

DC



June 10 2013

Jackie Hornig
Senior Executive Director
Xenon International Academy III
11720 Peel Circle
LaVista, NE 68128

Certified Mail
Return Receipt Requested
#7012 1640 0000 0567 7545

RE **Final Program Review Determination**
OPE ID 03027400
PRCN 2012 1082 7760

Dear Ms Hornig

The U S Department of Education's (Department's) Chicago/Denver School Participation Division issued a program review report on September 26, 2012 covering Xenon International Academy III's (Xenon's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U S C §§ 1070 et seq (Title IV, HEA programs), for the 2010 2011 and 2011-2012 (year to date) award years Xenon's final response was received on October 17, 2012 A copy of the program review report (and related attachments) and Xenon's response are attached Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Xenon upon request Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued

Purpose

Final determinations have been made concerning all of the outstanding findings of the program review report The purpose of this letter is to (1) identify liabilities resulting from the findings of this program review report, (2) close the review, and (3) notify Xenon of a possible adverse action Due to the serious nature of one or more of the enclosed findings this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal

This FPRD contains one or more findings regarding Xenon's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime

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Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U S C § 1092(f), and the Department's regulations in 34 C F R §§ 668.41, 668.46, and 668.49. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

There are no institutional liabilities resulting from this program review. No further action is required.

Protection of Personally Identifiable Information (PII)

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail.

Record Retention

Program records relating to the period covered by the program review must be retained until the later of resolution of the loans, claims or expenditures questioned in the program review, or the end of the retention period otherwise applicable to the record under 34 C F R §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Mark Diestler at (303) 844-3147.

Sincerely,

(b)(6)

Douglas A. Parrott
Director

Enclosure

Protection of Personally Identifiable Information

cc Lori Overgaard, Financial Aid Administrator
National Accrediting Commission of Cosmetology Arts and Sciences
Colorado Department of Higher Education – Private Occupational Schools

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth)

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender)

PII data cannot be sent via fax

Prepared for

**Xenon International
Academy III**

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OPE ID 03027400
PRCN 2012 1082 7760

Prepared by
U S Department of Education
Federal Student Aid
Chicago/Denver School Participation Division

Final Program Review Determination June 7, 2013

Chicago/Denver School Participation Division
1244 Speer Blvd Suite 201 Denver CO 80204 3518
StudentAid.gov

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A Institutional Information

Xenon International Academy III

2231 South Peoria

Aurora, CO 80014-1193

Type Proprietary

Highest Level of Offering Certificate

Accrediting Agency National Accrediting Commission of Cosmetology Arts & Sciences

Current Student Enrollment 101 (November 2011)

% of Students Receiving Title IV 94% (November 2011)

Title IV Participation, per U S Department of Education Database

	<u>2010</u>	<u>2011</u>	<u>Award</u>	<u>Year</u>
Federal Pell Grant Program		\$	495,820	
William D. Ford Federal Direct Loan Program (Direct Loan)		\$1,091,387		
Federal Family Education Loan (FFEL) Program		\$	105,514	

Default Rate FFEL/DL	2010 – 5 3%
	2009 – 5 6%
	2008 – 2 3%

B Scope of Review

The U S Department of Education (the Department) conducted a program review at Xenon International Academy III (Xenon) from December 12, 2011 to December 16, 2011 The review was conducted by Mark Diestler and Sarah Heuerman

The focus of the review was to determine Xenon s compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs The review consisted of, but was not limited to an examination of Xenon's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers and fiscal records

A sample of 30 files was identified for review from the 2010 2011 and 2011-2012 (year to date) award years The files were selected randomly from a statistical sample of the total population receiving Title IV HEA program funds for each award year Appendix A lists the names and social security numbers of the students whose files were examined during the program review A program review report was issued on September 26, 2012

Disclaimer

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

C Findings and Final Determinations

Resolved Findings

Findings 4 and 5

Xenon has taken the corrective actions necessary to resolve findings 4 and 5 of the program review report. Therefore, these findings may be considered closed. Appendix C contains the institution's written response related to these resolved findings. Findings requiring further action by Xenon are discussed below.

Findings with Final Determinations

The program review report findings requiring further action are quoted verbatim below in italics. At the conclusion of each finding is a summary of Xenon's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on September 26, 2012 is attached as Appendix D.

