

4.7 Economically Disadvantaged Appeal

What is an economically disadvantaged appeal?

An economically disadvantaged appeal alleges that a school should not be subject to sanction because it has a high number of low-income students. There are two types of economically disadvantaged appeals: an economically disadvantaged appeal based on low-income rate and placement rate and an economically disadvantaged appeal based on low income rate and completion rate.

The type of economically disadvantaged appeal a school may submit depends on whether the school is a non-degree-granting school or a degree-granting school. For an economically disadvantaged appeal to be successful, a non-degree-granting school must submit an independent auditor’s written opinion that—

- ◆ the school’s low income rate (generally, the percentage of students with low incomes) is two-thirds or more and
- ◆ the school’s placement rate (generally, the percentage of students who became employed in the occupation for which the school trained them) is 44 percent or more.

For an economically disadvantaged appeal to be successful, a degree-granting school must submit an independent auditor’s written opinion that—

- ◆ the school’s low income rate (generally, the percentage of students with low incomes) is two-thirds or more and
- ◆ the school’s completion rate (generally, the percentage of students who completed their program) is 70 percent or more.

Economically Disadvantaged Appeal Timeframe		
Draft Cycle	Not applicable	
Official Cycle	School receives notice of loss of eligibility as part of the official cohort default rate notification package	<i>September</i>
	School sends the written assertion by its management to Default Prevention and Management (DPM)	<i>Within 30 days of timeframe begin date</i>
	School sends completed Economically Disadvantaged Appeal to Default Prevention and Management (DPM)	<i>Within 60 days of timeframe begin date</i>

For domestic schools the “timeframe begin date” is the sixth business day after the cohort default rates are released as officially announced on the IFAP website:
<http://ifap.ed.gov>.

For foreign schools the “timeframe begin date” is the day after the date of receipt of the official cohort default rate notification package.

What benefit will a school gain from submitting an economically disadvantaged appeal?

If an economically disadvantaged appeal is successful, the school is exempt from sanctions based on that cohort default rate until the next official cohort default rates are released. However, a successful economically disadvantaged appeal does not change a school's official cohort default rate.

Are economically disadvantaged appeals based on a specific period of time?

The school must base the economically disadvantaged appeal on any 12-month period that ended during the six months immediately preceding the start of the cohort fiscal year for which the school is submitting the economically disadvantaged appeal. The time period will differ based on the cohort fiscal year used by the school.

The federal fiscal year always begins on October 1. As a result, the six months immediately preceding the start of a fiscal year will always begin on April 1 and always end on September 30. Therefore, the 12-month period the school uses must end no earlier than April 1 and no later than September 30. In order for a 12-month period to end between April 1 and September 30, it must begin no earlier than April 2 and no later than October 1 of the preceding year.

Acceptable 12-Month Periods

Cohort Fiscal Year	Cohort Fiscal Year Start Date	Acceptable 12-Month Period Begins Between	Acceptable 12-Month Period Ends Between
FY 2001	10/01/2000	04/02/1999 -- 10/01/1999	04/01/2000 – 09/30/2000
FY 2002	10/01/2001	04/02/2000 – 10/01/2000	04/01/2001 – 09/30/2001
FY 2003	10/01/2002	04/02/2001 – 10/01/2001	04/01/2002 – 09/30/2002
FY 2004	10/01/2003	04/02/2002 – 10/01/2002	04/01/2003 – 09/30/2003
FY 2005	10/01/2004	04/02/2003 – 10/01/2003	04/01/2004 – 09/30/2004
FY 2006	10/01/2005	04/02/2004 -- 10/01/2004	04/01/2005 – 09/30/2005
FY 2007	10/01/2006	04/02/2005 -- 10/01/2005	04/01/2006 – 09/30/2006

To choose an acceptable 12-month period, determine which cohort fiscal year the school will use. Then pick a start date from the range listed in the "Acceptable 12-Month Period Begins Between" column. The end date will be 12 months after the start date, which will fall in the range listed in the "Acceptable 12-Month Period Ends Between" column. The Figure below shows an acceptable and some unacceptable 12-month periods for cohort FY 2006.

