



U.S. Department of Education  
Office of Inspector General

# Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by NUC University

April 4, 2025  
ED-OIG/I24IL0174

*INSPECTION REPORT*

## NOTICE

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UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

Audit Services

April 4, 2025

Michael Barnett  
Chief Executive Officer  
National College of Business &  
Technology Company, Inc.  
61 Juan Ponce de León Avenue  
San Juan, PR 00917

Dear Mr. Barnett:

Enclosed is our final report, "Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by NUC University," Control Number ED-OIG/I24IL0174. This report incorporates the comments you provided in response to the draft report. The U.S. Department of Education's policy is to expedite inspection resolution by timely acting on findings and recommendations. Therefore, if you have any additional comments or information that you believe may have a bearing on the resolution of this inspection, you should send them directly to the following Department of Education officials, who will consider them before taking final Departmental action on this inspection.

James Bergeron  
Acting Chief Operating Officer for Federal Student Aid  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, D.C. 20202

Matthew Soldner  
Acting Commissioner of the National Center for Education Statistics  
U.S. Department of Education  
Potomac Center Plaza  
550 12th Street, SW  
Room 4061  
Washington, D.C. 20202

We appreciate your cooperation during this inspection. If you have any questions, please contact Greg Bernert, Assistant Director, Higher Education Oversight Team, at [Gregory.Bernert@ed.gov](mailto:Gregory.Bernert@ed.gov) or (312) 730-1620.

Sincerely,

/s/

Gary D. Whitman  
Director  
Higher Education Oversight Team

Enclosure



# Results in Brief

## Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by NUC University

### Why Did the OIG Perform This Inspection?

Section 487(a)(17) of the Higher Education Act of 1965, as amended (HEA), requires postsecondary schools participating in Title IV programs to annually report data, including data relevant to students' cost of attendance and financial aid and the schools' graduation rates, to the U.S. Department of Education's (Department) Integrated Postsecondary Education Data System (IPEDS) to the satisfaction of the Secretary. IPEDS data are available to the public, including students, parents, and researchers, and can be used to analyze trends in postsecondary education. They also can help students attending postsecondary schools, prospective students, and their parents compare postsecondary schools and make informed school enrollment decisions.

The objective of our inspection was to determine whether the National College of Business & Technology Company, Inc., doing business as NUC University (NUC University), reported verifiable data to IPEDS for the 2020–2021 reporting period.

### What Did the OIG Find?

NUC University did not always report verifiable data to IPEDS for the 2020–2021 reporting period. The total amount of grant or scholarship aid that NUC University students received for the 2020–2021 reporting period and the number of full-time undergraduate students who were enrolled in the fall of 2020 and seeking their first postsecondary certificate or degree that the school reported to IPEDS were not verifiable. ([Finding 1](#)). In addition, the number of students who were full-time undergraduate students who began attending the school during academic year 2015–2016, were seeking their first postsecondary certificate or degree, and completed their program of study by the end of academic year 2020–2021 (150 percent of the normal time) that NUC University reported to IPEDS were not verifiable. ([Finding 2](#)). While not all reported data were verifiable, the average tuition and fees, books and supplies, room and board, and other expenses charged to full-time undergraduate students who were seeking their first certificate or degree that the school reported to IPEDS for the 2020–2021 reporting period were verifiable. ([Finding 3](#)). NUC University did not always report verifiable data to IPEDS because it did not design and implement procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS.

### What Is the Impact?

The total amount of grant or scholarship aid that NUC University reported to IPEDS was used to calculate the school's net price (the average yearly price charged to full-time undergraduate students who are seeking their first postsecondary certificate or degree). The number of students that the school reported to IPEDS was used to calculate the school's overall graduation rate. Because the data that NUC University reported to IPEDS were not always verifiable, its published net price and graduation rate for the 2020–2021 reporting period were unreliable. Prospective students and their parents might have made enrollment decisions based on this unreliable information.

### What Are the Next Steps?

We made five recommendations to strengthen NUC Universities' policies and procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS. We provided a draft of this report to NUC University for comment. In its comments on the draft of this report, NUC University described actions that it has already taken to address them (see [NUC University's Comments](#)).

We summarize NUC University's comments and provide our responses after each finding and provide the full text of the comments at the end of the report. Because the attachments referenced in the school's comments are voluminous, we have not included them. However, copies of the attachments are available upon request.



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# Introduction

## Background

National College of Business & Technology Company, Inc., doing business as NUC University (NUC University), is a private for-profit postsecondary school. It is accredited by the Middle States Commission on Higher Education.

NUC University offers more than 80 bachelor's and non-bachelor's certificate and degree programs, both online and in person. Programs offered at the school's 25 campuses (18 in Puerto Rico and 7 in Florida) are in areas such as healthcare, information technology, culinary, business, cosmetology, and education. During award year 2020–2021 (July 1, 2020, through June 30, 2021), about 26,000 students were enrolled in the school.<sup>1</sup>

## Title IV Programs and Funding Information

Programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), provide financial assistance to postsecondary students and their parents through grants, work-study, and loans. During award year 2020–2021, NUC University participated in four Title IV programs—the Federal Pell Grant Program, William D. Ford Federal Direct Loan Program, Federal Supplemental Educational Opportunity Grant Program, and Federal Work-Study Program. For award year 2020–2021, NUC University disbursed about \$200 million in Title IV funds to about 22,000 students. It also disbursed about \$7.4 million in Higher Education Emergency Relief Fund (HEERF)<sup>2</sup> grants to about 26,000 students.