Finding 1

1 DL Prorated Incorrectly

Citation 34 C.F.R. § 685.203(a)(2)(ii) regarding Direct Subsidized Loan eligibility states: For a program of study with less than a full academic year remaining, an amount that is the same ratio to \$3,500 or, for a loan first disbursed on or after July 1, 2007, \$4,500 as the—

*Number of semester, trimester, quarter, or clock hours enrolled
Number of semester, trimester, quarter, or clock hours in academic year*

34 C.F.R. § 685.203(c)(2)(i)(B) regarding Direct Unsubsidized Loan eligibility states: For a program of study with less than a full academic year remaining, an amount that is the same ratio to \$4,000 or, for a loan first disbursed on or after July 1, 2008, \$6,000 as the—

*Number of semester, trimester, quarter, or clock hours enrolled
Number of semester, trimester, quarter, or clock hours in academic year*

***Noncompliance** Xenon failed to correctly prorate the remaining period of study for the unsubsidized loan certified and disbursed to student 15. Student 15 was a transfer student and only had 15 credit hours to complete in their second academic year. The student's Expected Family Contribution (EFC) was higher than their cost of attendance; therefore, had no need and no subsidized loan eligibility. The unsubsidized loan should have been prorated as follows:*

(15/35) x \$10 500 = \$4 500

The school actually awarded the student \$7 500 in unsubsidized loan for an overaward of \$3 000

Required Action *Xenon is liable for the ineligible loan funds disbursed as a result of the incorrect proration totaling \$3 000 in unsubsidized loan funds. Payment instructions for the liability associated with this finding will be provided in the Department's Final Program Review Determination letter. In response to this finding, Xenon must develop written procedures that specifically address proration for transfer students and are adequate to ensure future compliance. A copy of these procedures must be provided with the institution's response to this program review report.*

Xenon's Response The institution agreed with the finding, and updated their policies and procedures in order to strengthen their process surrounding this finding.

Final Determination In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss (EAL) to the Department that has resulted or will result from this ineligible loan amount is based on Xenon's most recent cohort default rate. As a result, the EAL that Xenon must pay to the Department for the ineligible loan amount has been determined to be \$0 (Appendix B). Therefore, an institutional liability will not be assessed.

There are no liabilities attributable to this finding and the updated policies and procedures appear to be adequate to ensure future compliance.

Finding 2

2 Crime Awareness Requirements Not Met

Citation *Under the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department of Education's regulations, an institution must prepare an annual security report that provides information regarding the institution's campus security policies and crime statistics. 34 C.F.R. § 668.46(b).*

The annual security report must contain a statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses and procedures to follow when a sex offense occurs. The statement must include---

- (i) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses.*

- (ii) Procedures students should follow if a sex offense occurs including procedures concerning who should be contacted the importance of preserving evidence for the proof of a criminal offense and to whom the alleged offense should be reported*
- (iii) Information on a student's option to notify appropriate law enforcement authorities including on-campus and local police and a statement that institutional personnel will assist the student in notifying these authorities if the student requests the assistance of these personnel*
- (iv) Notification to students of existing on- and off-campus counseling mental health or other student services for victims of sex offenses*
- (v) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes if those changes are requested by the victim and are reasonably available*
- (vi) Procedures for campus disciplinary action in cases of an alleged sex offense including a clear statement that—*
 - (A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding and*
 - (B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense**Compliance with this paragraph does not constitute a violation of the Family Educational Rights and Privacy Act (20 U S C 1232g) For the purpose of this paragraph the outcome of a disciplinary proceeding means only the institution's final determination with respect to the alleged sex offense and any sanction that is imposed against the accused and*
- (vii) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape acquaintance rape or other forcible or non forcible sex offenses 34 C F R § 668.46(b)(11)*

An institution must report statistics for the three most recent calendar years concerning the occurrence on campus in or on non campus buildings or property and on public property of the following that are reported to local police agencies or to a campus security authority and the crimes must be classified under the following categories

- (i) Criminal Homicide*
 - (A) Murder and non-negligent manslaughter*
 - (B) Negligent manslaughter*
- (ii) Sex offenses*
 - (A) Forcible sex offenses*
 - (B) Non-forcible sex offenses*
- (iii) Robbery*
- (iv) Aggravated Assault*
- (v) Burglary*
- (vi) Motor Vehicle Theft*

(vii) Arson

(viii)

(A) Arrests for Liquor Law Violations Drug Law Violations and Illegal Weapons Possession

(B) Persons who were referred for campus disciplinary action for liquor law violations drug law violations and illegal weapons possession 34 C F R § 668.46(c)(1)

An institution must report by category of prejudice crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race gender religion sexual orientation ethnicity or disability any crime it reports pursuant to paragraph (c)(1)(i) through (vii) of this section the crimes of larceny theft simple assault intimidation and destruction/damage/vandalism of property any other crime involving bodily injury 34 C F R § 668.46(c)(3)

In addition to statistical reporting that must be made available as part of the institution's annual security report the statistical information must also be submitted electronically to the Department for inclusion in the Department's Campus Crime and Security Web Site The electronic submission of each year's updated information to the Department must be provided within timeframes specified by the Department 34 C F R § 668.41(e)(5)

Noncompliance At the time of the review the following areas of noncompliance were identified

