



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

AUG 19 2002

**INSPECTION MEMORANDUM**

**To:** James F. Manning  
Acting Chief Operating Officer  
Federal Student Aid

Sally Stroup  
Assistant Secretary  
Office of Postsecondary Education

Grover J. Whitehurst  
Assistant Secretary  
Office of Educational Research and Improvement

**From:** Mary Mitchelson  
Acting Assistant Inspector General  
Analysis and Inspection Services

**Subject:** Graduation Rates for Less Than Two-Year Postsecondary Institutions  
(ED/OIG I13C0001)

**Executive Summary**

This memorandum provides the results of our inspection of graduation rates for less than two-year postsecondary institutions eligible to participate in the federal student aid programs authorized by Title IV of the Higher Education Act of 1965 (HEA). While the Department of Education (Department) sends mandatory Graduation Rate Surveys (GRS) to four-year, two-year, and less than two-year institutions, we limited the scope of our initial inspection to less than two-year institutions. In the future, we will examine the results of the four-year and two-year graduation rate surveys.

The objectives of our inspection were: 1) to obtain data on graduation rates for less than two-year postsecondary institutions, and 2) to review the data collected from those institutions and report on our findings.

We obtained our data from the National Center for Education Statistics (NCES), which is responsible for collecting, analyzing, and disseminating statistics and other information related to education in the United States and other nations.<sup>1</sup> The core NCES postsecondary education data collection program is the Integrated Postsecondary Education Data System (IPEDS).

Graduation rates are an important measure for Congress, the Department and prospective students. This measure provides Congress and the Department with significant statistical information on postsecondary education, and it provides prospective students with a basis of comparison when choosing an institution.

Pursuant to the Student Right-To-Know Act and the HEA, each Title IV institution is required to disclose its graduation rate to students and prospective students and to submit a completed GRS to IPEDS.<sup>2</sup> Additionally, institutions are required to submit a separate report, categorized by race and gender within each sport, for students receiving athletically related aid. In compliance with the Family Educational Rights and Privacy Act (FERPA), however, the institution need not include the completion, graduation or transfer-out rate for those students, if any category includes five or fewer *student-athletes*.<sup>3</sup> The Department's instructions to the GRS incorrectly extended this disclosure exemption to all institutions with a cohort of five or fewer *students*.<sup>4</sup> Consequently, this expanded exemption limits the ability of students to fully compare graduation rates.

We examined graduation rate data for cohort<sup>5</sup> years reported in 1999 and 2000 for the following categories of institutions eligible for Title IV programs:

- Less than two-year, public-not-for-profit institutions;
- Less than two-year, private-not-for-profit institutions; and
- Less than two-year, private-for-profit (proprietary) institutions.<sup>6</sup>

For the three categories of less than two-year institutions that completed the GRS, we found there were no significant differences in the overall average graduation rates reported in 1999 and 2000. The public-not-for-profit institutions reported the highest

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<sup>1</sup> NCES is a part of the Department's Office of Educational Research and Improvement (OERI).

<sup>2</sup> 20 U.S.C. 1092(a)(1)(L), 1094(a)(17); and 34 C.F.R. 668.45.

<sup>3</sup> Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. 1232g; and 34 C.F.R. 668.48(a)(3) (completion or graduation rates for student-athletes).

<sup>4</sup> The Department's *GRS-General Instructions, Questions and Answers*, page two.

<sup>5</sup> A definition of cohort appears on page five of this memorandum.

<sup>6</sup> An institution of higher education is defined as: 1) a public or private nonprofit educational institution that provides an educational program that is at least a two-academic-year program acceptable for full credit toward a baccalaureate degree (34 C.F.R. 600.4); 2) a proprietary institution (34 C.F.R. 600.5); or 3) a postsecondary vocational institution that is a public or private non-profit educational institution (34 C.F.R. 600.6). Our inspection examined the less than two-year institutions defined in the second and third categories.

average graduation rates in both years. The graduation rate for all reporting institutions ranged from 65.5 to 71.6 percent.