## Integrated Postsecondary Education Data System, Surveys, and Keyholders

The National Center for Education Statistics (NCES) within the U.S. Department of Education's (Department) Institute of Education Sciences oversees the Integrated Postsecondary Education Data System (IPEDS). Among other responsibilities, it is responsible for collecting, analyzing, and reporting postsecondary education statistics.

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<sup>1</sup> Our inspection covered the 2020–2021 reporting period, the most recent period for which final data from the Integrated Postsecondary Education Data System were available as of the start of our inspection in May 2024.

<sup>2</sup> HEERF is one of multiple Federal emergency relief funds authorized and funded by the Coronavirus Aid, Relief, and Economic Security Act; the Coronavirus Response and Relief Supplemental Appropriations Act; and the American Rescue Plan.

NCES collects data through a set of 12 annual surveys, including the Student Financial Aid (SFA), Graduation Rates, and Institutional Characteristics surveys.

- The SFA survey collects data on the amount of financial aid, including the amount of grants, scholarships, Federal work-study, and loans, received by all undergraduate students. Part D of this survey collects information used to estimate the average net price for Group 3 students.<sup>3</sup> Section 132(a)(3) of the HEA defines net price as the average yearly price charged to full-time undergraduate students who are seeking their first certificate or degree and receiving financial aid. According to the IPEDS survey materials for the 2020–2021 reporting period, net price is the school’s cost of attendance less the average amount of financial aid (excluding HEERF grants) that Group 3 students received from Federal, State, and local governments and the school.
- The Graduation Rates survey collects data on the number of full-time undergraduate students who began attending a school in a particular academic year, were seeking their first postsecondary certificate or degree, and completed their program of study within 150 percent of the normal time for completion (1 and ½ years for a 1-year program, 3 years for a 2-year program, and 6 years for a 4-year program). The Department uses the data from the Graduate Rates survey to calculate a school’s graduation rate.
- The Institutional Characteristics survey collects data on average tuition and fees, books and supplies, room and board, and other expenses that a school charges to full-time undergraduate students who are seeking their first certificate or degree.

Section 487(a)(17) of the HEA requires postsecondary schools participating in the Title IV programs to annually report data, including data relevant to students’ cost of attendance and financial aid and the schools’ graduation rates, to the Department through IPEDS surveys to the satisfaction of the Secretary. The “New Keyholder Handbook for the IPEDS Data Collection: 2021–22” states that the Department relies on postsecondary schools to report accurate data through the IPEDS surveys. Also, the IPEDS survey materials tell schools to report accurate and correct data.

IPEDS data are available to the public, including students, parents, and researchers, through the [College Scorecard](#), [College Navigator](#), and [IPEDS Data Center](#).

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<sup>3</sup> Group 3 students are all full-time, first-time certificate- and degree-seeking undergraduate students who enrolled in the prior fall and were awarded grant or scholarship aid from Federal, State, or local governments or the school.

- The College Scorecard is a search tool designed to provide transparency and consumer information relevant to postsecondary schools. It brings together information on postsecondary education costs, graduation rates, student loan debt, post-college earnings, and more.
- The College Navigator is a consumer information and college search tool designed to help postsecondary school students, prospective students, and their parents understand the differences between postsecondary schools and how much it costs to attend each school.
- The IPEDS Data Center is a centralized, web-based tool for the retrieval and analysis of IPEDS data. It allows users to access and evaluate postsecondary school data using analytical features.

The “New Keyholder Handbook for the IPEDS Data Collection: 2021–22” requires each postsecondary school to appoint an IPEDS keyholder. A school’s keyholder is responsible for accurately and timely submitting all applicable IPEDS survey components. The keyholder’s responsibilities include entering data into the IPEDS Data Collection System, resolving all issues and errors, and locking each component once it is complete and correct. The keyholder also serves as the school’s point of contact with NCES.

## **Finding 1. NUC University Did Not Report Verifiable Data to IPEDS through the SFA Survey for the 2020–2021 Reporting Period**

According to the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) “Internal Control—Integrated Framework” (Integrated Framework),<sup>4</sup> the quality of information depends on whether the data has certain attributes, including verifiability, accuracy, and correctness. NUC University did not correctly report the total amount of grant and scholarship aid awarded to its undergraduate students by Federal, State, and local governments and the school. It also did not accurately count and report the number of full-time undergraduate students who were enrolled in the fall of 2020 and seeking their first postsecondary certificate or degree. As a result, the school’s net price of \$6,443 calculated for the 2020–2021 reporting period was not reliable. Prospective students and their parents might have made enrollment decisions based on this unreliable information.

### **Incorrect Reporting of the Total Amount of Grant and Scholarship Aid That Students Received**

To assess whether NUC University reported verifiable data through the SFA survey for the 2020–2021 reporting period, we selected a statistical sample of 59 students from the population of 1,716 full-time (12 or more credit hours) undergraduate students who were enrolled in the fall of 2020 and seeking their first postsecondary undergraduate certificate or degree (see [Sampling Methodology](#)). We reviewed NUC University’s records for 8 of the 59 students and found that the data for all 8 were not verifiable. The school incorrectly included a total of \$5,600 in HEERF aid that it disbursed to seven students and \$9,518 in scholarship aid awarded to another student who had prior postsecondary education experience (see [Inaccurate Counting of Full-time Undergraduate Students Seeking their First Postsecondary Certificate or Degree](#)). Additionally, it incorrectly excluded a total of \$1,310 in “Grant Program for Talented

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<sup>4</sup> The Integrated Framework is a widely accepted framework of internal control that focuses on the needs of the private sector. It contains five components of internal control—control environment, risk assessment, control activities, information and communication, and monitoring—and the underlying principles of each component.