- Xenon's annual security report did not contain a statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses and procedures to follow when a sex offense occurs The following subsets were also missing
 - (i) A description of educational programs to promote the awareness of rape acquaintance rape and other forcible and non-forcible sex offenses
 - (ii) Procedures students should follow if a sex offense occurs including procedures concerning who should be contacted the importance of preserving evidence for the proof of a criminal offense and to whom the alleged offense should be reported
 - (iii) Information on a student's option to notify appropriate law enforcement authorities including on-campus and local police and a statement that institutional personnel will assist the student in notifying these authorities if the student requests the assistance of these personnel
 - (iv) Notification to students of existing on- and off-campus counseling mental health or other student services for victims of sex offenses
 - (v) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the

options for those changes if those changes are requested by the victim and are reasonably available

(vi) Procedures for campus disciplinary action in cases of an alleged sex offense including a clear statement that—

(A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding and

(B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense and

(vii) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape acquaintance rape or other forcible or non-forcible sex offenses

- *The reported crime statistics in Xenon's annual security report did not include the following categories*

(i) Criminal Homicide

(A) Murder and non negligent manslaughter

(B) Negligent manslaughter

(ii) Sex offenses

(A) Forcible sex offenses

(B) Non-forcible sex offenses

(iii) Arson

(iv) Persons who were referred for campus disciplinary action for liquor law violations drug law violations and illegal weapons possession

- *Xenon's annual security report did not include by category of prejudice crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race gender religion sexual orientation ethnicity or disability any crime it reports for the institution's crime statistics the crimes of larceny theft simple assault intimidation and destruction/damage/vandalism of property any other crime involving bodily injury*

While there were a number of deficiencies cited it should be noted that the school reported to the Department that there were no crimes committed in every reportable category for each of the last three years

Required Action *Xenon must revise their campus security policies and annual security report to ensure all the required information is included A copy of the revised policies as well as their annual security report must be provided with the institution's response to this program review report*

Xenon's Response In its October 17, 2012 response, Xenon stated its concurrence with the finding. The institution submitted a revised 2011 annual security report (ASR) and copies of its revised campus safety and security policies and procedures.

Final Determination Finding # 2 of the program review report cited Xenon for multiple violations of the Clery Act. Specifically, the institution failed to include all required statistical and policy disclosures in its 2011 ASR. In addition, the statistical grids in the 2011 ASR were not formatted in a manner that clearly indicated the offense classification and geographical breakdown of campus crimes. As a result of these violations, Xenon was required to revise its 2011 ASR and to review and enhance its campus safety and security policies and procedures with special attention on the preparation and publication of the ASR. In its response, Xenon stated its concurrence with the violations noted in the finding and submitted a copy of its modified 2011 ASR and its new and revised campus security policies and procedures.

The review team examined the institution's materials and found them to be at least minimally adequate. Based on the team's evaluation as well as Xenon's assertions that it has addressed the violations and their underlying causes, the Department now considers this finding to be closed, subject to the institution's completion of the distribution requirement outlined below. At this time, Xenon must distribute the revised 2011 ASR to all current students and employees and provide documentation evidencing this distribution to the Department. This documentation must be submitted via electronic mail to clery@ed.gov within 30 days of receipt of this FPRD. Although the institution's response was found to be minimally adequate, Xenon officials are reminded that they must initiate additional corrective actions that are necessary to ensure that the deficiencies identified in prior ASRs and in this finding do not recur.

Although the finding is now closed, Xenon is reminded that the exceptions identified above constitute serious violations of the Clery Act that by their nature cannot be cured. Xenon was required to initiate corrective actions and in so doing, has begun to remediate the conditions that led to these violations. The institution has stated that it has brought its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement (PPA). Nevertheless, Xenon officials must understand that the Clery Act is first and foremost a consumer protection law that is based on the premise that "to be forewarned is to be forearmed." A persistent failure of the type documented in this case deprives students and employees of important campus security information and effectively negates the intent of the Act. For these reasons, the institution is advised that such corrective measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Finally, the Department strongly recommends that Xenon re-examine its campus security policies and procedures periodically and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the Clery Act.

As part of its annual policy review institutional officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the Clery Act. The handbook is available online at www2.ed.gov/admins/lead/safety/handbook.pdf. The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finding 3

3 Inadequate Drug and Alcohol Prevention Policies

Citation: 34 C.F.R. § 86.3(a) requires a participating institution to establish a drug prevention program to prevent the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on school premises or as any part of its activities.

34 C.F.R. § 86.100 states: The Institution of Higher Education's (IHE) drug prevention program must, at a minimum, include the following:

(a) The annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study, of—

(1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;

(2) A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol;

(3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;

(4) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and

(5) A clear statement that the IHE will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law) and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct required by paragraph (a)(1) of this section. For the purpose of this section, a disciplinary sanction may include the completion of an appropriate rehabilitation program.