We also found that the number of non-respondents (institutions not responding to the GRS) increased in 2000 to as high as 28 percent in the private-not-for-profit and the private-for-profit categories. This is a significant rate of non-compliance with the Department's regulations. Federal Student Aid (FSA), the Office of Postsecondary Education (OPE) and the Office of Educational Research and Improvement (OERI), however, have not formalized procedures to ensure consistent enforcement against institutions that fail to respond to all IPEDS surveys. As a result, FSA has not taken action against the non-respondents.

We recommend that the Chief Operating Officer for FSA, working with the Assistant Secretary for OPE and the Assistant Secretary for OERI, develop policies and procedures to ensure consistent enforcement of the GRS reporting requirement.

We also recommend that the Chief Operating Officer for FSA enforce compliance with the GRS reporting requirement by initiating administrative action against non-compliant institutions.

Further, we recommend that the Assistant Secretary for OPE, in cooperation with the Assistant Secretary for OERI, correct the GRS survey instructions to correspond with the regulatory requirement that all institutions disclose a graduation rate.

The Acting Chief Operating Officer for FSA and the Assistant Secretaries for OPE and OERI responded to our draft memorandum on August 8, 2002. They concurred with our recommendations, but suggested that we reverse the order of the first two recommendations. They also recommended that our inspection memorandum more clearly describe the two distinct regulatory provisions requiring the calculation of graduation and completion rates. We have made changes to the memorandum to reflect the Department's comments.

## **Background**

The importance of graduation rates was highlighted in the Department's recently published *Strategic Plan 2002-2007*. Strategic Goal 5, "Enhance the quality of and access to postsecondary and adult education," recognizes that strategies are required to reduce graduation rate gaps that exist in the population. In keeping with the Administration's culture of accountability, Objective 5.2 in the Plan states:

An effective strategy for ensuring that institutions are held accountable for results is to make information on student achievement and attainment available to the public, thus enabling prospective students to make informed choices about where to attend college and how to spend tuition dollars.<sup>7</sup>

Collection of data for the compilation of graduation rates began several years ago with legislation designed to provide students and student-athletes with information to make informed choices.

### **The Student Right-To-Know Act**

In 1990, Congress passed the Student Right-To-Know Act requiring institutions of higher education receiving federal student aid to provide information on the graduation rates of students and student-athletes.<sup>8</sup> Among other issues, Congress was responding to an increasing concern about:

- The academic performance of students at institutions of higher education;
- The academic performance of student-athletes, especially those receiving football and basketball scholarships;<sup>9</sup> and
- A study by the National Institute of Independent Colleges and Universities which found that no more than 43 percent of students attending four-year public colleges and universities and no more than 54 percent of students entering private institutions graduated within six years of enrolling.<sup>10</sup>

### **Regulations to Implement the Student Right-To-Know Act**

On December 1, 1995, the Department issued final regulations to amend the Student Assistance General Provisions to implement the Student Right-To-Know Act, as amended by the HEA Technical Amendments of 1991. Effective July 1, 1996, the regulations apply to 1996-97 and subsequent award years and require that institutions participating in Title IV programs disclose information about graduation rates to current and prospective students. In addition, institutions that participate in the Title IV programs and award athletically related student aid must provide graduation rates to athletes, potential athletes, parents, coaches, and high school guidance counselors.

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<sup>7</sup> The Department's *Strategic Plan 2002-2007*, page 70.

<sup>8</sup> Pub. L. 101-542, codified at 20 U.S.C. 1092.

<sup>9</sup> Beginning with the 1983-84 school year, the National Collegiate Athletic Association (NCAA) has conducted graduation rate surveys of student athletes.

<sup>10</sup> Section 102 of Pub. L. 101-542.