Students” (GPTS)<sup>5</sup> aid disbursed to three students. Because the data reported for 8 (14 percent) of the 59 students included in our sample were not verifiable (that is, they were incorrect), the correctness of our sample results did not meet the 95 percent confidence level; therefore, we did not review the school’s records for the other 51 students included in our sample.

According to the instructions included in the IPEDS survey materials for the 2020–2021 reporting period, emergency grants funded under the Coronavirus Aid, Relief, and Economic Security Act; the Coronavirus Response and Relief Supplemental Appropriations Act; and the American Rescue Plan **should NOT be included** for Group 3 students in Part D under “Report the total amount of grant or scholarship aid from the federal government, state/local government, or the institution awarded to Group 3 students” (total amount of financial aid) because including these grants would skew net price calculations. The survey materials also state that schools **should include** State grants awarded to Group 3 students in Part D under total amount of financial aid.

The Executive Vice President of Student Finance explained that NUC University included HEERF grants awarded to students included in Part D because the school relied on the online descriptions for the SFA survey, not the instructions in the IPEDS survey materials. The Executive Vice President also told us that the formula created by the school to calculate the total amount of financial aid contained an error. That error caused the formula to exclude the GPTS aid disbursed to students from the calculation of the total amount of financial aid.

### **Inaccurate Counting of Full-time Undergraduate Students Seeking their First Postsecondary Certificate or Degree**

The school’s admission application for one of the seven students for whom NUC University incorrectly reported HEERF aid showed that the student had three years of prior postsecondary education experience. We confirmed through the Department’s National Student Loan Data System (NSLDS) that this student had prior postsecondary education experience. Therefore, the school should not have included the student in its count of full-time undergraduate students seeking their first postsecondary certificate or degree.

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<sup>5</sup> The GPTS is a Commonwealth of Puerto Rico grant awarded to NUC University to help full-time students with a grade point average of 3.00 or more and who have an annual family income no greater than 80 percent of the median income.

Also, the backup data file that NUC University provided to us as support for the data it reported through the SFA survey for the 2020–2021 reporting period incorrectly included 35 students who only received HEERF aid in its count of Group 3 students included in Part D under total amount of financial aid. The IPEDS survey materials for the 2020–2021 reporting period state that HEERF grants should be considered Federal aid but not Title IV aid for IPEDS reporting purposes. Therefore, students who only received HEERF aid **should not** have been included in the count of Group 3 students in Part D under total amount of financial aid.

A postsecondary school participating in the Title IV programs must complete IPEDS surveys to the satisfaction of the Secretary (section 487(a)(17) of the HEA). Additionally, a school must demonstrate that it has the administrative capability to meet the statutory and regulatory requirements of the Title IV programs (Title 34 Code of Federal Regulations (C.F.R.) section 668.16(a)). As such, a school must administer Title IV programs with adequate checks and balances in its system of internal control (34 C.F.R. section 668.16(c)(1)). It also must maintain all required records (34 C.F.R. section 668.16(d)(1)).

Principle 12 of the Integrated Framework states that an organization's management should implement control activities through policies establishing what is expected and relevant procedures specifying actions. NUC University's incorrect reporting of the total amount of financial aid that students received and inaccurate counting of full-time undergraduate students seeking their first postsecondary certificate or degree happened because the school did not design and implement procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS.

### Potential Effect of Incorrectly Reporting Data through the IPEDS SFA Survey

Our review of the backup data file that NUC University provided to us as support for the data reported through the SFA survey for the 2020–2021 reporting period disclosed that the school incorrectly included a total of \$1,266,343 in HEERF grants awarded to 1,618 Group 3 students included in Part D under total amount of financial aid. Our review of the school's list of students who received GPTS aid for academic year 2020–2021 disclosed that NUC University incorrectly excluded a total of \$100,490 in GPTS aid awarded to 197 Group 3 students included in Part D under total amount of financial aid.

Because NUC University incorrectly reported data through the SFA survey, its net price of \$6,443 calculated for the 2020–2021 reporting period was unreliable. Prospective students and their parents might have made enrollment decisions based on this unreliable information.

## Recommendations

We recommend that the Chief Operating Officer for Federal Student Aid (FSA), in conjunction with the Commissioner of NCES, require NUC University to—

- 1.1 Develop, document, and implement policies and procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS through the SFA survey.
- 1.2 Develop, document, and implement procedures to ensure that formulas used to calculate the total amount of financial aid awarded to undergraduate students by Federal, State, or local governments or the school include all student financial aid the school is required to report.

## NUC University Comments

NUC University did not state whether it agreed with the finding. It agreed with both recommendations and described the corrective actions it has already taken to address them. NUC University disagreed with a recommendation for FSA to consider taking action pursuant to subpart G of 34 C.F.R. section 668 that we included in the draft of this report. It asked the OIG to withdraw the recommendation because the errors identified in the finding were administrative and recordkeeping errors; they were not intentional, and the school has implemented corrective actions to prevent the reoccurrence of the errors reported in the finding. NUC University also stated that the errors were unlikely to be detrimental to any individual because the actual net price would likely have been lower than the net price displayed in IPEDS.

## OIG Response

We did not change the finding based on NUC University's comments. The corrective actions that the school described, if implemented as described, are responsive to recommendations 1.1 and 1.2.