(b) A biennial review by the IHE of its program to—

(1) Determine its effectiveness and implement changes to the program if they are needed; and

(2) Ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced.

Noncompliance *At the time of the review the following areas of noncompliance were identified*

- *Xenon did not establish a drug prevention program to prevent the unlawful possession use or distribution of illicit drugs and alcohol by students and employees on school premises or as any part of its activities*
- *Xenon did not annually distribute in writing to each employee and to each student who is taking one or more classes for any type of academic credit except for continuing education units regardless of the length of the student's program of study*
- *Xenon did not have a written policy for standards of conduct that clearly prohibit at a minimum the unlawful possession use or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities*
- *Xenon did not have a written policy that they will impose disciplinary sanctions on students and employees and a description of those sanctions up to and including expulsion or termination of employment and referral for prosecution*
- *Xenon did not have a written policy for conducting a Biennial Review of their drug and alcohol prevention programs*
- *Xenon did not conduct a Biennial Review to measure the effectiveness of their drug and alcohol programs*
- *Xenon did not have a written policy to ensure consistency in its enforcement of disciplinary sanctions*

Required Action *Xenon must establish a drug and alcohol prevention program to ensure that it is in compliance with all federal regulations. The institution must also develop the appropriate written policies as outlined above. A copy of the new drug and alcohol prevention program new written policies as well as a copy of Xenon's new Biennial Review Document must be provided with the institution's response to this program review report*

Xenon's Response In its October 17, 2012 response, Xenon concurred with part of the finding by stating that "we do agree that [other] parts of our Drug and Alcohol Prevention Policies were lacking." However, the response also stated that "we would like to note that we have always had in our School Catalog and Handbook an adequate drug Policy (as noted on page 33)." The institution also stated that revisions and enhancements were made to the drug and alcohol prevention program materials to bring its policies and operations into compliance with the Drug-Free Schools and Communities Act (DFSCA). A copy of the revised drug and alcohol abuse prevention program (DAAPP) was also submitted.

Final Determination Finding # 3 of the program review report cited Xenon for multiple violations of the DFSCA and Part 86 of the Department's General Administrative Regulations. Specifically, the institution failed to develop and implement

a substantive DAAPP that contained all of the required elements and also failed to distribute a DAAPP disclosure to all employees and students enrolled for academic credit on an annual basis. In addition, Xenon failed to conduct a biennial review of the DAAPP's effectiveness and produce a report of findings. The biennial review components of this violation necessarily follow from the DAAPP deficiencies because the biennial review is primarily a study of the DAAPP's effectiveness. Therefore, an institution cannot conduct a proper biennial review until it has a materially-complete and fully-functional DAAPP in place.

As a result of these violations, Xenon was required to develop and implement a substantive DAAPP, prepare a draft DAAPP disclosure, and to conduct an initial biennial review and produce a report of findings. The institution was also required to submit copies of these documents with the response.

In its response, Xenon concurred with the majority of the finding but insisted that the drug policy information published in the student catalog and handbook were adequate, even though the institution also conceded that the published policy did not contain all of the required content. The institution submitted a revised DAAPP in draft form.

The review team examined the materials that were submitted with the response and found them to be at least minimally adequate. Based on the team's evaluation as well as Xenon's assertions that it has addressed the violations and their underlying causes, the Department considers this finding to be closed, subject to the institution's completion of the distribution requirement outlined below. At this time, Xenon must develop a procedure that will ensure that the DAAPP is distributed in the required manner from this point forward. This policy must specifically address how the institution will identify students who enroll at points in the academic year other than the period when the DAAPP disclosure is normally disseminated and/or part-time, intermittent or casual employees who are not on the payroll at the time of the standard annual distribution and how it will deliver the DAAPP disclosure to such persons. Then, in accordance with its new policy, Xenon must distribute the revised DAAPP disclosure to all current students and employees and provide documentation that substantiates this distribution to the Department. This documentation must be submitted via electronic mail to clery@ed.gov within 30 days of receipt of this FPRD.

Notwithstanding the Department's acceptance of the response, Xenon officials are reminded that they must initiate all necessary corrective actions to ensure that the deficiencies identified in this finding do not recur. To that end, Xenon is reminded of its obligation to conduct comprehensive biennial reviews and to prepare substantive reports of findings going forward. The biennial review report that was submitted with the response is lacking in substance and detail as a direct consequence of the fact that a materially-complete DAAPP was not in place until very recently. The next report must contain substantially more information about the conduct of the review and be the product of an evidence-based examination of the DAAPP's effectiveness.

Although the finding is now closed, Xenon is reminded that the exceptions identified above constitute serious violations of the DFSCA that by their nature cannot be cured. Xenon was required to initiate corrective actions and in so doing, has begun to remediate the conditions that led to these violations. The institution has stated that it has brought its overall drug and alcohol prevention program into compliance with federal regulations as required by its PPA. While this is an important first step, Xenon officials must understand that compliance with the DFSCA and the Clery Act are essential to maintaining a safe and healthy learning environment.

Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crimes on campus. Moreover, the compliance failures documented during the program review deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. Xenon's failure to conduct comprehensive biennial reviews on the required schedule also deprived the institution itself of important information about the effectiveness of any drug and alcohol programs that are in place. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime. For these reasons, the institution is reminded that corrective measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

D Appendices

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

Appendices B, C, and D are attached to this report.

Appendix A Student Sample

Student Number	Last	First	Last 4 SSN
(b)(6); (b)(7)(C)			

Appendix B Estimated Actual Loss Calculation

Enter Institution Name

Xerion International Academy III

Select Institution Type

Proprietary 2 Yrs or Less

Select Type of Loan	Select Award Year	Estimated Liability Amount	Enter School CDR	Enter Total Study Costs	Estimated Loss Liability	A	B	C	D	E	F	G	H	I	J
1. DL Unsubsidized	2010-2011	\$ 3,000.00	5.30%	16.15%	\$	1. School CDR	2. Select CDR	3. Rate	4. DSR	5. Adjusted DSR	6. OSR	7. Average Year	8. Prepay %	9. Current DSR	10. Current OS
Description		\$ 3,000.00			\$										
4															
5															
6		\$			\$										
Description															
7															
8															
9		\$			\$										
Description															
10															
11															
12		\$			\$										
Original Ineligible Loan Liability		\$ 3,000.00	Total Estimated Loss		\$										



Corrective Action Plan
Program Review
OPE ID 03027400
PRCN 2012 1082 7760

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A Comments on Findings

1 DL PRORATED INCORRECTLY

We concur with the finding

2 CRIME AWARENESS REQUIREMENTS NOT MET

We concur with the finding

3 INADEQUATE DRUG AND ALCOHOL PREVENTION POLICIES

We concur with a portion of the finding We would like to note that we have always had in our School Catalog and Handbook an adequate drug Policy (as noted on page 33) we do agree that other parts of our Drug and Alcohol Prevention Policies were lacking

4 SATISFACTORY ACADEMIC PROGRESS POLICY INADEQUATE

We concur that we miscalculated the maximum hours of completion time in our school catalog however we do not agree that the entire policy is inadequate

5 RETURN OF TITLE IV FUNDS (R2T4) POLICY INADEQUATE

We concur with the finding

B Action Taken or Planned

1 DL PRORATED INCORRECTLY

We have added more specific directions to the calculation of prorating Stafford loans for a program of study with less than a full academic year to our Policy and Procedure Manual (1a) We have also added a line item on the Send to Corporate Check Off Sheet that will alert the corporate office that the student is transferring in credits/hours (1b)
Attachment 1a and 1b

2 CRIME AWARENESS REQUIREMENTS NOT MET

We have revised our campus security policies and annual security report to ensure compliance in regards to all required information

-We have added a statement of policy regarding our campus sexual assault programs to prevent sex offenses procedures to follow when a sex offense occurs and the required subsets

We have added the crime statistics in our annual security report the following categories

(i) Criminal Homicide

(A) Murder and nonnegligent manslaughter

(B) Negligent manslaughter

(ii) Sex Offenses

(A) Forcible sex offenses

(B) Nonforcible sex offenses

(iii) Arson

(iv) Persons who were referred for campus disciplinary action for liquor law violations, drug violations, drug law violation and illegal weapons possession

-We have added to our annual security report by category of prejudice, crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victims actual or perceived race, gender religion, sexual orientation ethnicity or disability any crime we report for the institution s crime statistics (Attachments #2 and also flagged in the revised School Catalog and Handbook)

3 INADEQUATE DRUG AND ALCOHOL PREVENTION POLICIES

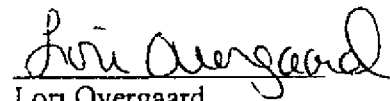
We have revised our drug and alcohol prevention program to ensure compliance with federal regulation We have included a copy of the new drug and alcohol prevention program our new written policies and a copy of our new Biennial Review Document We have included the syllabus and Lesson Plan of the Drug Awareness & Sexual Abuse Prevention class that we administer to all students during week 10 of their education (Attachment(s) #3)

4 SATISFACTORY ACADEMIC PROGRESS POLICY INADEQUATE

We have revised the SAP policy to reflect the conflicting information in regards to the maximum completion time for all programs offered at Xenon (Attachment #4 and also flagged in the School Catalog and Handbook)

5 RETURN OF TITLE IV FUNDS (R2T4) POLICY INADEQUATE

We have revised our R2T4 policy so that it adequately summarizes federal requirements We have used the sample summary published in the Department s Federal Student aid Handbook (Attachment #5 (enrollment contract) and also flagged in the School Catalog and Handbook)



Lori Overgaard

Director of Financial Aid

Xenon International Academy III

402-697 2398

Beauty is our business it could be yours!