Examples of Acceptable vs Unacceptable 12-Month Periods for Cohort FY 2006

12-Month Period	Status	Reason
04/02/2004-04/01/2005	Acceptable	Starts within acceptable range; ends 12 months later within acceptable range
04/02/2004-04/02/2005	Unacceptable	Starts within acceptable range; ends more than 12 months later
04/01/2004-03/31/2005	Unacceptable	Starts and ends outside acceptable range

A school can select the most beneficial 12-month period available. In other words, a non-degree-granting school can identify the acceptable 12-month period with the highest low income rate and the highest placement rate. Similarly, a degree-granting school can identify the acceptable 12-month period with the highest low-income rate and the highest completion rate.

If a school selects an unacceptable 12-month period, DPM will not review any portion of the school's economically disadvantaged appeal and the economically disadvantaged appeal will be denied.

How does a school calculate its low-income rate?

After selecting the 12-month period, the school determines the number of students who were enrolled in an eligible Title IV program during any part of the 12-month period. To be included in the calculation, the student

Contact DPM at 1-202-377-4259 if you need guidance on choosing an acceptable 12-month period.

must have been enrolled at least halftime and enrolled at least one day during any part of the selected 12-month period. The school then determines the number of these students who are considered low-income students.

An award year begins on July 1 of one year and ends on June 30 of the following year. A calendar year begins on January 1 and ends on December 31.

For the appeal to be successful, the low-income rate must be 2/3 or greater.

A student is considered to be a low income student if—

- ◆ for an *award year* that overlaps the selected 12-month period, the student has an expected family contribution (EFC) that is equal to or less than the largest EFC that would allow a student to receive one-half of the maximum Federal Pell Grant award, regardless of the student's enrollment status or cost of attendance, or
- ◆ for a *calendar year* that overlaps the selected 12-month period, the student has an adjusted gross income (AGI) that, when added to the AGI of the student's parents (if the student is a dependent student) or the student's spouse (if the student is a married independent student), is less than the amount listed in the Department of Health and Human Services (HHS) poverty guidelines for the size of the student's family unit, which can be found on the HHS website at <http://aspe.os.dhhs.gov/poverty/poverty.htm>

To determine the low income rate, the school divides the number of low income students enrolled at least half-time in an eligible program during any part of the selected 12-month period (the numerator) by the total number of students enrolled at least halftime in an eligible program during any part of the selected 12-month period (the denominator). The result is the low-income rate.

$$\begin{array}{ccc} \text{Low-income students} & & \text{Total regular students} \\ \text{enrolled at least } \frac{1}{2}\text{-time in} & \div & \text{enrolled at least } \frac{1}{2}\text{-time in} \\ \text{an eligible program during} & & \text{an eligible program during} \\ \text{any part of the selected} & & \text{any part of the selected} \\ \text{12-month period} & & \text{12-month period} \\ & & = \\ & & \text{Low-} \\ & & \text{Income} \\ & & \text{Rate} \end{array}$$

For example, a school had a total of 200 regular students enrolled at least half time in an eligible program and enrolled at least one day during the selected 12-month period. Of those, 80 were eligible to receive at least one-half of the maximum Federal Pell Grant and 60 others were below the poverty level. Therefore, a total of 140 students are considered low income.

The school's low-income rate is calculated as follows:

The diagram illustrates the calculation of the low-income rate. It consists of three orange boxes connected by mathematical symbols. The first box contains the number '140' in large blue font, with 'low-income students' in smaller blue font below it. To its right is a blue division symbol (÷). The second box contains the number '200' in large blue font, with 'regular students' in smaller blue font below it. To its right is a blue equals symbol (=). The third box contains the percentage '70.0%' in large blue font, with 'low-income rate' in smaller blue font below it.

How does a non-degree-granting school calculate its placement rate?

As mentioned, only non-degree-granting schools can submit an economically disadvantaged appeal based on the school's low-income rate and *placement rate*. Degree-granting schools can only submit an economically disadvantaged appeal based on the school's low-income rate and *completion rate*.