In response to extensive comments from the community, the Secretary addressed standardization in the collection of graduation rates by specifying the use of IPEDS' newly developed GRS. The November 1, 1999, Student Assistance General Provisions Final Rule provided further definitions for reporting graduation rates.<sup>11</sup>

### **The Graduation Rate Survey**

The GRS is intended to create a minimum burden for Title IV eligible institutions while generating useful and comparable data. Although non-Title IV institutions are not required to respond to the GRS, they may respond for a variety of reasons. For example, they may be required to submit data to their states through IPEDS, or they may intend to apply for Title IV participation.

The GRS requests data on a cohort of full-time, first-time degree/certificate-seeking students who enroll as of October 15 or between September 1 and August 31 and complete a program within 150 percent of normal time.

- *Cohort* – A cohort is a specific group of students established for tracking purposes. For example, students in a less than two-year institution who are designated as members of the 1996 cohort, remain in the 1996 cohort. The institution reports the status of the students in that cohort as of August 31, 1999. Once designated as a part of the 1996 cohort, a student remains in the 1996 cohort even if he or she becomes a part-time student; transfers to another institution; drops out of the institution; stops out of the institution; or has not fulfilled the institution's requirements to receive a certificate.<sup>12</sup>
- *150 percent of normal time* – If a course is advertised as taking two years to complete, the time calculation is 150 percent x two years equaling three years. Students completing the course within that three-year period of the start date are within 150 percent of normal time.<sup>13</sup>

Beginning with the 1996 cohort, institutions must disclose their graduation rate no later than July 1 when 150 percent of the normal time for graduation has elapsed for that cohort of students.

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<sup>11</sup> Regulations implementing the Student Right-To-Know Act include the following: 34 C.F.R. 668.41 (reporting and disclosure of information); 34 C.F.R. 668.45 (information on completion or graduation rates); and 34 C.F.R. 668.48 (report on completion or graduation rates for student-athletes).

<sup>12</sup> The Department's *GRS-General Instructions, Less than 2-yr-Institutions*, page eight. Drop out is an official withdrawal; stop out is a temporary absence for the length of a term or module.

<sup>13</sup> The Department's *GRS-General Instructions, Questions and Answers*, page four. A definition of "normal time" appears in 34 C.F.R. 668.41(a).

According to NCES, graduation rates may be posted for the first time this year on the IPEDS College Opportunities On-Line (COOL) site. The COOL site currently presents data on institution prices, financial aid, enrollment and types of programs offered.

### **Family Educational Rights and Privacy Act**

In response to regulations proposed by the Department to implement the Student Right-To-Know Act, the education community expressed concern that the level of detail required by the separate report for student-athletes would violate the provisions of FERPA.<sup>14</sup> The Department concurred. In accordance with 34 C.F.R. 668.48, the separate report, categorized by race and gender within each sport, and submitted by institutions, need not include the completion, graduation or transfer rate for students, who received athletically-related aid, if the category includes five or fewer *student-athletes*. The Department's instructions for the GRS, however, extend the exemption beyond the authority contained in 34 C.F.R. 668.48, stating that the disclosure exemption applies to the general reporting requirement for all institutions under the Student Right-To-Know Act.<sup>15</sup> The instructions should be corrected to correspond with the regulatory requirement that all institutions disclose a graduation rate.

### **Inspection Results**

Our inspection collected graduation rate data for cohort years reported in 1999 and 2000 for three categories of institutions eligible for Title IV programs:

- Less than two-year, public-not-for-profit institutions;
- Less than two-year, private-not-for-profit institutions; and
- Less than two-year, private-for-profit institutions.

Our comparison of the data for these three categories of institutions focused on: 1) the average graduation rates of less than two-year institutions for the cohort years reported in 1999 and 2000 and 2) the number and percent of non-respondents in the cohort years reported in 1999 and 2000. The graduation data we used was screened by IPEDS for agreement of totals and to ensure the inclusion of only full-time, first-time students, but the institutions were responsible for its accuracy. We did not verify the accuracy and reliability of the graduation data submitted by the institutions or the data provided by IPEDS.

The cohorts reported in 1999 and 2000 for the three categories of institutions discussed in this memorandum and presented in the charts below are defined as follows:

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<sup>14</sup> See 60 Fed. Reg. 61,785-6 (There was concern that the level of detail reported by institutions regarding the gender and race of student-athletes might result in the identification of specific individuals.)

