

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

In the Matter of

Docket No. 97-30-SP

COOPER CAREER INSTITUTE,

Student Financial Assistance Proceeding

Respondent.

PRCN: 199630412732

Appearances:

Edmund J. Trepacz, II, Office of General Counsel, United States Department of Education, for Student Financial Assistance Programs

Joseph D. Jaap, President, for Cooper Career Institute

Before:

Judge Richard F. O'Hair

DECISION

On February 25, 1997, the U.S. Department of Education's (Department) office of Student Financial Assistance Programs (SFAP) issued a Final Program Review Determination (FPRD) letter to Cooper Career Institute (CCI). In this letter, SFAP assessed liabilities for \$19,398 based on two violations of the regulations governing CCI's participation in the Federal student financial assistance programs authorized under Title IV of the Higher Education Act of 1965 (HEA) as amended, 20 U.S.C. §1070 *et seq.*

Finding 1 of the FPRD alleged that CCI was ineligible to disburse \$8,401 in Federal Pell Grant funds for the Spring Quarter of 1996 because CCI's previous owners awarded these funds for a payment period which commenced after a March 29, 1996, change of ownership had occurred, but before the new owners executed a program participation agreement with the Department. 34 C.F.R. §600.31(a) (1996). CCI requested an administrative appeal of this finding which imposed a liability of \$8,401 upon CCI, pursuant to 34 C.F.R. Part 668, Subpart H. However, CCI did not appeal Finding 2 of the FPRD and will therefore remain liable for the additional \$10,997 as charged by SFAP in Finding 2.

Upon an institution's change in ownership, the institution's eligibility to receive and disburse Title IV funds terminates, and the new owner must apply for eligibility to participate in Title IV, HEA funding. 34 C.F.R. §600.31(a) (1996). *See also In Re Amarillo West Texas Barber Styling College*, Docket No. 91-90-SA, U.S. Dep't of Education (June 7, 1994), *aff'd* by the Secretary (March 16, 1995). CCI changed ownership on March 29, 1996, at the end of its Winter Quarter, thus losing its eligibility to participate in Title IV student assistance programs as of that date. 34 C.F.R. §600.31(a) (1996). During its Spring Quarter registration period (March 22 - 29, 1996), however, the previous owners requested and disbursed Pell Grant funds to students enrolled in the Spring Quarter, which began April 1, 1996.

CCI used the Federal Student Aid Handbook for authority to request these Pell funds for the Spring Quarter, relying on a provision in the Handbook which allows an institution that is changing ownership to request any additional funds needed for its students to complete the current payment period. The Federal Student Financial Aid Handbook, Institutional Eligibility & Administrative Requirements, Chapter 3, Section 10 (1995-96). CCI believed the current

payment period included the entire Spring Quarter because the funds were disbursed during the registration period for that quarter, at a time when the previous owners were still eligible.

A "current payment period," as defined in 34 C.F.R. §690.3(a)(1) (1996), is a "semester, trimester, quarter or other academic term." This definition does not include quarter breaks, which in the instant case began March 8 and continued to March 31, 1996 (as listed in CCI's 1995-96 academic calendar).

CCI argued that the Spring Quarter should be included in the period of time referred to as the current payment period because registration for the Spring Quarter fell into the bracket of time in which CCI was still eligible as a Title IV institution. However, neither registration nor quarter breaks fall within the definition of a current payment period. 34 C.F.R. §690.3(a)(1) (1996). Therefore, I find that the last current payment period for which Pell Grant funds could have been legally disbursed was for the Winter Quarter which ended on March 7, 1996.

CCI misinterpreted the Federal Student Aid Handbook as authority to request the Federal funds for what CCI referred to as the current payment period and it improperly disbursed Federal Pell Grant funds for an academic quarter for which CCI was not eligible to disburse such funds.

ORDER

On the basis of the foregoing, it is hereby ORDERED that Cooper Career Institute pay to the U.S. Department of Education the sum of \$19,398.

Judge Richard F. O'Hair

Dated: August 4, 1997

SERVICE

A copy of the attached initial decision was sent by certified mail, return receipt requested to the following:

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