When calculating placement rates, a school must use the same selected 12-month period it used in calculating its low-income rate. The school first determines the denominator, which is the number of former students initially enrolled at least half-time in an eligible Title IV program who meet the following criteria:

- ◆ The student was originally scheduled to complete his or her program during the selected 12-month period. The student's actual last date of attendance does not need to fall within the selected 12-month period.
- ◆ The date a student was originally scheduled to complete is based on the student's initial enrollment status. For a student who was initially enrolled full-time, the date is based on the amount of time specified in the school's enrollment contract, catalog, or other materials for a full-time student to complete the program. For a student who was initially enrolled less than full-time, the date is based on the amount of time specified by the school for the student to complete the program if the student remained enrolled in that enrollment status throughout the program.
- ◆ The student was enrolled in the program beyond the point at which he or she would have received a 100 percent tuition refund. A student who withdrew before the point at which he or she would have received a 100 percent tuition refund is not included in the calculation.

These "former students" are included in the placement rate. A student is not included in the placement rate if, on the date that is one year after the student's originally scheduled completion date, he or she is still enrolled in the same program and is making satisfactory progress.

After determining the number of “former students” (the denominator), the school then determines the numerator, which is the number of these “former students” who have been placed in jobs for which the school provided training. A student is considered a placed student if the student meets one of the following three criteria:

- ◆ The student was employed on the date that is one year and one day after the student’s last date of attendance at the school in an occupation for which the school provided training. For example, if the student’s last date of attendance was August 31, the date that is one year and one day after the student’s last date of attendance is September 1 of the following year. A student is not considered successfully placed if the school was the employer.
- ◆ The student was employed for at least 13 weeks (91 days) between the date the student first enrolled and the date that is one year and one day after the student’s last date of attendance at the school in an occupation for which the school provided training. A student’s employment while in school can be considered as long as the employment was in an occupation for which the school was providing training to the student. A student is not considered successfully placed if the school was the employer.
- ◆ The student entered active duty in the U.S. Armed Forces within one year after his or her last date of attendance at the school.

These are the “placed students” (the numerator).

The school then divides the number of “placed students” (the numerator) by the total number of “former students” (the denominator). The result is the placement rate.

$$\text{Placed Students} \div \text{Total Number of Former Students} = \text{Placement Rate}$$

For example, a school had a total of 50 “former students.” Of those, 17 met the first criteria (employed on the date one year and one day after the last date of attendance), 6 met the second criteria (employed for 13 weeks), and 2 met the third criteria (Armed Services). Therefore, the school has a total of 25 “placed students.” The school’s placement rate is calculated as follows:

$$25 \text{ placed students} \div 50 \text{ former students} = 50.0\% \text{ placement rate}$$

How does a degree-granting school calculate its completion rate?

As mentioned, only degree-granting schools can submit an economically disadvantaged appeal based on the school’s low-income rate and *completion rate*. Non-degree-granting schools can only submit an economically

For the appeal to be successful, the placement rate must be 44.0% or greater.

disadvantaged appeal based on the school's low-income rate and *placement rate*.

When calculating completion rates, a school must use the same selected 12-month period it used in calculating its low-income rate. The school first determines the denominator, which is the number of regular students initially enrolled on a full-time basis in a Title IV eligible program who were originally scheduled to complete their programs during the selected 12-month period. The date a student was originally scheduled to complete is based on the amount of time specified in the school's enrollment contract, catalog, or other materials for a full-time student to complete the program. A student's actual last date of attendance does not need to fall within the selected 12-month period.

After determining the number of "regular students" (the denominator), the school then determines the numerator, which is the number of "regular students" who completed their program. A student is considered to have completed a program if the student meets one of the following four criteria:

- ◆ The student completed the educational program in which he or she was enrolled.
- ◆ The student transferred to a higher-level program at another school.
- ◆ The student remained enrolled and was making satisfactory academic progress at the end of the selected 12-month period.
- ◆ The student entered active duty in the U.S. Armed Forces within one year after his or her last date of attendance at the school.

These are the "completed students" (the numerator).