Regarding the recommendation for FSA to consider taking appropriate action pursuant to subpart G of 34 C.F.R. section 668 that was included in the draft of this report, we reconsidered our position after receiving the school's comments on the draft report. We had concluded that incorrectly including HEERF aid in the total amount of financial aid was caused by the school not reviewing the instructions in the IPEDS survey materials. We also had concluded that incorrectly excluding GPTS aid from the total amount of financial aid was caused by a flaw in the formula that the school created. We did not find any indications that the errors identified in Finding 1 were intentional or part of a larger pattern of errors. Additionally, our analysis of the backup data file supporting the SFA survey and the school's list of students who received GPTS aid

allowed us to determine the pervasiveness of the issues affecting net price. Therefore, we removed the recommendation from this final report.

## **Finding 2. NUC University Did Not Report Verifiable Data to IPEDS through the Graduation Rates Survey for the 2020–2021 Reporting Period**

According to the Integrated Framework, the quality of information depends on whether the data has certain attributes, including verifiability, accuracy, and correctness. NUC University inaccurately reported the number of students who were full-time undergraduate students who began attending the school during academic year 2015–2016 and were seeking their first postsecondary certificate or degree. Because NUC University inaccurately reported the number of such students, its overall graduation rate calculated for the 2020–2021 reporting period was not reliable. The unreliable graduation rate might have resulted in prospective students and their parents making enrollment decisions based on unreliable graduation rate data.

### **Inaccurate Counting of Students Who Began Attending during Academic Year 2015–2016 and Were Seeking their First Postsecondary Certificate or Degree**

To assess whether NUC University reported verifiable data to IPEDS through the Graduation Rates survey for the 2020–2021 reporting period, we selected a statistical sample of 59 students from the population of 1,437 full-time undergraduate students who began attending the school during academic year 2015–2016 and were seeking their first postsecondary certificate or degree (see [Sampling Methodology](#)). We reviewed the school’s records for 6 of the 59 students and found that the data for 4 of them were not verifiable.

According to the IPEDS glossary for the Graduation Rates survey, an undergraduate full-time student seeking their first postsecondary certificate or degree is a student who has no prior postsecondary education experience attending any school for the first time at the undergraduate level. NUC University counted and reported that four of the six students included in our sample were full-time undergraduate students seeking their first postsecondary certificate or degree. However, the school’s records and NSLDS showed that those four students had prior postsecondary education experience. Because we found that the data reported for 4 (7 percent) of the 59 students included in our sample were not verifiable (that is, they were inaccurate), the accuracy of our sample results did not meet the 95 percent confidence level; therefore, we did not review the school’s records for the remaining 53 students.

A postsecondary school participating in the Title IV programs must complete IPEDS surveys to the satisfaction of the Secretary (section 487(a)(17) of the HEA). The school must annually prepare the graduation rate of its full-time undergraduate



students seeking their first postsecondary certificate or degree (34 C.F.R. section 668.45) and provide prospective and enrolled students with information about the graduation rate (section 485(a)(1)(L) of the HEA). Additionally, a school must demonstrate that it has the administrative capability to meet the statutory and regulatory requirements of the Title IV programs (34 C.F.R. section 668.16(a)). As such, a school must administer Title IV programs with adequate checks and balances in its system of internal control (34 C.F.R. section 668.16(c)(1)). It also must maintain all required records (34 C.F.R. section 668.16(d)(1)).

According to Principle 12 of the Integrated Framework, an organization's management should implement control activities through policies establishing what is expected and relevant procedures specifying actions. NUC University reported unverifiable data through the Graduation Rates survey for the 2020–2021 reporting period because it did not develop and implement procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS. Additionally, it inaccurately counted students who were seeking their first postsecondary certificate or degree because school admissions office employees did not enter the necessary information into NUC University's student information system. Specifically, they did not always complete the data field that identifies the school where the student obtained their prior postsecondary education experience. As a result, the report generated from the school's student information system for IPEDS reporting purposes identified students as seeking their first postsecondary certificate or degree even though they had prior postsecondary education experience.

The Department calculates graduation rates by dividing the total number of students who received a certificate, degree, diploma, or other recognized postsecondary education credential within 150 percent of the normal time for graduation by the number of students in the applicable cohort.<sup>6</sup> Because NUC University inaccurately counted the total number of students who were seeking their first postsecondary certificate or degree, its overall graduation rate calculated for the 2020–2021 reporting period was unreliable. The reporting of unverifiable data might have resulted in prospective students making enrollment decisions based on the unreliable graduation rate.

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<sup>6</sup> The cohort applicable to the 2020–2021 reporting period included students enrolled in 4-year programs who began attending NUC University during the fall (between late August and November 1) of academic year 2015–2016.

## Recommendations

We recommend that the Chief Operating Officer for FSA, in conjunction with the Commissioner of NCES, require NUC University to—

- 2.1 Develop, document, and implement policies and procedures for collecting, consolidating, assessing the reliability of, and reporting data to IPEDS through the Graduation Rates survey.
- 2.2 Develop, document, and implement procedures for ensuring that employees enter information in all required data fields in its student information system.
- 2.3 Maintain records supporting its categorization of students as full-time undergraduate students who began attending the school in the fall of each academic year, were seeking their first postsecondary certificate or degree, and completed their program within 150 percent of the normal time for completion.