<sup>15</sup> The Department's *GRS-General Instructions, Questions and Answers*, page two.

- *1999*: The 1996 cohort of full-time, first-time, degree/certificate-seeking students who entered as of October 15, 1996 or during the period between September 1, 1996 and August 31, 1997 and reported as of August 31, 1999.
- *2000*: The 1997 cohort of full-time, first-time, degree/certificate-seeking students who entered as of October 15, 1997 or during the period between September 1, 1997 and September 1, 1998 and reported as of August 31, 2000.

### **Average Graduation Rates**

As shown in Chart A below, we found there was no significant difference in the overall average graduation rates reported in 1999 and 2000 for the three categories of less than two-year institutions. The public-not-for-profit institutions reported the highest average graduation rates in both years. The average graduation rate for the private-for-profit institutions in 1999 was higher than the private-not-for-profit institutions, but in 2000 the results were reversed.

### **Chart A: Average Graduation Rates for Less Than Two-Year Institutions Responding to the GRS**

<b>Type of Institution</b>	<b>1999 Average Graduation Rate<sup>16</sup></b>	<b>2000 Average Graduation Rate<sup>17</sup></b>
Public-Not-For-Profit	70.5 %	71.6 %
Private-Not-For-Profit	65.5 %	69.9 %
Private-For-Profit	66.1 %	69.6 %

The average graduation rate for the three categories of less than two-year institutions reported in 1999 ranged from 65.5 percent to 70.5 percent. For 2000, the rate ranged from 69.6 percent to 71.6 percent. All averages were calculated by aggregating the graduation rate for each institution and dividing the total. Of the institutions sent a mandatory GRS, we did not include data on the following categories: 1) non-respondents; 2) institutions with no full-time, first-time students; and 3) branch campus data otherwise reported through a main campus. The graduation rate averages shown in Chart A, therefore, do not include the total number of institutions sent a mandatory GRS in each cohort year.

In Appendix A, we have provided detailed graduation information for each category of less than two-year institutions, showing the number of institutions within each ten-point

<sup>16</sup> Of the 1737 less than two-year institutions included in our review (for the cohort year reported in 1999), twelve percent (202 of 1,737) did not complete the GRS.

<sup>17</sup> Of the 1818 less than two-year institutions included in our review (for the cohort year reported in 2000), twenty-seven percent (482 of 1,818) did not complete the GRS.

graduation rate range, the number of non-respondents and the number of schools with no graduation rate.

**Number and Percent of Non-Respondents**

As shown in Chart B below, the total number of non-respondents in each category of less than two-year institutions increased in the cohort year reported in 2000. For the public-not-for-profit institutions, the number of non-respondents increased from 5 percent to 18 percent. For both the private-not-for-profit institutions and the private-for-profit institutions, the non-respondents increased to 28 percent, from 8 percent and 13 percent respectively. This is a significant rate of non-compliance with the Department’s regulations.

According to an NCES representative, conversion to a new electronic reporting process (beginning with the cohort year reported in 2000) may have contributed to the increase in the number of non-respondents.

**Chart B: Number and Percent of Non-Respondents, Less Than Two-Year Institutions**

Type of Institution	1999 Number of Non-Respondent Institutions	1999 Percent of Non- Respondent Institutions	2000 Number of Non-Respondent Institutions	2000 Percent of Non- Respondent Institutions
Public-Not-For-Profit	14	5%	57	18%
Private-Not-For-Profit	7	8%	27	28%
Private-For-Profit	181	13%	398	28%

In November 2000, NCES referred to FSA a list of 52 institutions failing to respond to all of the required IPEDS 1999-2000 surveys. The institutions on this list not only failed to respond to the GRS, but also failed to respond to the IPEDS surveys on institutional characteristics, fall enrollment, fall staff, faculty salaries, completion rates, student financial aid and finance. The accompanying memorandum to FSA affirmed that all Title IV institutions must respond to IPEDS.<sup>18</sup> FSA, OPE and OERI, however, have not formalized procedures to ensure consistent enforcement against institutions that fail to respond to all IPEDS surveys. As a result, FSA has not taken action against the non-

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<sup>18</sup> 34 C.F.R. 668.14(b)(7) (listing requirements contained in the program participation agreement).



respondents. After the release of our draft memorandum in June, NCES provided FSA with a list of 122 non-respondents to the IPEDS 2000-2001 surveys.