The school then divides the "completed students" (the numerator) by the total number of "regular students" (the denominator). The result is the completion rate.

$$\text{Completed Students} \div \text{Total Number of Regular Students} = \text{Completion Rate}$$

For example, a school had a total of 50 "regular students." Of those, 17 met the first criteria (completed the program in which they were enrolled), 12 met the second criteria (transferred to a higher-level program), 8 met the third criteria (still enrolled and making satisfactory academic progress), and 2 met the fourth criteria (Armed Services). Therefore, the school had a total of 39 "completed students." The school's completion rate is calculated as follows:

$$39 \text{ completed students} \div 50 \text{ regular students} = 78.0\% \text{ completion rate}$$

For the appeal to be successful, the completion rate must be 70.0% or greater.

The "timeframe begin date" is the sixth business day after the cohort default rates are released as officially announced on the IFAP website: <http://ifap.ed.gov>.

For foreign schools the "timeframe begin date" is the day after the date of receipt of the official cohort default rate notification package.

Does a school need to wait until it receives a notice of loss of eligibility to calculate its low-income rate and placement rate or low-income rate and completion rate?

A school does not need to wait until receiving the notice of loss of eligibility to begin preparing materials to submit as part of its management's written assertion. If the school believes that it will be subject to sanction after release of the official cohort default rates, and the school believes that it should not be subject to sanction because of its low income rate and placement rate or because of its low income rate and completion rate, the school should calculate its low income rate and placement rate or low income rate and completion rate in advance of the release of the official cohort default rates.

How does a school submit an economically disadvantaged appeal?

Timing is critical when submitting an economically disadvantaged appeal. Within 30 calendar days of the school's timeframe begin date, the school must determine if it is eligible to submit an economically disadvantaged appeal and, if so, submit its management's written assertion to DPM. Within 60 calendar days of the school's timeframe begin date, the school must submit an independent auditor's opinion to DPM.

The school must compile a spreadsheet of the students that qualify to be included in the school's low income rate and a spreadsheet of the students that qualify to be included in either the school's placement rate (if the school is a non-degree-granting school) or the completion rate (if the school is a degree-granting school).

Sample Low Income Rate Spreadsheet – School to the Department

Type:	Low Income Rate	12-Month Period:	06/15/2002 – 06/14/2003
Cohort FY:	2004	Award years:	2001-2002, 2002-2003
From:	Graphic Tech	Calendar Years:	2002, 2003
Code:	099999	Low Income Students:	140
To:	Default Prevention and Management	Total Students:	200
Code:	N/A	Low Income Rate:	70%

A	B	C	D	E	F
Student's SSN	Student's Name	Student's Enrollment Dates	Economically Disadvantaged	EFC and Award Year	AGI, Family Size And Calendar Year
111-11-1111	Siebert, Angela	08/25/2002 - 12/30/2002	Yes	0 / 2002-2003	N/A
222-22-2222	Bennett, Derek	08/24/2001 - 06/15/2003	No	N/A	N/A
333-33-3333	Brewbaker, Mark	08/25/2002 - 05/16/2003	Yes	N/A	\$4,300 / 1 / 2001

Date 10/22/2006

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A blank version of this spreadsheet is posted on the Default Prevention & Management website at <http://www.ifap.ed.gov/DefaultManagement/DefaultManagement.html>.

Sample Completion Rate Spreadsheet – Degree-Granting School to the Department

Type: Completion Rate
 Cohort FY: 2004
 From: Coralville College
 Code: 098998
 To: Default Prevention and Management
 Code: N/A

12-Month Period: 06/30/2002 - 06/29/2003
 Placed Students: 25
 Total Students: 50
 Placement Rate: 50%