We also recommend that the Chief Operating Officer for FSA—

- 2.4 Consider taking appropriate action pursuant to subpart G of 34 C.F.R. section 668 because the school reported inaccurate and incorrect information to IPEDS through the Graduation Rates survey for the 2020–2021 reporting period.<sup>7</sup>

## NUC University Comments

NUC University did not state whether it agreed with the finding. It agreed with recommendations 2.1, 2.2, and 2.3 and described the corrective actions it has already taken to address them. The school disagreed with recommendation 2.4 and asked the OIG to withdraw it because the errors identified in the finding constituted administrative and recordkeeping errors, and the school has implemented corrective actions to prevent the reoccurrence of the discrepancies. Additionally, NUC University stated that the errors identified in the finding did not result in erroneous information with the potential to be detrimental to any individual because the actual graduation rate reported to IPEDS was approximately the same as it would have been had the errors not occurred.

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<sup>7</sup> Subpart G describes the actions that the Department may take against schools that violate any statutory provision of or applicable to Title IV programs. According to the “New Keyholder Handbook for the IPEDS Data Collection: 2021–22,” each year, Federal Student Aid issues fine notices or warning letters to schools for not complying with requirements related to the submission of IPEDS surveys.

## OIG Response

We did not change the finding based on NUC University's comments. The corrective actions that the school described, if implemented as described, are responsive to recommendations 2.1, 2.2, and 2.3.

We did not remove recommendation 2.4. Based on the evidence gathered during our inspection, we found no indication that the errors identified in the finding were intentional or part of a larger pattern of errors. However, we disagree with the school's statement that the errors identified in the finding did not result in erroneous information with the potential to be detrimental to any individual.

As stated in the finding, we reviewed the records for six of the 59 students included in our sample. Four (67 percent) of those 6 students should not have been included in the population of 1,437 full-time undergraduate students who began attending the school during academic year 2015–2016 and were seeking their first postsecondary certificate or degree. Based on our [sampling methodology](#) and testing results, we estimate that the accuracy rate for the entire population of 1,437 full-time undergraduate students used to calculate the school's graduation rate is below 95 percent. This merits FSA's considering whether to take appropriate action pursuant to subpart G of 34 C.F.R. section 668.

### **Finding 3. NUC University Reported Verifiable Data to IPEDS through the Institutional Characteristics Survey for the 2020–2021 Reporting Period**

According to the Integrated Framework, the quality of information depends on whether the data has certain attributes, including verifiability, accuracy, and correctness. We traced the average amount of tuition and fees that NUC University reported through the Institutional Characteristics survey to the school's records, including its annual disclosure for academic year 2020–2021. We also recalculated the average tuition and fees and cost of books and supplies using a backup data file that the school provided as support. In addition, we recalculated the average room and board and other expenses using the same guidance (2020–2021 9-month living expense budgets by region and metropolitan area) that the school used for its calculation.

We found that NUC University reported through the Institutional Characteristics survey for the 2020–2021 reporting period verifiable average tuition and fees, books and supplies, room and board, and other expenses that it charged to full-time undergraduate students who were seeking their first certificate or degree.

#### **NUC University Comments**

NUC University agreed with the finding.

## Appendix A. Scope and Methodology

Our inspection covered selected data elements and variables that NUC University reported through the SFA, Graduation Rates, and Institutional Characteristics IPEDS surveys for the 2020–2021 reporting period, the most recent period for which final data were available as of the start of our inspection in May 2024. To accomplish our objective, we reviewed

- sections 132(a), 485(a)(1)(E) and (L), 485(a)(3) and (4), and 487(a)(17) of the HEA;
- 34 C.F.R. sections 668.14(b)(19), 668.16(c)(1) and (d)(1), and 668.45;
- NCES’ “New Keyholder Handbook for the IPEDS Data Collection: 2021–22;”
- Volume 2, Chapter 6 of the “2021–2022 Federal Student Aid Handbook;” and
- the IPEDS website.

We also reviewed NUC University’s website, annual compliance reports, and annual financial statement audit reports; records that school officials provided to us (see [Analysis Techniques](#)); and the Middle States Commission on Higher Education’s website. Additionally, we interviewed NCES and NUC University officials and reviewed the completed surveys that school officials provided to us.

### Sampling Methodology

We used acceptance sampling to achieve our objective. We first obtained from NUC University officials the population of 1,716 students who were full-time undergraduate students, enrolled in the school in the fall of academic year 2020–2021, and seeking their first postsecondary undergraduate certificate or degree. We also obtained from NUC University officials the population of 1,437 students who were full-time undergraduate students, began attending the school during academic year 2015–2016, were seeking their first postsecondary certificate or degree, and completed their program within 150 percent of the normal time for graduation from that program.

We stratified both populations by campus (25) and type of certificate or degree program (bachelor’s or non-bachelor’s). We then selected 2 stratified random statistical-samples, each consisting of 59 students, using an expected error rate of zero. This sample design allowed for acceptance or rejection of the verifiability of the data for each student in the population at a 95 percent confidence level. If the data were not verifiable for 3 (5.1 percent) or more of the 59 students included in each sample, then the data for the entire population would not be verifiable because the accuracy of the data for the sample did not meet the 95 percent confidence level.



## Analysis Techniques

We evaluated the verifiability of the final data elements that NUC University reported through the SFA, Graduation Rates, and Institutional Characteristics IPEDS surveys for the 2020–2021 reporting period. We concluded that the final data elements were verifiable when the records in the school’s information system matched the data reported through the three IPEDS surveys.

### SFA Survey

We reviewed the school’s records for 8 of the 59 students in our sample. To determine whether the school accurately categorized these students as full-time undergraduate students who were enrolled in the fall of 2020 and seeking their first postsecondary certificate or degree, we reviewed the backup data file that NUC University provided as support. We traced relevant data, such as the student’s enrollment date and number of credit hours attempted, to the eight students’ official transcripts. We also reviewed NSLDS and the school’s admissions records (if available) to determine whether the students had prior postsecondary education experience. We concluded that NUC University accurately categorized the students if its records showed that they were full-time undergraduate students who enrolled in the fall of 2020, were seeking their first postsecondary certificate or degree, and received financial aid from Federal, State, or local governments or the school during academic year 2020–2021.

