

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

In the Matter of

Danville Area Community College,

Respondent.

Docket No. 94-181-SP

Student Financial Assistance Proceeding

Appearances:

Harry J. Braun, President, Danville, IL, for Danville Area Community College.

James D. Gette, Esq., Office of the General Counsel, United States Department of Education, Washington, D.C., for the office of Student Financial Assistance Programs.

Before:

Judge Richard J. Slippen

DECISION

On August 25, 1995, the office of Student Financial Assistance Programs (SEAP) of the United States Department of Education (Department) issued a final program review determination (FPRD) finding that Danville Area Community College (Danville) improperly disbursed \$815.00 in Federal student financial assistance funds during the 1992-93 award year. 1 According to the findings of the FPRD, Danville disbursed an \$815.00 Federal Stafford Loan to one of its students even though the student was not a regular student enrolled or accepted for enrollment in a program eligible for Federal student financial assistance, as required by Title IV of the Higher Education Act of 1965 as amended (Title IV). See 20 U.S.C. i 1070 et seq. and 42 U.S.C. § 275 1 et seq. According to SFAP, the student was enrolled in Danville during the 1992-93 award year for the purpose of taking one or several courses at the school for a purpose other than for the permissible purpose of obtaining a degree, certificate or other recognized education credential offered by Danville, As such, according to SFAP, the student was not eligible to receive Title IV funds. To support its position, SFAP presents evidence, in the form of the student's admission/registration application and a letter from the institution's director of financial aid, which show that prior to enrollment for the 1992-93 academic year the student already had obtained an Associate Degree from the institution, and that the student's current objective in enrolling in the institution was either unclear or merely to complete one or several courses.

Danville disputes the finding of the FPRD. The gravamen of Danville's defense is its position that it complied with the requisite requirements of Title IV in disbursing the \$815.00 Title IV

loan to the student at issue. According to Danville, the student enrolled in classes during the 1992-93 award year to complete the institution's requirements for an Associate's Degree and as preparation for transferring to a four-year institution to obtain a baccalaureate degree in Elementary Education. Danville concedes that to its embarrassment it mistakenly reported to SFAP that the student had obtained an Associate Degree prior to enrolling in courses for the 1992-93 academic year. According to Danville, in preparation for this proceeding, the institution checked its records and discovered that the student had not been awarded an Associate Degree prior to the 1992-93 award year because the student had not completed the institution's degree requirements. Instead, the student completed those requirements after completion of course work during the 1992-93 award year. [2](#) In that respect, Danville argues that it has met its burden of proof in this proceeding since SFAP's position rests on the mistaken determination that the student at issue enrolled in courses at the institution during the 1992-93 award year after she had received her Associate Degree.

Notably, the issue before the tribunal is not whether the student's actual intention for enrolling in Danville for the 1992-93 award year was for the purpose of preparing to transfer to a four-year institution; indeed, that may have been the case. [3](#) Nonetheless, the question presented is whether Danville has met its burden of proof in demonstrating that the student at issue was enrolled in the institution as a regular student for the purpose of obtaining a degree, certificate or other education credential offered at Danville. [4](#) In that regard, the tribunal finds that Danville has met its burden. [5](#)

As a prerequisite to lawful participation in Title IV programs, a student must enroll or be accepted for enrollment at an institution for the purpose of obtaining a degree, certificate or other recognized education credential offered by that institution. 34 C.F.R. § 668.7. Consistent with this requirement, a student enrolled in a program that does not lead to the awarding of such a credential is not eligible to receive Title IV funds. To show that the student was eligible to receive a Title IV loan, Danville submitted copies of the student's course record and transcript, which reveals that the student enrolled at Danville in the institution's Liberal Arts & Sciences program [6](#) in the Summer term immediately following her graduation from high school in June 1987. The student attended Danville somewhat irregularly over the course of five academic years, up to and including the 1992-93 academic year. By the end of the 1992-93 academic year, the student had been awarded 95 credit hours at Danville, but had not been certified, on the student's transcript, as having obtained a degree. More important, the student's Associate Degree Evaluation form, dated May 1992, indicates that at the time the student had not completed two courses required by Danville for the awarding of an Associate Degree. Consequently, it is abundantly clear that this student was still pursuing an education credential during the 1992-93 award year. Accordingly, the tribunal finds Danville's position that the institution properly disbursed an \$815.00 Federal Stafford Loan to one of its students during the 1992-93 award year is supported by compelling evidence in the record.

ORDER

On the basis of the foregoing, it is hereby ORDERED that Danville Area Community College is relieved of any obligation to repay funds as a result of this proceeding.

Judge Richard I. Slippen

Dated: August 8, 1995

SERVICE

A copy of the attached initial decision was sent by CERTIFIED MAIL, RETRUN RECEIPT REQUESTED to the following:

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1 Although there are a number of additional findings in the FPRD, Danville does not challenge those findings in this proceeding.

2 According to the student's transcript, she completed five courses in the Fall term and four courses in the Sprng term.

3 Undoubtedly, ascertaining the student's intention in this respect on the basis of the record is a dubious endeavor and of little relevance to the regulatory requirements at issue. The admission/registration application contains two questions that request information from the student concerning a student's intent or objective for enrollment in a given semester. In an answer to one question, the student indicated that the objective of her enrollment was "to complete one or several courses." In an answer to another question, the student indicated that her intent in enrolling in the Fall '92 semester was "other or unknown." Consequently, as Danville persuasively argues, despite SEAP's arguments to the contrary, it is difficult to assess the student's enrollment. objective simply based on the student's answers to a couple of questions sundered from the context of the student's entire record at the institution. Therefore, the tribunal is disinclined to determine the student's purpose for enrollment on the basis of the admission/registration application.

4 Although worth noting, it is not pertinent to the outcome of this case that the student as of January 30, 1995, had not applied, and therefore, was never awarded an Associate Degree. As this tribunal has held previously, Title IV regulations do not prohibit eligible institutions from

disbursing Title IV funds to otherwise eligible students who, for reasons unrelated to Title IV requirements, fail to obtain a degree or recognized certificate. Indeed, such a basis is not a factor in the determination of student eligibility. See *hi the Matter of Northeast Center for Judaic Studies*, Dkt. No. 94-55-ST, U.S. Dep't of Educ. (May 2, 1995).

[5](#) In this proceeding, the institution has the burden of proving that the questioned expenditures were proper. 34 C.F.R. § 668.116(d); see also *In the Matter of Sinclair Community College*, Dkt. No. 89-21-S, U.S. Dep't of Educ. (September 26, 1991) (Decision of the Secretary).

[6](#) The student's transcript indicates that she was pursuing an Associate in Science Degree, and that her major was Elementary Education.