## **Summary**

Graduation rates are an important measure for Congress, the Department and prospective students. This measure provides Congress and the Department with significant statistical information on postsecondary education, and it provides prospective students with a basis of comparison when choosing an institution.

To achieve the accountability intended by Congress and the Department, each Title IV institution must respond to the GRS. Further, the GRS instructions should be corrected to exclude from disclosure only those institutions exempted by regulation.

## **Recommendations**

We recommend that the Chief Operating Officer for FSA, working with the Assistant Secretary for the Office of Postsecondary Education (OPE) and the Assistant Secretary for the Office of Educational Research and Improvement (OERI):

- Develop policies and procedures to ensure consistent enforcement of the GRS reporting requirement.

We recommend that the Chief Operating Officer for FSA:

- Enforce compliance with the GRS reporting requirement by initiating administrative action against non-compliant institutions.

We recommend that the Assistant Secretary for OPE, in cooperation with the Assistant Secretary for OERI:

- Correct the GRS survey instructions to correspond with the regulatory requirement that all institutions disclose a graduation rate.

## **Department's Response**

The Acting Chief Operating Officer for FSA and the Assistant Secretaries for OPE and OERI responded to our draft memorandum on August 8, 2002. They concurred with our recommendations, but suggested that we reverse the order of the first two recommendations. They also recommended that our inspection memorandum more clearly describe the two distinct regulatory provisions requiring the calculation of graduation and completion rates.

A complete copy of the Department's response is provided as an attachment to this memorandum.

**OIG's Reply**

We agree with the Department's comments and have made appropriate changes to the memorandum.

We appreciate the cooperation shown by your staff during our inspection. If you have any questions regarding the results of this inspection, please call me at 260-3556.

cc: William Hansen  
John Danielson  
Brian Jones  
Laurie Rich  
Clay Boothby

## **Methodology**

We contacted NCES for information pertaining to graduation rates for postsecondary institutions. NCES sent us databases containing information which it gathered from participating institutions. A member of OIG's Advanced Techniques Team combined these databases into a Microsoft Excel document. We then used relevant graduation information from this document in our report. This information included:

- Whether an institution was eligible for Title IV assistance
- Whether an institution was mailed a GRS and if a response was received
- Whether an institution was a branch or main campus
- What the graduation rate of the institution was, and
- Whether the institution enrolled first-time, full-time students

NCES sent the following 1999 documents to us that we used in our inspection:

- Graduation Rates
- Graduation Rate file record layout
- Institutional Characteristics: General information and response status information
- Institutional Characteristics: Program Offerings
- 1999 Data Dictionary
- 1990 Classification of Instructional Program Codes

NCES sent the following 2000 documents to us that we used in our inspection:

- Graduation Rates
- Graduation Rate file record layout
- IPEDS header file 2000: General information, graduating rate and response status information
- Institutional Characteristics 2000 Data Dictionary
- 2000 Graduation revised spreadsheet

We conducted our inspection from November of 2001 to April of 2002.

This inspection was performed in accordance with the President's Council on Integrity and Efficiency (PCIE) Standards for Inspections dated March 1993.