To determine whether NUC University reported the correct total amount of financial aid awarded to full-time undergraduate students by Federal, State, or local governments or the school, we reviewed the backup data file that the school provided as support. For eight of the students included in our sample, we traced the total amount of financial aid reported in the SFA survey to the school’s financial assistance records. We also reviewed a list of students who received GPTS aid during academic year 2020–2021 to determine the total amount of GPTS aid disbursed to the students. We concluded that NUC University reported the correct total amount of financial aid if the amount recorded in the school’s records matched the amount reported through the SFA survey for the 2020–2021 reporting period.

### Graduation Rates Survey

We reviewed the school’s records for 6 of the 59 students included in our sample. To determine whether the school accurately categorized the six students, we reviewed the backup data file that NUC University provided as support. We traced relevant data elements in the backup data file (students’ enrollment dates, academic programs, number of credit hours attempted, graduation dates, and prior postsecondary education experiences) to the six students’ official transcripts. When available, we also traced the relevant data elements to admission records and diplomas maintained by the

school or student enrollment data recorded in NSLDS. We concluded that NUC University accurately categorized the students if its records showed that each of them completed their program by the end of academic year 2020–2021 (150 percent of the normal time for a 4-year program), was a full-time undergraduate student who began attending the school during academic year 2015–2016, and had not previously sought a postsecondary education credential.

### **Institutional Characteristics Survey**

To determine whether NUC University reported verifiable cost of attendance data, we traced the amounts reported through the survey to the school’s records, such as its annual disclosure of tuition and fees for academic year 2020–2021. To determine whether the school reported the correct average cost of books and supplies, we recalculated the averages using the backup data file that NUC University provided as support. To determine whether the school accurately reported average room and board and other expenses charged to full-time undergraduate students who were seeking their first certificate or degree, we recalculated the averages using the backup data file that the school provided as support and the same guidance that the school used for its calculation (2020–2021 9-month living expense budgets by region and metropolitan area). We concluded that NUC University reported verifiable cost of attendance data if its records and other documentation supported the averages reported through the Institutional Characteristics survey for the 2020–2021 reporting period.

### **Use of Computer-Processed Data**

We relied, in part, on computer-processed data from NUC University’s student information system. We used the data to identify the populations for our two samples and to obtain student records, such as transcripts and financial aid. Because the objective of our inspection was to assess the verifiability of the data reported through the SFA, Graduation Rates, and Institutional Characteristics IPEDS surveys, we did not separately assess the reliability of the student data from NUC University’s student information system.

We also obtained data from FSA’s Data Center and NSLDS. We used that data to identify the amount of Title IV funds disbursed by NUC University during award year 2020–2021 and to determine whether students had prior postsecondary education experience. Because we considered it to be the best available data for the purposes of our inspection, we did not assess the reliability of the data.

### **Compliance with Standards**

We conducted our work in accordance with the Council of the Inspectors General on Integrity and Efficiency’s “Quality Standards for Inspection and Evaluation.” Those

standards require that we plan and perform our work to obtain sufficient and appropriate evidence to support our findings and provide a reasonable basis for our conclusions. We believe that the evidence obtained provides a reasonable basis for our conclusions.

We conducted our inspection at NUC University and our offices from May 2024 through October 2024. We provided a draft of this report to NUC University officials for comment on January 14, 2025, and received their comments on February 17, 2025.

## Appendix B. Acronyms and Abbreviations

|                               |  |
|-------------------------------|--|
| C.F.R.                        | Code of Federal Regulations  |
| COSO                          | Committee of Sponsoring Organizations of the Treadway Commission   |
| Department                    | U.S. Department of Education   |
| FSA                           | Federal Student Aid  |
| GPTS                          | Grant Program for Talented Students  |
| HEA                           | Higher Education Act of 1965, as amended   |
| HEERF                         | Higher Education Emergency Relief Fund   |
| Integrated Framework          | COSO's Internal Control—Integrated Framework   |
| IPEDS                         | Integrated Postsecondary Education Data System   |
| NCES                          | National Center for Education Statistics   |
| NSLDS                         | National Student Loan Data System  |
| NUC University                | National College of Business & Technology Company, Inc., doing business as NUC University  |
| SFA                           | Student Financial Aid  |
| total amount of financial aid | total amount of grant or scholarship aid from the federal government, state/local government, or the institution awarded to Group 3 students |

# NUC University's Comments



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February 17, 2025

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Re: NUC University Response to Draft Inspection Report (Control Number ED-OIG/I24IL0174)

Dear Mr. Whitman and Mr. Bernert,

NUC University ("NUC") submits this letter in response to the Office of the Inspector General's ("OIG") draft Inspection Report titled "Quality of Data Reported through the Department's Integrated Postsecondary Education Data System Surveys by NUC University" bearing Control Number ED-OIG/I24IL0174 ("Draft Inspection Report"). NUC appreciates the opportunity to respond to the Draft Inspection Report and to highlight actions the institution has completed that will further strengthen the validity of student data used to complete Integrated Postsecondary Education Data System ("IPEDS") surveys.