11720 Peel Circle LaVista, NE 68128
402 697 2398 • xenonintl.com

Final Program Review Determination
PRCN # 2012 1082 7760

Appendix D
Program Review Report



September 26, 2012

Jackie Hornig
Senior Executive Director
Xenon International Academy III
11720 Peel Circle
LaVista, NE 68128

Certified Mail
Return Receipt Requested
7011 0470 0000 6461 4816

RE **Program Review Report**
OPE ID 03027400
PRCN 2012 1082 7760

Dear Ms Hornig

From December 12, 2011 through December 16, 2011, Mark Diestler and Sarah Heuerman conducted a review of Xenon International Academy III's (Xenon) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965 as amended, 20 U.S.C. §§ 1070 et seq (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding indicating the corrective actions taken by Xenon. The response should include a brief, written narrative for each finding that clearly states Xenon's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Xenon must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued,
- (2) review and take into consideration an institution's response in any final program review report or audit determination and include in the report or determination --
 - a. A written statement addressing the institution's response,
 - b. A written statement of the basis for such report or determination and
 - c. A copy of the institution's response

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

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by Xenon upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Mark Diestler of this office within 30 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII)

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

Record Retention

Program records relating to the period covered by the program 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).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Mark Diestler at (303) 844-3147 or mark.diestler@ed.gov.

Sincerely,

(b)(6)

Kerry L. O'Brien
Compliance Manager

cc: Lori Overgaard, Financial Aid Administrator

Enclosure
Protection of Personally Identifiable Information

Prepared for
**Xenon International
Academy III**

Federal Student Aid
A D D I C E / U S D E P A R T M E N T O F E D U C A T I O N

PROUD SPONSOR of
the AMERICAN MIND

**OPE ID 03027400
PRCN 2012 1082 7760**

Prepared by
**U S Department of Education
Federal Student Aid
Chicago/Denver School Participation Division**

Program Review Report

September 26, 2012

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Xenon International Academy III
OPE ID 03027400
PRCN 2012 1082 7760
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A Institutional Information

Xenon International Academy III
2231 South Peoria
Aurora, CO 80014-1193

Type Proprietary

Highest Level of Offering Certificate

Accrediting Agency National Accrediting Commission of Cosmetology Arts & Sciences

Current Student Enrollment 101 (November 2011)

% of Students Receiving Title IV 94% (November 2011)

Title IV Participation, per U S Department of Education Database

	<u>2010 2011 Award Year</u>
Federal Pell Grant Program	\$ 495,820
William D Ford Federal Direct Loan Program (Direct Loan)	\$1,091 387
Federal Family Education Loan (FFEL) Program	\$ 105,514

Default Rate FFEL/DL	2009 – 5 6%
	2008 – 2 3%
	2007 – 4 3%

B Scope of Review

The U S Department of Education (the Department) conducted a program review at Xenon International Academy III (Xenon) from December 12 2011 to December 16, 2011. The review was conducted by Mark Diestler and Sarah Heuerman.

The focus of the review was to determine Xenon's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Xenon's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names of the students whose files were examined during the program review.

Disclaimer

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

1 DL Prorated Incorrectly

Citation 34 C F R § 685 203(a)(2)(ii) regarding Direct Subsidized Loan eligibility states "For a program of study with less than a full academic year remaining an amount that is the same ratio to \$3,500 or, for a loan first disbursed on or after July 1, 2007 \$4,500 as the—

Number of semester, trimester, quarter, or clock hours enrolled
Number of semester trimester quarter or clock hours in academic year '

34 C F R § 685 203(c)(2)(ii)(B) regarding Direct Unsubsidized Loan eligibility states For a program of study with less than a full academic year remaining an amount that is the same ratio to \$4,000 or, for a loan first disbursed on or after July 1, 2008, \$6,000, as the—

Number of semester, trimester, quarter, or clock hours enrolled
Number of semester trimester, quarter, or clock hours in academic year

Noncompliance Xenon failed to correctly prorate the remaining period of study for the unsubsidized loan certified and disbursed to student 15 Student 15 was a transfer student and only had 15 credit hours to complete in their second academic year The student's Expected Family Contribution (FFC) was higher than their cost of attendance, therefore, had no need and no subsidized loan eligibility The unsubsidized loan should have been prorated as follows

$$(15/35) \times \$10,500 = \$4,500$$

The school actually awarded the student \$7,500 in unsubsidized loan, for an overaward of \$3,000

Required Action Xenon is liable for the ineligible loan funds disbursed as a result of the incorrect proration totaling \$3,000 in unsubsidized loan funds Payment instructions for the liability associated with this finding will be provided in the Department's Final Program Review Determination letter In response to this finding, Xenon must develop written procedures that specifically address proration for transfer students and are adequate to ensure future compliance A copy of these procedures must be provided with the institution's response to this program review report