Chart A-1

**Public-Not-For-Profit Institutions**

<b>Reported Graduation Rate</b>	<b>1999 Number of Inst.</b>	<b>2000 Number of Inst.</b>
100	14	40
90-99 range	26	16
80-89 range	48	37
70-79 range	52	31
60-69 range	36	25
50-59 range	12	27
40-49 range	14	9
30-39 range	5	3
20-29 range	1	0
10 thru 19 range	3	0
1 thru 9 range	3	1
zero *	10	15
<b>Total</b>	<b>224</b>	<b>204</b>
Non-respondents (institutions that did not respond to the graduation rate survey)	14	57
<b>Total</b>	<b>238</b>	<b>261</b>
No graduation rate (but no first-time, full-time students)	14	43
No graduation rate (but a branch campus otherwise reported through a main campus)	7	10
<b>Total</b>	<b>259</b>	<b>314</b>

<b>Graduation Rate Average**</b>	<b>70.5</b>	<b>71.6</b>
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\* For 1999, 7 of the 10 institutions in this category reported having a cohort for 1996, but also reported that they could not provide graduation rate data for that cohort. Three of the 10 institutions reported a zero graduation rate.

\*\* These averages were calculated by aggregating the graduation rate for each institution used in our review and then averaging the total. These averages do not include the non-respondent; no first-time, full-time students; or the branch campus categories.

Chart A-2

**Private-Not-For-Profit Institutions**

<b>Reported Graduation Rate</b>	<b>1999 Number of Inst.</b>	<b>2000 Number of Inst.</b>
100	4	7
90-99 range	7	7
80-89 range	12	11
70-79 range	14	9
60-69 range	8	5
50-59 range	5	3
40-49 range	3	4
30-39 range	4	2
20-29 range	2	2
10 thru 19 range	2	1
1 thru 9 range	2	2
zero *	2	1
<b>Total</b>	<b>65</b>	<b>54</b>
Non-respondents (institutions that did not respond to the graduation rate survey)	7	27
<b>Total</b>	<b>72</b>	<b>81</b>
No graduation rate (but no first-time, full-time students)	11	14
No graduation rate (but a branch campus otherwise reported through a main campus)	2	0
<b>Total</b>	<b>85</b>	<b>95</b>

<b>Graduation Rate Average**</b>	<b>65.5</b>	<b>69.9</b>
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\* For 1999, the 2 institutions in this category reported having a cohort for 1996, but also reported that they could not provide graduation rate data for that cohort.

\*\* These averages were calculated by aggregating the graduation rate for each institution used in our review and then averaging the total. These averages do not include the non-respondent; no first-time, full-time students; or the branch campus categories.

Chart A-3

**Private-For-Profit Institutions**

<b>Reported Graduation Rate</b>	<b>1999 Number of Inst.</b>	<b>2000 Number of Inst.</b>
100	47	116
90-99 range	71	47
80-89 range	169	141
70-79 range	224	169
60-69 range	222	171
50-59 range	171	111
40-49 range	69	53
30-39 range	50	33
20-29 range	12	13
10 thru 19 range	11	4
1 thru 9 range	5	2
zero *	31	26
<b>Total</b>	<b>1082</b>	<b>886</b>
Non-respondents (institutions that did not respond to the graduation rate survey)	181	398
<b>Total</b>	<b>1263</b>	<b>1284</b>
No graduation rate (but no first-time, full-time students)	90	97
No graduation rate (but a branch campus otherwise reported through a main campus)	40	28
<b>Total</b>	<b>1393</b>	<b>1409</b>

<b>Graduation Rate Average**</b>	<b>66.1</b>	<b>69.6</b>
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\* For 1999, 25 of 31 institutions in this category reported having a cohort for 1996, but also reported that they could not provide graduation rate data for that cohort. Six of the 31 institutions reported a zero graduation rate.

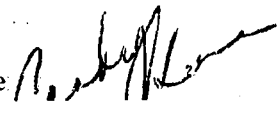
\*\* These averages were calculated by aggregating the graduation rate for each institution used in our review and then averaging the total. These averages do not include the non-respondent; no first-time, full-time students; or the branch campus categories.

