



THE SECRETARY OF EDUCATION  
WASHINGTON, D.C. 20202

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In the Matter of

**OCEAN COUNTY VOCATIONAL  
INSTITUTE,**

Respondent.

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**Docket No. 98-16-SP**  
Student Financial  
Assistance Proceeding  
PRCN: 199640212830

**ORDER**

On January 5, 1998, the Office of Student Financial Assistance Programs (SFAP) of the United States Department of Education (Department) issued a final program review determination (FPRD) of the Ocean County Vocational Institute (OCVI) assessing liabilities for violations of Title IV of the Higher Education Act of 1965, as amended (HEA) during the award years of 1994-1995 and 1995-1996. 20 U.S.C. § 1070 et seq.

OCVI is a full-time adult institution providing training in nursing, cosmetology, aviation technology and computer systems technology. The FPRD found that: 1) OCVI failed to use a valid output document in the certification of Federal Family Education Loans (FFEL); 2) OCVI failed to obtain complete verification documentation; 3) OCVI failed to document a student basis of admission; 4) OCVI failed to comply with Title IV refund requirements; 5) OCVI failed to obtain student signatures on updated student aid reports (SARs); and 6) OCVI improperly maintained excess cash balances. OCVI appealed. On July 29, 1999, Judge Richard I. Slippen affirmed the findings of the FPRD, ordering OCVI to repay liabilities in the amount of \$67,975. OCVI appealed to this tribunal. The findings of the Initial Decision are hereby affirmed, however, there is a need for clarification regarding finding #1.

OCVI admits that it did not submit the appropriate applications to the central processor, and did not obtain valid Student Aid Reports (SARs) or valid Institutional Student Information Records (ISIRs) for the students in question in finding #1. Nonetheless, OCVI argues that the needs analysis performed by the New York State Higher Education Assistance Corporation (HESE) should be sufficient to establish the students' Title IV eligibility. Judge Slippen correctly found that OCVI used invalid output documents in certifying student Federal Stafford Loans and found the school liable for this violation. Judge Slippen, however, incorrectly stated that an entity other than the central processor may perform a needs analysis so long as the entity uses the Free Application for Federal Student Aid form. *See* Initial Decision pg. 2

The applicable regulation provides:

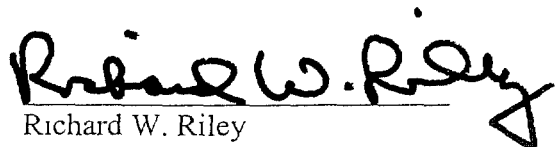
*Output Document:* The Student Aid Report (SAR), Electronic Student Aid Report (ESAR), or other document or automated data generated by the Department of Education's central processing system or Multiple Data Entry processing system as the result of the processing of data provided in a Free Application for Federal Student Aid (FAFSA).

On appeal SFAP correctly stated that an Multiple Data Entry processing system does not generate SARs or ISIRs, which are the only valid output documents that are acceptable for determining a student's need. The Multiple Data Entry systems referred to in the above regulation, and used by the Department in the past, were only conduits for the transfer of information from students' FAFSA forms to the central processor. Accordingly, the central processor performs all eligibility checks and is the sole source of any valid output documents. Further, alternate applications or processing may not be implemented in determination of a student's Title IV eligibility. *See* 20 U.S.C. § 1090; 34 C.F.R. §§ 690.12, 690.13. Therefore, OCVI's argument that Higher Education Assistance Corporation performs the same calculations as the central processor must fail.

In accordance with the forgoing decision, the findings of the Initial Decision are hereby affirmed.

So ordered this 3d day of January, 2001.

Washington, DC

  
Richard W. Riley

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Richard I. Slippen  
Administrative Judge  
Office of Hearings and Appeals