing its economically disadvantaged rate;

Note For information on selecting an acceptable 12-month period, please refer to page 227 in the "Exceptional Mitigating Circumstances Appeal" section.

- the **Social Security numbers**, in numerical order, of all the school's students enrolled in a Title IV eligible program on at least a half-time basis during any part of the selected 12-month period;

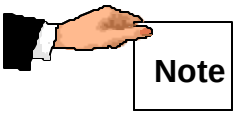
Note These are the students that will be included in the **denominator** of the economically disadvantaged rate.

- for each Social Security number listed, the **student's name**;
- for each student, the beginning and ending **enrollment dates** [include the month, day and year (MM/DD/CCYY)];



If a student was enrolled at the school more than once during the selected 12-month period, list each set of enrollment dates. However, the student will only be counted once in the calculation.

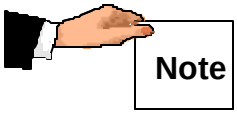
- if the student is from an economically disadvantaged background as defined on page 295, place an X next to the student's name;



These are the students that will be included in the **numerator** of the economically disadvantaged rate.

- if the student is from an economically disadvantaged background, provide either:

  ❖ the student's **expected family contribution** (EFC)and applicable **award year**;



The expected family contribution must be 1200 or less for the 1995/1996 or 1996/1997 award years or 1400 or less for the 1997/1998 award year and the award year associated with the qualifying EFC must overlap the selected 12-month period in order for the student to qualify as economically disadvantaged.

OR

  ❖ the student's, and if applicable the student's parents'/spouse's **adjusted gross income, family size, and calendar year** associated with the adjusted gross income.

Q. Which award years/calendar years overlap with a selected 12-month period?

A. An award year/calendar year overlap with a 12-month period if the award year/calendar year overlaps the 12-month period by at least one day.

Please refer to pages 297 and 298 for a more in depth discussion on overlapping award years and calendar years.

Note

The annual gross income and family size must be less than the U.S. Department of Health and Human Services poverty levels for a calendar year that overlaps with the selected 12-month period in order for the student to qualify as economically disadvantaged. The U.S. Department of Health and Human Services' poverty levels are shown on page 296.

Step 4: **Within the time frame described in Step 3** (i.e., prior to 60 calendar days of receiving the school's official cohort default rate notification letter), a school must calculate the school's economically disadvantaged rate and include the rate on its Economically Disadvantaged SPREADSHEET created in Step 3.

- Count the number of students identified with an "X" as being economically disadvantaged on the spreadsheet. **These are the students that will be included in the numerator of the economically disadvantaged rate.**

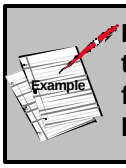
- Count **ALL** of the students listed on the spreadsheet. **These are the students that will be included in the denominator of the economically disadvantaged rate.**

- Divide the total number of students from economically disadvantaged backgrounds (i.e., the numerator) by the total number of students listed on the spreadsheet (i.e., the denominator) and multiply the result by 100. **This is the school's economically disadvantaged rate**.

Note

As part of a successful appeal, the school's economically disadvantaged rate must be at least 66⅔ percent.

Step 5: **Within the time frame described in Step 3** (i.e., prior to 60 calendar days after receiving the school's official cohort default rate notification letter), a school must compile a list of the students that qualify to be included in the school's completion rate.



Please refer to page 325 for a sample list.

A school should refer to the Completion Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 325 and 324, respectively, to assist in developing the list.

A school must provide the following information on the list:

- the school's **name** and **OPE ID Number**;
- an indication that the same **12-month period** is being used for the school's completion rate as is being used for the school's economically disadvantaged rate;
- the **Social Security numbers**, in numerical order, of all the school's regular students who were:
  - **initially enrolled** on a full-time basis;
  - enrolled in a Title IV **eligible program;**
  - **originally scheduled to complete** their program of study during the selected 12-month period.

Q. What is a regular student?

A. A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

Note

These are the students that will be included in the **denominator** of the completion rate calculation.

Please refer to pages 300 and 301 for a more in-depth description of the students that should be included in the school's completion rate calculation.

- for each Social Security number, the regular **student's name**;

- for each regular student, the date that the student **was originally scheduled at the time of enrollment** to complete his or her program of study;

Note The original scheduled to complete date for a full-time student will be based on the amount of time normally required by a full-time student to complete the program, as specified in the school's enrollment contract, catalog, or other materials.

- for each regular student, the beginning and ending **enrollment dates**.

- if the student **successfully completed** their program of study, place an X next to the regular student's name.