2 Crime Awareness Requirements Not Met

Citation Under the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department of Education's regulations, an institution must prepare an annual security report that provides information regarding the institution's campus security policies and crime statistics. *34 C.F.R. § 668.46(b)*

The annual security report must contain a statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include—

- (i) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and nonforcible sex offenses;
- (ii) Procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported;
- (iii) Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel;
- (iv) Notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses;
- (v) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available;
- (vi) Procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that—
 - (A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and
 - (B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense.Compliance with this paragraph does not constitute a violation of the Family Educational Rights and Privacy Act (20 U.S.C. 1232g). For the purpose of this paragraph, the outcome of a disciplinary proceeding means only the institution's final determination with respect to the alleged sex offense and any sanction that is imposed against the accused; and
- (vii) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or nonforcible sex offenses. *34 C.F.R. § 668.46(b)(11)*

An institution must report statistics for the three most recent calendar years concerning the occurrence on campus, in or on noncampus buildings or property, and

on public property of the following that are reported to local police agencies or to a campus security authority and the crimes must be classified under the following categories

- (i) Criminal Homicide
 - (A) Murder and nonnegligent manslaughter
 - (B) Negligent manslaughter
- (ii) Sex offenses
 - (A) Forcible sex offenses
 - (B) Nonforcible sex offenses
- (iii) Robbery
- (iv) Aggravated Assault
- (v) Burglary
- (vi) Motor Vehicle Theft
- (vii) Arson
- (viii)
 - (A) Arrests for Liquor Law Violations, Drug Law Violations, and Illegal Weapons Possession
 - (B) Persons who were referred for campus disciplinary action for liquor law violations drug law violations, and illegal weapons possession 34 C F R § 668 46(c)(1)

An institution must report, by category of prejudice, crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race gender, religion, sexual orientation, ethnicity, or disability any crime it reports pursuant to paragraph (c)(1)(i) through (vii) of this section the crimes of larceny theft, simple assault, intimidation, and destruction/damage/vandalism of property, any other crime involving bodily injury 34 C F R § 668 46(c)(3)

In addition to statistical reporting that must be made available as part of the institution's annual security report the statistical information must also be submitted electronically to the Department for inclusion in the Department's Campus Crime and Security Web Site The electronic submission of each year's updated information to the Department must be provided within timeframes specified by the Department 34 C F R § 668 41(e)(5)

Noncompliance At the time of the review, the following areas of noncompliance were identified

- Xenon's annual security report did not contain a statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs The following subsets were also missing

- (i) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and nonforcible sex offenses
 - (ii) Procedures students should follow if a sex offense occurs including procedures concerning who should be contacted the importance of preserving evidence for the proof of a criminal offense and to whom the alleged offense should be reported
 - (iii) Information on a student's option to notify appropriate law enforcement authorities, including on campus and local police and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel
 - (iv) Notification to students of existing on- and off campus counseling, mental health or other student services for victims of sex offenses,
 - (v) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available,
 - (vi) Procedures for campus disciplinary action in cases of an alleged sex offense including a clear statement that—
 - (A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding, and
 - (B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense, and
 - (vii) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or nonforcible sex offenses
- The reported crime statistics in Xenon's annual security report did not include the following categories
 - (i) Criminal Homicide
 - (A) Murder and nonnegligent manslaughter
 - (B) Negligent manslaughter
 - (ii) Sex offenses
 - (A) Forcible sex offenses
 - (B) Nonforcible sex offenses
 - (iii) Arson
 - (iv) Persons who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession
 - Xenon's annual security report did not include, by category of prejudice, crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation ethnicity, or disability any crime it reports for the institution's crime statistics, the crimes of

larceny theft, simple assault, intimidation, and destruction/damage/vandalism of property any other crime involving bodily injury

While there were a number of deficiencies cited, it should be noted that the school reported to the Department, that there were no crimes committed in every reportable category for each of the last three years

Required Action Xenon must revise their campus security policies and annual security report to ensure all the required information is included. A copy of the revised policies as well as their annual security report must be provided with the institution's response to this program review report

3 Inadequate Drug and Alcohol Prevention Policies

Citation 34 C F R § 86.3(a) requires a participating institution to establish a drug prevention program to prevent the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees on school premises or as any part of its activities

34 C F R § 86.100 states The Institution of Higher Education's (IHE) drug prevention program must at a minimum include the following

(a) The annual distribution in writing to each employee, and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study of—

- (1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities,
- (2) A description of the applicable legal sanctions under local, State or Federal law for the unlawful possession or distribution of illicit drugs and alcohol
- (3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol,
- (4) A description of any drug or alcohol counseling treatment or rehabilitation or re-entry programs that are available to employees or students and
- (5) A clear statement that the IHE will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution for violations of the standards of conduct required by paragraph (a)(1) of this section. For the purpose of this section a disciplinary sanction may include the completion of an appropriate rehabilitation program

- (b) A biennial review by the IHE of its program to—
- (1) Determine its effectiveness and implement changes to the program if they are needed and
 - (2) Ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced.