## MEMORANDUM

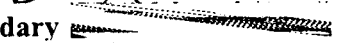

UNITED STATES DEPARTMENT OF EDUCATION  
WASHINGTON, D.C. 20202

AUG - 8 2002

TO: Mary Mitchelson  
Assistant Inspector General  
Analysis and Inspection Services

FROM: Candy Kane  
Acting Chief Operating Office   
Federal Student Aid

Sally L. Stroup  
Assistant Secretary 

Office of Postsecondary   
Grover J.  
Whitehurst Assistant   
Secretary  
Office of Educational Research and Improvement

SUBJECT: Graduation Rates for Less Than Two-Year Postsecondary Institutions  
(ED/01G I1300001)

Thank you for sharing the results of your inspection related to graduation rate surveys for less than two-year postsecondary education institutions. We believe that, for the most part, the report accurately describes the current condition of our efforts to gain compliance with the postsecondary education institutions submitting Integrated Postsecondary Education Data System (IPEDS) data to the National Center for Education Statistics.

We do, however, take exception with your interpretation of the Department's regulations governing the Graduation Rate Survey (GRS). You indicate that the Department concurred with comments received from the public and determined that although all Title IV institutions must respond to the GRS, institutions with five or fewer *student-athletes* in a cohort would be exempt from disclosing graduation rates. That is true only with regard to the disclosure required by 34 CFR 668.47 concerning the reporting of completion or graduation rates for student-athletes but not for disclosure required by 34 CFR 668.45 for the overall institutional completion or graduation rate.

You are correct that the instructions for the GRS state that the exemption applies to all institutions with cohorts of five or fewer *students* and, as such, extend the instructions beyond the authority contained in the regulations. You recommend that the instructions should be corrected to correspond with the regulatory exemption that is limited to institutions with a cohort of five or fewer student-athletes. However, we believe that the instructions should not include exemption for institutions with cohorts of five or fewer students. The Department did not include such an exception in its regulations at 34 CFR 668.45.

We also would like to stress that the Department has mechanisms in place to address issues of non-compliance, one of which is administrative action against an institution. However, FSA, OPE and OERI need to formalize the procedures to be used by OPE and OERI when making referrals to FSA for administrative action. To that end, we recommend that you reverse recommendations 1 and 2 to accurately reflect the needed corrective action.

*Finding No. 1: A High Level of Non-Compliance Exists with Regard to the GRS Survey*

*Recommendation 1: We recommend that the Chief Operating Officer for FSA enforce compliance with the GRS reporting requirement by initiating administrative action against non-compliant institutions.*

*Response: We concur with the recommendation and will take appropriate action, in accordance with the procedures developed in response to finding no. 1., to assure that institutions respond to all IPEDS surveys, including the GRS, as required in their program participation agreements. (this would become recommendation no. 2)*

Specifically, the Chief Operating Officer (COO) for FSA will initiate immediate actions to gain compliance with IPEDS for the fall 2002 data collection. The COO for FSA will send a letter to every institution that failed to complete an IPEDS survey during the 200102 data collections reminding them of their obligation under the program participation agreement to provide the data. FSA will take appropriate action if institutions fail to provide the required data.

*Recommendation 2: We recommend that the Chief Operating Officer for FSA, working with the Assistant Secretary for the Office of Postsecondary Education (OPE) and the Assistant Secretary for the Office of Educational Research and Improvement (OERI), develop policies and procedures to ensure consistent enforcement of the GRS reporting requirement. (this would become recommendation no. 1)*

*Response: We concur with the recommendation and FSA, OPE and OERI will develop appropriate procedures to assure consistent enforcement against institutions that fail to respond to all IPEDS surveys as required in the program participation agreements. The procedure will be developed by September 30, 2002.*

*Recommendation 3: We recommend that the Assistant Secretary for OPE, in cooperation with the Assistant Secretary for OERI, correct the GRS survey instructions to correspond with the regulatory exemption that is limited to institutions with a cohort of five or fewer student-athletes.*

*Response: We concur with the recommendation that the GRS instructions should be corrected to correspond with the regulations. This change would delete any reference to an exemption. We do not believe that there is a regulatory exemption under 34 CFR 668.45 for institutions with five or fewer students in the cohort.*