Note These are the students that will be included in the **numerator** of the completion rate.

A regular student is considered to have successfully completed the program if:

- the regular student received a degree at the school;
- the regular student transferred from the school to a higher level educational program;
- the regular student remained enrolled at the school at the end of the selected 12-month period and was making satisfactory academic progress toward completion of his or her educational program;

OR

- the regular student entered active duty in the U.S. Armed Forces within a year of leaving the school.

Please refer to pages 301 through 303 of this section for a more detailed discussion of which students are considered successfully completed.

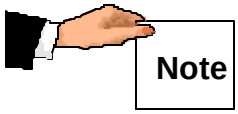
- for each regular student successfully completing the program because the student received a degree from the school, the **date a degree was received**;
- for each regular student successfully completing the program because the student transferred to a higher level educational program,
  - the **student's program of study** at the school the student transferred from (do NOT use abbreviations);
  - the **date the student transferred**;
  - the **name and address of the school** to which the student transferred;

    AND
  - the **name of the higher level educational program to which the student transferred** — do NOT use abbreviations;
- for each regular student that successfully completed the program because the student remained enrolled and was making satisfactory academic progress at the end of the selected 12-month period, the **student's GPA**;

  AND
- for each regular student that successfully completed the program because the student entered active duty in the U.S. Armed Forces within a year of leaving school, **the date the student entered the U.S. Armed Forces**.

Step 6: **Within the time frame described in Step 3** (i.e., prior to 60 calendar days after receiving the school's official cohort default rate notification letter), a school must calculate the school's completion rate and include the rate on its Completion Rate SPREADSHEET created in Step 5.

- Count the number of regular students that received a degree, transferred to a higher level program, maintained satisfactory academic progress, or entered active duty in the U.S. Armed Forces within a year of leaving school. **These are the students who will be included in the numerator of the completion rate.**
- Count **ALL** of the of regular students listed on the spreadsheet. **These are the students who will be included in the denominator of the completion rate.**
- Divide the total number of regular students successfully completed (i.e., the numerator) by the total number of regular students listed on the spreadsheet (i.e., the denominator) and multiply the result by 100. **This is the school's completion rate.**



As part of a successful appeal, the school's completion rate must be at least 70.0 percent.

Step 7: **Within the time frame described in Step 3** (i.e., prior to 60 calendar days after receiving the school's official cohort default rate notification letter), a school must submit to an independent auditor for review, the school's Economically Disadvantaged SPREADSHEET and Completion Rate SPREADSHEET and any other documents requested by the school's independent auditor.

- The independent auditor must perform a review and provide a report that states whether, in the auditor's opinion, the school's spreadsheets and any other additional documentation requested by the auditor demonstrate that the school meets the exceptional mitigating circumstances criteria outlined in 34 CFR Section 668.17(c) and HEA Section 435(a)(4)(A).

  The spreadsheets submitted by the school to the independent auditor are considered the school's management's written assertions.

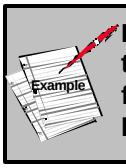
- The auditor’s opinion must indicate if the school’s management's written assertions are fairly stated in all material respects.
- The engagement which forms the basis of the independent auditor's opinion must be an examination-level compliance attestation engagement performed in accordance with the American Institute of Certified Public Accountant's (AICPA) Statement on Standards for Attestation Engagements, Compliance Attestation (AICPA, Professional Standards, Volume 1, AT sec. 500), as amended, and Government Auditing Standards issued by the Comptroller General of the United States.
- The attestation must be in the form of a letter with—

  - the school's name;
  - the school's OPE ID number;
  - the fiscal year to which the appeal applies;
  - the auditor's opinions on management's assertions;

    AND

- the independent auditor's signature, followed by a signature block providing the signer's name and title.

The independent auditor should refer to the Sample Independent Auditor's Attestation LETTER on page 327 to assist in developing the letter outlining the attestation.



Please refer to page 327 for a sample letter.

The following chart provides an overview of the MATERIAL that should be sent to the school's independent auditor.

Within the time frame described in Step 7 on page 313, the following MATERIAL should be sent to the school's independent auditor.