	A	B	C	D	E	F	G	H	I	J
1	Student's SSN	Student's Name	Student's Scheduled Completion Date	Student's Enrollment Dates	Student Completed	Completed Program Date	Student's Program of Study	Student Transfers to Higher Program: Date, School Name, School Address, Program	Student's GPA	Date Student Entered Armed Services
2	111-11-1111	Mann, Marcia	05/17/2003	08/26/2002 to 05/17/2003	Yes	05/17/2003	N/A	N/A	N/A	N/A
3	222-22-2222	Vincent, Richard	05/17/2003	08/26/2002 to 05/16/2003	Yes	N/A	N/A	N/A	N/A	06/01/2003
4	333-33-3333	Smith, Abigail	12/15/2002	01/28/1999 to 05/15/2004	Yes	N/A	N/A	N/A	4.0	N/A
5	444-44-4444	Wilson, Hannah	05/17/2003	08/26/2002 to 05/17/2003	Yes	N/A	Marine Biology	08/14/1999 Orlando State University, 121 Water Street, Orlando, Florida Master's of Marine Biology	N/A	N/A
6	555-55-5555	Michaels, Lilly	05/17/2003	08/26/2002 to 12/30/2002	No	N/A	N/A	N/A	N/A	N/A

Date 10/30/2006

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A blank version of this spreadsheet is posted on the Default Prevention & Management website at <http://www.ifap.ed.gov/DefaultManagement/DefaultManagement.html>.

Sample Placement Rate Spreadsheet – Non-Degree-Granting School to the Department

Type: Placement Rate
 Cohort FY: 2004
 From: Graphic Tech
 Code: 099999
 To: Default Prevention and Management
 Code: N/A

12-Month Period: 06/15/2002 – 06/14/2003
 Placed Students: 25
 Total Students: 50
 Placement Rate: 50%

	A	B	C	D	E	F	G	H	I
1	Student's SSN	Student's Name	Student's Scheduled Completion Date	Student's Enrollment Dates	Student's Program of Study	Student Placed	Student's Employment Dates	Student's Job Description	Student's Employer: Name, Address and Phone
2	111-11-1111	Smith, Gene	12/30/2002	08/25/2002 to 12/30/2002	Graphic Design	Yes	04/03/2003 to Present	Web Designer	TangledWeb.com 68 Forsyth Canary, Mo 66666 1-313-131-3131
3	222-22-2222	Davis, Mark	06/15/2002	08/24/2001 to 06/15/2002	Graphic Design	Yes	05/31/2001 to Present	Web Designer	TangledWeb.com 68 Forsyth Canary, Mo 66666 1-313-131-3131
4	333-33-3333	Baker, Tim	12/30/2002	08/25/2002 to 05/16/2003	Graphic Design	No	N/A	N/A	N/A

Date 10/22/2006

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A blank version of this spreadsheet is posted on the Default Prevention & Management website at <http://www.ifap.ed.gov/DefaultManagement/DefaultManagement.html>.

After completing the spreadsheets, the school should calculate either its low-income rate and its *placement rate* (if it is a non-degree-granting school) or its low-income rate and its *completion rate* (if it is a degree-granting school).

Non-Degree Granting Schools:

Low-income rate must be 2/3 or greater and placement rate must be 44.0% or greater.

Degree Granting Schools

Low-income rate must be 2/3 or greater and completion rate must be 70.0% or greater.

The school then submits its management’s written assertion to DPM. The school must submit the following:

- ◆ The low-income rate spreadsheet.
- ◆ The placement rate spreadsheet (if the school is a non-degree-granting school) or the completion rate spreadsheet (if the school is a degree-granting school).
- ◆ A letter on the school’s letterhead (see sample letter #1 at the end of this chapter).

How a school submits an Economically Disadvantaged Appeal to DPM

DPM recommends that a school send all correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful if the school is asked to authenticate the timeliness of its response. The school should maintain the documentation that verifies the receipt of the appeal as well as all other electronic and hardcopy documentation submitted as a part of the economically disadvantaged appeal process.

If a school does not meet the timeframe for submitting the appeal, the appeal will not be reviewed

If sending by courier:

U.S. Department of Education
Default Prevention and Management
Union Center Plaza 084F
830 1st Street, NE
Washington, DC 20002

If sending by U.S. Postal Service:

U.S. Department of Education
Default Prevention and Management
Union Center Plaza 084F
400 Maryland Avenue, SW
Washington, DC 20202-5353

Do not send materials to any other address at the Department

How does an independent auditor review the management's written assertion?