Noncompliance At the time of the review, the following areas of noncompliance were identified

- Xenon did not establish a drug prevention program to prevent the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on school premises or as any part of its activities
- Xenon did not annually distribute in writing to each employee and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study
- Xenon did not have a written policy for standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities
- Xenon did not have a written policy that they will impose disciplinary sanctions on students and employees, and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution
- Xenon did not have a written policy for conducting a Biennial Review of their drug and alcohol prevention programs
- Xenon did not conduct a Biennial Review to measure the effectiveness of their drug and alcohol programs
- Xenon did not have a written policy to ensure consistency in its enforcement of disciplinary sanctions

Required Action Xenon must establish a drug and alcohol prevention program to ensure that it is in compliance with all federal regulations. The institution must also develop the appropriate written policies as outlined above. A copy of the new drug and alcohol prevention program, new written policies, as well as a copy of Xenon's new Biennial Review Document must be provided with the institution's response to this program review report.

4 Satisfactory Academic Progress Policy Inadequate

Citation An institution must establish, publish and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress (SAP) in his or her educational program. These standards must conform with the standards of satisfactory progress of the institution's nationally recognized accrediting agency, and must be the same as or stricter than the institution's standards.

for a student enrolled in the same educational program who is not receiving assistance under a Title IV, HEA program 34 C F R § 668 16(e) The Secretary considers an institution s standards to be reasonable if those standards include all of the items and specifications described under 34 C F R § 668 16(c) and 34 C F R § 668 34 The Secretary also provides specific guidance in the Federal Student Aid Handbook

Noncompliance A review of Xenon s SAP policy revealed the following conflicting information

In the 2011-2012 school catalog under maximum completion time the school states the maximum clock hours for the cosmetology program is 2 088 and 690 clock hours for the esthetics and manicurist programs These maximum hours equate to a maximum time frame completion rate of approximately 86 2% for the cosmetology program and a maximum time frame completion rate of approximately 86 9% for the esthetics and manicurist programs However the school s SAP policy provides a conflicting maximum completion rate of only 85%

Likewise based on program lengths of 1,800 clock hours (cosmetology) and 600 clock hours (esthetics/manicurist) the correct maximum clock hours that correspond to a maximum completion rate of 85% would not be 2,088 and 690 as listed in the school s policy Specifically, if a student were maintaining an 85% completion rate, their maximum clock hours in the cosmetology program would be 2,118 clock hours (1,800/ 85) The maximum clock hours for the esthetics and manicuring programs at an 85% completion rate would be 706 clock hours (600/ 85)

Therefore, in order to resolve the conflicting information either the maximum clock hours needed to complete the programs must be revised or the completion rate must be revised

Required Action Xenon must submit as part of their response to this report a revised SAP policy that it is in compliance with all federal regulations Xenon s current school catalog, as well as any other applicable publications must be amended to include the revised SAP policy

5 Return of Title IV Funds (R2T4) Policy Inadequate

Citation An institution must make available to all enrolled and prospective students any refund policies that it utilizes or that it is required to comply with for the return of unearned Title IV assistance 34 C F R § 668 43(a)(2) An institution must make readily available upon request to enrolled and prospective students a summary of the requirements under 34 C F R § 668 22 for the return of Title IV grant or loan assistance 34 C F R § 668 43(a)(4)

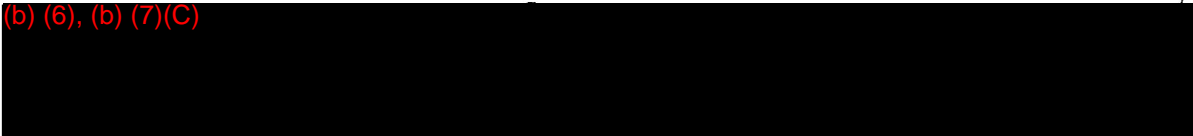
Noncompliance Xenon's R2T4 policy provided in its school catalog does not adequately summarize the requirements of 34 C.F.R. § 668.22. Specifically, there is no estimate of the amount of aid the student may earn and no estimate of the amount the student may have to return.

Required Action Xenon must revise its R2T4 policy so that it adequately summarizes the requirements under 34 C.F.R. § 668.22. Xenon may use the sample summary published in the Department's Federal Student Aid Handbook. A copy of the new R2T4 policy must be submitted as part of Xenon's response to this program review report. The new policy must also be published in all materials in which the previous policy had been published (i.e., catalog, enrollment contract, etc.).

D Appendix

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

(b) (6), (b) (7)(C)



(b)(7)(E)