Tab 1

The section behind Tab 1 contains:

A LETTER on the school's letterhead with—

- the school's OPE ID number;
- a statement indicating that the school intends to submit, to the Department, an exceptional mitigating circumstances appeal based upon its economically disadvantaged and completion rates;
- the current fiscal year to which the appeal applies;
- a statement requesting the independent auditor to review its written assertions in accordance with the standards established by the American Institute of Certified Public Accountants and HEA Section 435(a)(4)(A);
- a statement indicating that the school's deadline to submit a copy of the auditor's opinion to the Department is within 60 calendar days of receiving the school's official cohort default rate notification letter;
- a certification sentence that indicates that the information provided in the appeal, under penalty of perjury, is true and correct;

  AND
- the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title

Tab 2

The section behind Tab 2 contains:

The SPREADSHEET on its **economically disadvantaged rate** as created in Step 3 on page 307.

Schools should refer to the Sample Economically Disadvantaged Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 323 and 322, respectively.

Tab 3

The section behind Tab 3 contains:

The SPREADSHEET on its **completion rate** as created in Step 5 on page 310.

Schools should refer to the Sample Completion Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 325 and 324, respectively.

Tab 4

The section behind Tab 4 contains:

Any other documents the independent auditor has requested to complete the review.

Step 8: **Within 60 calendar days** after receiving the school's official cohort default rate notification letter, a school must submit the following to the Department at the address on page 319:

- a letter indicating that the school is submitting its economically disadvantaged and completion rates appeal;

  A school should refer to the Sample Economically Disadvantaged and Completion Rates Appeal LETTER on page 326.

- **a copy of the school's spreadsheets** created in Steps 3 and 5;

  AND

- **the independent auditor's opinion** on management's written assertions.

The following page provides an overview of the MATERIAL that should be included in a school's economically disadvantaged and completion rates appeal submitted to the Department.

Due date for submitting the appeal to the Department.

Please refer to page 326 for a sample letter.

Please refer to page 327 for a sample auditor's opinion.

Within the time frame described in Step 8 on page 317, the following MATERIAL, to support an economically disadvantaged and completion rates appeal, should be sent to the Department's Default Management Division at the address on page 319.

Tab 1

The section behind Tab 1 contains:

A LETTER on the school's letterhead with—

- the school's OPE ID number;
- a statement indicating that the school is submitting an exceptional mitigating circumstances appeal based upon its economically disadvantaged and completion rates;
- the current fiscal year to which the appeal applies;
- a certification sentence that indicates that the information provided in the appeal, under penalty of perjury, is true and correct;
- a list of the other adjustment/appeals the school intends to submit to the Department;

  AND
- the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title

Schools should refer to the Sample Economically Disadvantaged and Completion Rates Appeal LETTER on page 326.

Tab 2

The section behind Tab 2 contains:

The SPREADSHEET on its **economically disadvantaged rate** as created in Step 3 on page 307.

Schools should refer to the Sample SPREADSHEET and SPREADSHEET INSTRUCTIONS for its Economically Disadvantaged Rate on pages 323 and 322, respectively.

Tab 3

The section behind Tab 3 contains:

The SPREADSHEET on its **completion rate** as created in Step 5 on page 310.

Schools should refer to the Sample SPREADSHEET and SPREADSHEET INSTRUCTIONS for its Completion Rate on pages 325 and 324, respectively.

Tab 4

The section behind Tab 4 contains:

The INDEPENDENT AUDITOR'S OPINION on the school's management's written assertions.

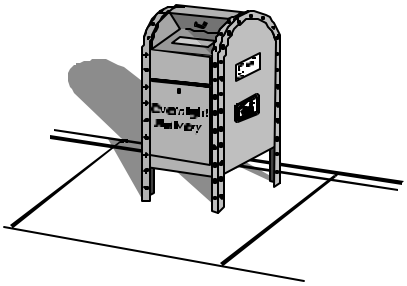
Please refer to the Sample Independent Auditor's Attestation LETTER on page 327.

Note

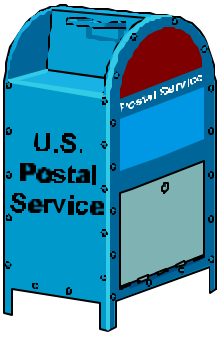
The Department will not consider information submitted after the 60 calendar day deadline. The Department will send the school written notification of its decision. **The Department's decision is final and no further administrative review is provided.**

If sent by commercial overnight mail/courier delivery, send the school's economically disadvantaged and completion rates appeal to:

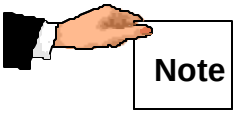
U.S. Department of Education
Default Management Division
ATTN: Economically Disadvantaged and
Completion Rates Appeal
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024



If sent by U.S. Postal Service, send the school's economically disadvantaged and completion rates appeal to:



U.S. Department of Education
Default Management Division
ATTN: Economically Disadvantaged and
Completion Rates Appeal
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353



Note

The Department will not accept any appeal correspondence by facsimile (fax) or e-mail.