To complete the school's economically disadvantaged appeal, an independent auditor must review and attest to the management's written assertion. The school must submit the following materials to an independent auditor:

- ◆ The low-income spreadsheet.
- ◆ The placement rate spreadsheet (if the school is a non-degree-granting school) or the completion rate spreadsheet (if the school is a degree-granting school).
- ◆ Any other materials the auditor requests.
- ◆ A letter on the school's letterhead (see sample letter #2 at the end of this chapter).

Upon reviewing the management's written assertion and any other documentation that the auditor deems appropriate, the auditor must provide an opinion as to whether the written assertion demonstrates that the school meets the criteria for an economically disadvantaged appeal under 34 CFR 668.194 (see sample letter #3 at the end of this chapter). The report must also indicate if the written assertions are fairly stated in all material respects. A school submitting an economically disadvantaged appeal must submit the independent auditor's written opinion to DPM within 60 calendar days of the school's timeframe begin date.

The engagement which forms the basis of the independent auditor's written opinion must be an examination-level compliance attestation engagement performed in accordance with the AICPA's *Statement on Standards for Attestation Engagements, Compliance Attestation* (AICPA, Professional Standards, Volume 1, AT sec. 500), as amended. The attestation must also be performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States.

The school is responsible for sending the independent auditor's written opinion to DPM within the 60-calendar-day deadline. If the school does not submit the written opinion within 60 calendar days of the school's timeframe begin date, DPM will not review the economically disadvantaged appeal and will return all economically disadvantaged appeal materials to the school upon the school's request.

The school must submit the following materials to DPM—

- ◆ The independent auditor's written opinion.
- ◆ A letter on the school's letterhead (see sample letter #4 at the end of this chapter).

What happens after the school submits the independent auditor's written opinion?

DPM will review, using the standard of review described in 34 CFR 668.189(f), only the information submitted with the economically disadvantaged appeal and will not review information submitted after the 60-calendar-day deadline.

For domestic schools the "timeframe begin date" is the sixth business day after the cohort default rates are released as officially announced on the IFAP website: <http://ifap.ed.gov>.

For foreign schools the "timeframe begin date" is the day after the date of receipt of the official cohort default rate notification package.

The AICPA standards may be ordered by calling 1-888-777-7077 or visiting the AICPA website: <http://www.aicpa.org>

DPM will send the school written notification of DPM's decision. DPM's decision is final and no further administrative review is provided.

If the school was notified that it was subject to sanction and the economically disadvantaged appeal is successful, DPM will withdraw the notice of loss of eligibility. If the school was notified that it was subject to sanction and the economically disadvantaged appeal is unsuccessful, and the school has no other outstanding adjustments or appeals, DPM will notify the school of the effective date of the sanction.

A school that submits an adjustment and/or an appeal but fails to avoid sanctions is liable for certain costs associated with the Federal Family Education Loans (FFELs) it certified and delivered and/or the William D. Ford Federal Direct Loans (Direct Loans) it originated and disbursed during the adjustment and appeal process. Liabilities are not calculated for loans that were delivered or disbursed more than 45 calendar days after the school submitted its completed adjustment and/or appeal to the Department. Schools may avoid this liability if they choose not to certify or originate loans during the adjustment and appeal process.

What roles do data managers have in a school's economically disadvantaged appeal?

Schools submit economically disadvantaged appeals directly to DPM for review and consideration. DPM is responsible for determining whether schools meet the established economically disadvantaged appeal criteria. Therefore, there is no role for data managers.

If a school submits an appeal to the wrong entity or address, the appeal might not be reviewed and the school could miss the deadline for submitting the appeal to DPM.

If a data manager receives an economically disadvantaged appeal from a school, it should immediately contact the school to inform it that the appeal must be sent to DPM. The data manager should also indicate that the request must be sent to DPM within the appropriate timeframe. The data manager should then notify DPM that the data manager has contacted the school.

Sample Economically Disadvantaged Appeal Letter #1 (School to Default Prevention and Management)



October 22, 2006

U.S. Department of Education
Default Prevention and Management
ATTN: Economically Disadvantaged Appeal
400 Maryland Avenue, SW
Washington, DC 20202-5353

OPE ID 099999

Subject: Cohort FY 2004 Economically Disadvantaged Appeal

To Whom It May Concern:

Graphic Tech, OPE ID 099999, is submitting a cohort FY 2004 economically disadvantaged appeal based on the school's low-income rate and placement rate. It is our management's written assertion that Graphic Tech has a low-income rate of 70.0 percent and a placement rate of 50.0 percent for the 12-month period beginning on June 15, 2002 and ending on June 14, 2003. Please see the enclosed spreadsheets.