## Overview

NUC agrees with Finding 3, in which the OIG confirmed that NUC reported verifiable data to IPEDS through the Institutional Characteristics survey for the 2020-2021 reporting period. In the sections that follow, NUC demonstrates its improved administrative capability in the area of IPEDS reporting, and provides detailed responses to Finding 1 and Finding 2.

### **I. NUC University Meets the Standards of Administrative Capability**

As discussed throughout this response, NUC has formalized and/or developed written procedures delineating the responsibilities of various institutional offices and employees with respect to the preparation and submission of IPEDS reports. We believe these procedures will ensure that NUC continues





to administer the federal student aid programs in accordance with the Higher Education Act by submitting accurate IPEDS reports. These procedures include the following:

**A. NUC's Standard Operating Procedure for the Completion of IPEDS Survey ("SOP – IPEDS Completion") details steps to be completed when collecting, consolidating, assessing the reliability of, and reporting data to IPEDS surveys.** The purpose of this document is to ensure the accurate and timely submission of data to IPEDS.

1. The first step involves IPEDS survey preparation, during which NUC's IPEDS Keyholder reviews ED guidance regarding the current IPEDS collection year, shares relevant guidance with employees responsible for data and quality review, and develops an internal calendar or Gantt chart regarding activities to be completed.
2. The second step relates to the collection and validation of data required for IPEDS. During this step, the responsible NUC employee ("Data Provider/Reporter") reviews the data reports for completeness, confirms spreadsheet formulas, and performs cross-checks with internal records to ensure consistency. The Data Provider/Reporter is also required to confirm in writing to the IPEDS Keyholder that he or she has reviewed the relevant full survey package to ensure awareness of any changes to survey requirements.
3. The third step involves data entry into the IPEDS system. The Data Provider/Reporter is required to consult IPEDS guidance while performing this work.
4. The fourth step addresses data validation within the IPEDS survey instrument, including the review and resolution of IPEDS "error" and "fatal error" messages.
5. The fifth step is data submission, which involves communication between the Data Provider/Reporter and the Keyholder to ensure timely submission.
6. The remaining steps relate to post-submission review of the data. Specifically, the sixth step involves review by the Keyholder and Data Provider/Reporter of any IPEDS-identified issues, and the seventh step consists of an additional internal review of the data performed by a third employee (the "Quality Reviewer"). These final steps ensure necessary corrections can be relayed to IPEDS (e.g., during the Prior Year Data Revision period).

See Appendix A: SOP – IPEDS Completion.

**B. NUC's Procedures to Validate First-Time Undergraduate Students ("FT Validation Procedures") provide detailed instructions to personnel involved in the review and entry of data regarding prior postsecondary student enrollment as it relates to first-time student status.** The first part of this document provides step-by-step directions for Admissions employees to follow when reviewing prior education information and entering the data into NUC's student information system ("SIS"). The identification and resolution of conflicting information regarding prior postsecondary education at these early stages in the data life cycle will ensure high quality of information when reporting data to IPEDS. The FT Validation Procedures also describe the use of a newly developed custom tool to identify



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and resolve conflicting information regarding prior postsecondary education. Specifically, this tool (called the FA Student Information Validation) compares information in the SIS to information in the Institutional Student Information Record ("ISIR") so that NUC can resolve any discrepancies. By implementing this tool, NUC ensures the institution's process to confirm the validity of first-time student status exceeds the minimum standard set by IPEDS guidance in that it goes beyond simply assuming the student is first-time based on his or her self-reported status and the absence of transcripts demonstrating postsecondary enrollment.<sup>1</sup> After the Admissions employee has completed the required steps (including use of the FA Student Information Validation), an employee from the campus Registrar's Office reviews the documentation and data entry of prior education information in the SIS and generates another student-specific FA Student Information Validation report to capture any changes since the initial review. The campus Registrar's Office identifies any issues for correction, which will assist with identifying any trends that may be instructive for process refinements and future training. Finally, the corporate Registrar's office will perform another quality check 30 days after each enrollment start. See Appendix B: SOP – FT Validation Procedures.

- C. ***NUC's Standard Operating Procedure for Updating the Student Master Record ("SOP – Master Record")*** provides comprehensive directions to Admissions, Student Affairs, and Registrar employees regarding the consistent and accurate entry of data into the SIS. It also requires that the student-specific report regarding prior postsecondary education generated by the FA Student Information Validation tool be maintained as a record within the student's file. See Appendix C: SOP – Master Record, Sections 7.2 and 8.2.

These written procedures incorporate robust checks and balances, including quality control functions. For example, with respect to the review and entry of data regarding prior postsecondary student enrollment, the campus Registrar's Office and the corporate Registrar's office will review the data entered by the Admissions employee. Then, during the IPEDS survey completion process, the Data Provider will review a subset of data again for accuracy and consistency. Later, during the post-IPEDS submission review process, the Quality Reviewer will review samples to determine if the data complies with IPEDS guidelines and requirements. We believe these quality control functions will ensure the entry of verifiable, accurate, and correct data in IPEDS.

NUC employees completed training in November 2024 regarding updating the Student Master Record, which emphasized the importance of correctly recording prior postsecondary enrollment. Mandatory

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<sup>1</sup> In response to the Frequently Asked Question "[w]here do I report students if I don't know whether or not they are first-time?", IPEDS guidance states, "[i]f their status is not indicated directly and the student does not enroll with prior credits or transcripts from another institution, then assume the student is first-time." 2024-25 12-Month Enrollment for Degree-Granting 4 year Institutions FAQ, Unduplicated Count (Part A), Question 7.



training will occur annually and also as needed if exceptions are identified through NUC's multiple procedures to validate data as noted in the above-mentioned policies and procedures.