The Department recommends that a school send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its appeal. A school should maintain the documentation which verifies the receipt of the appeal related material. In addition, a school should retain copies of all documentation submitted as a part of the appeal process.

PART II: Supporting Material

Part II provides sample material that should be referenced by a school when compiling the material that must be submitted by a school during the economically disadvantaged and completion rates appeal process.

CONTENT REFERENCE FOR PART II

Sample Notice of Intent to File an Economically Disadvantaged and Completion Rates Appeal LETTER.....321

Economically Disadvantaged Rate SPREADSHEET INSTRUCTIONS.....322

Sample Economically Disadvantaged Rate SPREADSHEET.....323

Completion Rate SPREADSHEET INSTRUCTIONS.....324

Sample Completion Rate SPREADSHEET.....325

Sample Economically Disadvantaged and Completion Rates Appeal LETTER.....326

Sample Independent Auditor's Attestation for an Economically Disadvantaged and Completion Rates Appeal LETTER.....327

Sample Notice of Intent to File an
Economically Disadvantaged and Completion Rates Appeal **LETTER**

Forrest University
1212 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

Sample Letter

October 12, 2000

U.S. Department of Education **OPE ID#: 000070**
Default Management Division
Attn: Economically Disadvantaged and Completion Rate Intent
Portals Building, Room 6300
1250 Maryland Avenue, S.W.
Washington, D.C. 20024

Subject: FY 1998 Notice of Intent to File an Economically Disadvantaged and Completion Rates Appeal

Dear Default Management Division:

Forrest University, **OPE ID# 000070,** intends to file an FY 1998 exceptional mitigating circumstances appeal based on our economically disadvantaged and completion rates.

Sincerely,

Larry Lloyd
Larry Lloyd, President

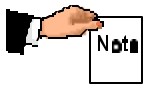
.

Economically Disadvantaged Rate **SPREADSHEET INSTRUCTIONS**

List and count the students who will be included in the calculation of the school's economically disadvantaged rate using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet must be sent to the Department.

The spreadsheet should be on 8 ½" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter **FY 1998 Economically Disadvantaged Rate** in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, the school's selected 12-month period, the applicable award years, and the applicable calendar years.



A school must use a 12-month period that ends during the six-month period proceeding FY 1998.

Footer: Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific pages and the total number of page numbers show on each page (example: page 1 of 10 pages).

Sort: Sort the students in social security number order OR in order by last name, followed by first name.

On Rows 1, 2, 3, and 4, use the draw tool to draw a rectangle. Using the text-box tool, draw another box for **Box B** information. In this box, enter exactly the same information in exactly the same order as listed on the sample spreadsheet.

On Row 5, enter **exactly** the same column names in exactly the same order as listed on the sample spreadsheet.

On Row 6 and below, include the following data for each student who will be included in the school's economically disadvantaged rate.

Column 1: Enter the student's Social Security number using hyphens to separate the numbers (example: 000-00-0000) for all the school's students who were enrolled on at least a half-time basis in a Title IV eligible program during the selected 12-month period.

Column 2: Enter the student's name.

Column 3: Enter MM/DD/CCYY (month, day, and year) to identify the student's beginning and ending enrollment dates.

Column 4: Enter X if student was from an economically disadvantaged background during the selected 12-month period. Leave blank if student was not economically disadvantaged.

Fill out Column 5 or Column 6 of the spreadsheet: For those student identified as economically disadvantaged in column 4, provide either:

Column 5: The student's **EFC** (in Column 5a) and the **award year associated with the EFC** (in Column 5b).

In order to be considered economically disadvantaged, the student's EFC must be associated with an award year that overlaps the selected 12-month period.

OR

Column 6: The student's AGI (in Column 6a), family size (in Column 6b), and calendar year (in Columns 6c).

In order to be considered economically disadvantaged, the student's AGI must be associated with a calendar year that overlaps the selected 12-month period.