Graphic Tech has employed Alliance Auditing to review our management's written assertion.

I, the undersigned, certify under penalty of perjury that all information submitted to you is true and correct.

Graphic Tech has also timely submitted an uncorrected data adjustment.

Thank you for your consideration.

Sincerely,

Alexander Peachum
President, Graphic Tech

Enclosures

cc: Alliance Auditing

The letter must include the school's OPE ID number, a statement indicating that the school is submitting economically disadvantaged appeal data and the type of economically disadvantaged appeal (either low income rate and placement rate or low income rate and completion rate) the school is submitting. The subject line must read "Subject: Cohort FY [insert cohort fiscal year being used in the appeal] Economically Disadvantaged Appeal." The letter must include a certification that the information provided is true and correct under penalty of perjury, a list of any other adjustments and/or appeals the school is submitting to DPM, and a statement that the school is sending its management's written assertion to an independent auditor. The school President/CEO/Owner must sign the letter, and the signature must be followed by a signature block showing the signer's name and job title.

Sample Economically Disadvantaged Appeal Letter #2
(School to Independent Auditor)



Graphic Tech

2341 Toulouse Street
Cape Canaveral, FL 32921-2341

October 22, 2006

ATTN: Mr. Anthony Falduto
Alliance Auditing
5222 Antwerp Lane
Aicpa, WI 97697-6976

OPE ID 099999

Subject: Cohort FY 2004 Economically Disadvantaged Appeal

Dear Mr. Falduto:

Graphic Tech, OPE ID 099999, is filing a cohort FY 2004 economically disadvantaged appeal based on the school's low-income rate and placement rate. We ask you to review our written assertions in accordance with the standards of the American Institute of Certified Public Accountants (AICPA), the Government Auditing Standards issued by the Comptroller General of the United States, and the economically disadvantaged appeal criteria under 34 CFR 668.194 to determine if our written assertion meets the requirements for an economically disadvantaged appeal and is fairly stated in all material respects. You should note that our deadline for submitting an independent auditor's written opinion to the U.S. Department of Education is November 29, 2006. Please see the enclosed spreadsheets.

I, the undersigned, certify under penalty of perjury that all information submitted to you is true and correct.

Thank you for your consideration.

Sincerely,

Alexander Peachum
President, Graphic Tech

Enclosures

The letter should include the school's OPE ID number, a statement indicating that the school is submitting to the auditor economically disadvantaged appeal data, and the type of economically disadvantaged appeal (either low income rate and placement rate or low income rate and completion rate) the school is submitting. The subject line should read: "Subject: Cohort FY [insert cohort fiscal year being used in the appeal] Economically Disadvantaged Appeal."

The letter should also include a request that the auditor review the written assertions in accordance with the standards of the American Institute of Certified Public Accountants (AICPA), the Government Auditing Standards issued by the Comptroller General of the United States, and the economically disadvantaged appeal criteria under 34 CFR 668.194. Finally, the letter should include a statement indicating that the deadline for submitting the independent auditor's written opinion is within 60 calendar days of the school receiving the notice of loss of eligibility and a certification that the information provided is true and correct under penalty of perjury. The school's President/CEO/Owner should sign the letter, and the signature should be followed by a signature block showing the signer's name and job title.

Sample Economically Disadvantaged Appeal Letter #3 (Independent Auditor to School—Written Opinion)



November 21, 2006

Alexander Peachum
President
Graphic Tech
2341 Toulouse Street
Cape Canaveral, FL 54321-2341

OPE ID 099999

Subject: FY Cohort 2004 Economically Disadvantaged Appeal

Dear Mr. Peachum:

We have examined the written assertions of the management of Graphic Tech, OPE ID 099999, stating that the information contained in the economically disadvantaged appeal the school submitted is complete, accurate, and determined in accordance with the requirements of Section 668.194 of Title 34 of the Code of Federal Regulations (34 CFR 668.194). The management of Graphic Tech is responsible for the school's compliance with those requirements. Our responsibility is to express an opinion management's written assertions about the institution's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants (AICPA) and the Government Auditing Standards issued by the Comptroller General of the United States accordingly. We also examined, on a test basis, evidence about Graphic Tech's compliance with 34 CFR 668.194, and performed other procedures that we considered necessary under the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Graphic Tech's compliance with specified requirements.

In our opinion, management's written assertion that Graphic Tech has a low income rate of 70.0 percent and a placement rate of 50.0 percent for the 12-month period beginning on June 15, 2002 and ending on June 14, 2003, is complete, accurate, and determined in accordance with the requirements set forth in 34 CFR 668.194, and is fairly stated in all material respects.

This report is intended solely for the information of an audit committee, management, and the U.S. Department of Education. However, this report is a matter of public record and its distribution is not limited.

Thank you for your consideration.

Sincerely,

Anthony Falduto
President, Alliance Auditing

cc: U.S. Department of Education
Default Prevention and Management

The written opinion must be in the form of a letter to the school with the school's name, the school's OPE ID number, the cohort fiscal year to which the appeal applies, and the auditor's opinions. The letter should feature a subject line that reads "Subject: Cohort FY [insert cohort fiscal year being used in the appeal] Economically Disadvantaged Appeal." The auditor must sign the letter, and the signature must be followed by a signature block showing the signer's name and job title.

**Sample Economically Disadvantaged Appeal Letter #4
(School to Default Prevention and Management—cover
letter submitting auditor’s written opinion)**



November 30, 2006

U.S. Department of Education

OPE ID 099999

Default Prevention and Management
Union Center Plaza 084F
400 Maryland Avenue, SW
Washington, DC 20202-5353

Subject: Cohort FY 2004 Economically Disadvantaged Appeal

To Whom It May Concern:

Graphic Tech, OPE ID 099999, is submitting a cohort FY 2004 economically disadvantaged appeal based on our low-income rate and placement rate. I, the undersigned, certify under penalty of perjury, that our low income rate is 70.0 percent, our placement rate is 50.0 percent, and that all other information submitted in support of this economically disadvantaged appeal is true and correct. Please see the attached spreadsheets for the low-income rate and placement rate, along with the independent auditor's attestations on our school's management assertions.

Graphic Tech is submitting its economically disadvantaged appeal at this time; however, the school has also submitted an uncorrected data adjustment.

Thank you for your consideration.

Sincerely,

Alexander Peachum
President, Graphic Tech

Enclosures

The letter must include the school's OPE ID number, a statement indicating that the school is submitting an economically disadvantaged appeal, and the type of economically disadvantaged appeal (either low income rate and placement rate or low income rate and completion rate) the school is submitting. The letter must feature a subject line that reads "Subject: Cohort FY [insert cohort fiscal year being used in the appeal] Economically Disadvantaged Appeal." The letter must also include a certification that the information provided is true and correct under penalty of perjury and a list of any other adjustments and appeals the school intends to submit to DPM. The school's President/CEO/Owner must sign the letter, and the signature must be followed by a signature block showing the signer's name and job title.

Economically Disadvantaged Appeal Checklists

School to Default Prevention and Management & Independent Auditor

Determine

- ◆ Is the school subject to sanction?
- ◆ What is the school's low-income rate?
- ◆ For a non-degree-granting school, what is the school's placement rate? For a degree-granting school, what is the school's completion rate?

Submit to DPM

- ◆ Spreadsheets
- ◆ Letter (see sample letter #1)

Submit to Independent Auditor

- ◆ Spreadsheets
- ◆ Other Requested Materials
- ◆ Letter (see sample letter #2)

Independent Auditor to School

Determine

- ◆ Does school meet criteria?

Submit to School

- ◆ Written Opinion (see sample letter #3)

School to Default Prevention and Management (after receiving auditor's response)

Submit to DPM

- ◆ Copy of Independent Auditor's Response
- ◆ Letter (see sample letter #4)