Instructions for Box B (located in the shaded area on the sample spreadsheet)

- Count and record the number of X's that appear in Column 4. This is **B1** in the calculation. This is the number of students from economically disadvantaged backgrounds.
- Count and record the number of students listed in Column 1. The total number of students will be **B2** in the calculation. This is the number of students enrolled on at least a half-time basis at the school during the selected period.
- Calculate and record **100 x B1/B2**. **This percentage is the school's economically disadvantaged rate.**

Sample Economically Disadvantaged Rate **SPREADSHEET**

FY 1998
Economically Disadvantaged Rate

School Name: Forrest University
OPE ID Number: 000070
12-month Period: 7/11/1996-7/10/1997
Award Years: 1996/1997 and 1997/1998
Calendar Years: 1996 and 1997

Note: This is a sample spreadsheet. (See instructions).

Box B

# of Economically Disadvantaged Students (from Column 4) **[B1]**	140
# of Students (from Column 1) **[B2]**	200
Economically Disadvantaged Rate **[100 x B1/B2]**	70.0%

1. Student's SSN (sort in numerical order)	2. Student's name	3. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	4. If student qualifies as economically disadvantaged enter X	5a. If column 4 is marked and economically disadvantaged is based on EFC, enter EFC	5b. If column 5a has an EFC, enter the award year associated with the EFC	6a. If column 4 is marked and economically disadvantaged is based on AGI, enter AGI	6b. If column 6a has an AGI, enter family size	6c. If column 6a has an AGI, enter calendar year
111-11-2222	Jane Smith	3/15/1996-3/10/1997	X	1,000	1996/1997			
222-22-3333	John Doe	6/16/1996-10/3/1996	X			$4,200.00	1	1996
333-33-4444	Chris Jones	12/15/1996-3/4/1997						

Completion Rate **SPREADSHEET INSTRUCTIONS**

List and count the students who will be included in the calculation of the school's completion rate using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet must be sent to the Department.

The spreadsheet should be on 8 ½" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

Header: Enter **FY 1998 Completion Rate** in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, and the school's selected 12-month period.

A school **must base the completion rate on the same 12-month period used for the school's economically disadvantaged rate. However, the students contained in each rate may NOT be the same.**

Footer: Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific pages and the total number of page numbers show on each page (example: page 1 of 10 pages).

Sort: Sort the students in Social Security number order OR in order by last name, followed by first name.

On Rows 1,2, 3, and 4, use the draw tool to draw a rectangle. Using the text-box tool, draw another box for **Box D** information. In this box enter exactly the same information in exactly the same order as listed on the sample spreadsheet

On Row 5, enter **exactly** the same column names in **exactly** the same order as listed on the sample spreadsheet.

On Row 6 and below, include the following data for each regular student who will be included in the school's completion rate.

Column 1: Enter the Social Security number using hyphens to separate the numbers (example: 000-00-0000) for all of the school's regular students who meet the conditions identified on page 300.

Column 2: Enter the regular student's name.

Column 3: Enter MM/DD/CCYY (month, day, and year) to identify the date that each regular student was originally scheduled, at the time of enrollment, to complete his or her program of study.

Column 4: Enter MM/DD/CCYY (month, day, and year) to identify the beginning and ending dates of the regular student's enrollment.

Column 5: Enter X if the regular student meets one of the successful completion conditions as identified on pages 301 through 303.

Column 6: Enter the MM/DD/CCYY to identify the date the degree was received for each regular student who met the successful completion conditions by receiving a degree from the school.

Column 7a: Enter the program of study for each regular student who met the successful completion conditions by transferring to a higher level educational program. Do NOT use abbreviations.

Column 7b: Enter the MM/DD/CCYY to identify the transfer date for each regular student who met the successful completion conditions by transferring to a higher level educational program.

Column 7c: Enter the name and address of the school to which the student transferred for each regular student who met the successful completion conditions by transferring to a higher level educational program.

Column 7d: Enter the name of the higher-level educational program to which the student transferred for each regular student who met the successful completion conditions by transferring to a higher level educational program.

Column 8: Enter the GPA for each regular student who met the successful completion conditions by remaining enrolled and maintaining satisfactory academic progress at the school at the end of the selected 12-month period.

Column 9: Enter the date the regular student entered the U.S. Armed Forces for each student who met the successful completion conditions by entering into the U.S. Armed Forces.

Instructions for Box D (located in the shaded area):

- Count and record the number of Xs that appear in Column 5. The total number of Xs will be **D1** in the calculation. **This is the number of regular students who successfully completed.**
- Count and record the number of regular students listed in the Completion Rate spreadsheet by counting the number of entries in Column 1. The total number of regular students will be **D2** in the calculation. **This is the number of regular students who were scheduled to complete their programs during the selected 12-month period.**
- Calculate and record **100 x D1/D2** and record the result in **Box D** on the Completion Rate spreadsheet. **This percentage is the school's completion rate.**

Sample Completion Rate **SPREADSHEET**

School Name: Forrest University
OPE ID Number: 000070
12-month Period: 7/11/1996-7/10/1997

FY 1998
Completion Rate

Note: This is a sample spreadsheet. (See instructions).

Box D

# of Regular Students Who Met Successful Completion Conditions (from Column 5) **[D1]**	240
# of Regular Students Originally Scheduled to Complete Programs (from Column 1) **[D2]**	300
Completion Rate **[100 x D1/D2]**	80.0%

1. Student's SSN (sort in numerical order)	2. Student's Name	3. Date that student was originally scheduled to complete program of study (MM/DD/CCYY)	4. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	5. If student met the successful completion conditions, enter X	6. Date the student's degree was received (MM/DD/CCYY)	7a. Student's program of study	7b. Date the student transferred to a higher level program (MM/DD/CCYY)	7c. The name and address of the school to which the student transferred	7d. The name and address of the school to which the student transferred	8. The student's grade point average	9. The date the student entered the U.S. Armed Forces (MM/DD/CCYY)
111-11-1111	Virginia Marshall	05/11/1997	01/15/1994 05/17/1998	X	05/17/1998						
222-22-2222	James Smith	03/26/1997	05/16/1995 07/15/1995								
333-33-3333	Cody Carter	05/11/1997	4/10/1994-5/11/97	X		Business	09/16/1997	Brown University 111 Brown St. Brown, PA 11111	Master of Business Administration		
444-44-4444	Bob Tucker	05/11/1997	6/26/1992-05/17/1999	X						3.1	
555-55-5555	Hannah Jacoby	05/17/1997	10/1/1993-05/17/1997	X							04/12/1998

11/01/2000

[send to U.S. Department of Education's Default Management Division at the address located on page 319.]

Page 1 of 12 pages

Sample Economically Disadvantaged and Completion Rates Appeal **LETTER**

Forrest University

1212 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

Sample Letter

November 1, 2000

U.S. Department of Education
Default Management Division
Attn: Economically Disadvantaged and Completion Rates Appeal
Portals Building, Room 6300
1250 Maryland Avenue, S.W.
Washington, D.C. 20024

OPE ID#: 000070

Subject: **FY 1998 Economically Disadvantaged and Completion Rates Appeal**

Dear Default Management Division:

Forrest University, **OPE ID# 000070,** is submitting its FY 1998 exceptional mitigating circumstances appeal based on our economically disadvantaged and completion rates.

I, the undersigned, certify under penalty of perjury, that our economically disadvantaged rate is 70.0%, our completion rate is 80.0%, and that all other information submitted in support of this exceptional mitigating circumstances appeal is true and correct.

Please see the attached spreadsheets for the economically disadvantaged and completion rates, along with the independent auditor's attestations on our school's management assertions.

Forrest University is submitting its economically disadvantaged and completion rates appeal at this time; however, the school has also timely submitted an uncorrected data adjustment.

Sincerely,

Larry Lloyd

Larry Lloyd, President

Enclosures

Sample Independent Auditor's Attestation for an
Economically Disadvantaged and Completion Rates Appeal **LETTER**

Global Accounting
1212 Hickory Lane
Hughesville, Florida 12345-6789
(123) 456-7890

Sample Letter

October 19, 2000

U.S. Department of Education **OPE ID#: 000070**
Default Management Division
Attn: Economically Disadvantaged and Completion Rates Appeal
Portals Building, Room 6300
1250 Maryland Avenue, S.W.
Washington, D.C. 20024

Subject: Independent Auditor's Attestation

Dear Default Management Division:

We have examined management's written assertions that the information contained in Forrest University's **OPE ID# 000070** exceptional mitigating circumstances appeal based on its economically disadvantaged and completion rates, is complete, accurate and determined in accordance with the requirements of HEA Section 435(a)(4)(A). Management is responsible for Forrest University's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the institution's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Forrest University's compliance with HEA Section 435(a)(4)(A) and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Forrest University's compliance with specified requirements.

In our opinion, management's written assertion that Forrest University has an economically disadvantaged rate of 70.0% and a completion rate of 80.0% for the twelve-month period beginning on July 11, 1996 and ending on July 10, 1997, is complete, accurate, and determined in accordance with the requirements set forth in HEA Section 435(a)(4)(A), and is fairly stated, in all material respects.

This report is intended solely for the information of an audit committee, management, and the U.S. Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Mary Smith
Mary Smith, CPA
President, Global Accounting, Inc.