## **II. Response to Draft Inspection Report Finding 1**

### **A. NUC's Comments regarding Draft Inspection Report Sub-Finding "Incorrect Reporting of the Amount of Grant and Scholarship Aid That Students Received"**

The Draft Inspection Report states that, for the 2020-2021 reporting period, Higher Education Emergency Relief Fund ("HEERF") grant amounts were incorrectly included for Group 3 students in Part D under the heading "[r]eport the total amount of grant or scholarship aid from the federal government, state/local government, or the institution awarded to Group 3 students." As previously confirmed by NUC, this error occurred because the online IPEDS survey form in which the NUC official entered student data did not address the unique treatment of federal funds disbursed to students under HEERF. The NUC official completing the survey relied on the instructions within the survey form and was not aware that the separate instructions in the detailed survey materials addressed the treatment of HEERF funds. To prevent recurrence of the above issues, NUC has implemented a procedure by which every NUC official who collects and validates and/or enters data into an IPEDS survey must confirm in writing to the IPEDS Keyholder that they have reviewed the detailed survey instructions in full prior to entering any data. See Appendix A: SOP – IPEDS Completion, Section 4.2.

We respectfully submit that this unintentional error was an understandable oversight. The flow of HEERF funds to postsecondary institutions, though essential and appreciated, created significant administrative challenges and confusion during a global pandemic. We believe it is unlikely NUC is the only institution to have reported HEERF funds in Group 3, Part D because other institutions presumably also relied on the language of the IPEDS survey form. The IPEDS survey form referred to "grant or scholarship aid from [the] federal government," and HEERF was, in fact, grant aid from the federal government. Therefore, HEERF fit within the definition stated on the face of the IPEDS survey form. Also, other institutions likely made the same error because there were mixed messages from the federal government regarding the treatment of HEERF funds. For example, proprietary institutions like NUC were aware that, in the months before the relevant IPEDS Winter Collection Period, Congress had revised the Higher Education Act to expand the 90/10 Rule to include all Federal education assistance funds. See American Rescue Plan Act of 2021 (ARP), Section 2013. The OIG itself eventually concluded that "HEERF funds must be counted as Federal education assistance funds in the school's 90/10 revenue calculation." See OIG CPA-23-02 (Revised 90/10 Revenue Calculation Testing and Example Footnote), July 31, 2023.

The Draft Inspection Report states that, for the 2020-2021 reporting period, disbursements from the Grant Program for Talented Students ("GPTS"), a grant from the Commonwealth of Puerto Rico, were incorrectly excluded for Group 3, Part D. As previously confirmed by NUC, this error occurred due to a formula error in the spreadsheet used to complete the IPEDS report. The exclusion of this grant was not intentional and,



importantly, likely resulted in a higher net price than if it had been included. To prevent recurrence of this issue, NUC has implemented procedures that require officials who enter data to check any formulas used to calculate totals, including in the Student Financial Aid Survey, both prior to entering data into the IPEDS system and after data is entered but before the survey is locked. See Appendix A: SOP – IPEDS Completion, Sections 4.2 and 4.4.

B. NUC's Comments regarding Draft Inspection Report Sub-Finding "Inaccurate Counting of Full-time Undergraduate Students Seeking their First Postsecondary Certificate or Degree"

The Draft Inspection Report states that one student in the OIG's sample of students in Group 3 for the 2020-2021 reporting period should not have been identified as a full-time student seeking their first postsecondary certificate or degree. This error occurred because an Admissions representative did not correctly add the student's prior postsecondary education to NUC's student information system when processing his application for admission. To prevent recurrence of this issue, NUC has implemented the FT Validation Procedures, which provide detailed instructions to all personnel involved in the review and entry of data regarding prior postsecondary student enrollment as it relates to first-time status. As discussed above, data regarding prior postsecondary student enrollment will be reviewed and confirmed by several employees in the Admissions office, campus Registrar's office, and corporate Registrar's office. NUC believes the identification and resolution of conflicting information regarding prior postsecondary education at several stages of the data life cycle will ensure high quality of information when reporting data to IPEDS. See Appendix B: SOP – FT Validation Procedures.

The Draft Inspection Report also states that 35 students who only received HEERF aid were incorrectly included in the Group 3, Part D students. As noted above, this error occurred because the NUC employee completing the survey relied on the instructions within the survey form and was not aware that the separate detailed instructions addressed the treatment of HEERF funds. To prevent recurrence of the above issues, NUC has implemented a procedure by which every NUC employee who enters data into an IPEDS survey must confirm in writing to the IPEDS Keyholder that they have reviewed the survey instructions in full prior to entering any data. See Appendix A: SOP – IPEDS Completion, Section 4.2.

C. NUC's Comments regarding Draft Inspection Report Sub-Finding "Potential Effect of Incorrectly Reporting Data through the IPEDS SFA Survey"

The Draft Inspection Report suggests individuals may have made enrollment decisions based on unreliable net price information. We do not believe individuals experienced any potential detriment because, based on NUC's initial data analysis conducted during the short time allotted for a response to the draft Inspection Report, the net price displayed reported through IPEDS for the 2020-2021 reporting period likely was overstated. Specifically, NUC's initial data analysis results in a recalculated net price of \$5,597





(a potential 13% reduction from \$6,443 reported through IPEDS).<sup>2</sup> Our initial analysis therefore indicates the average first-time student likely would not have enrolled and experienced higher than expected costs.

D. NUC's Response to the Draft Inspection Report Finding 1 Recommendations

As a general matter, NUC agrees with the policy and procedure improvement suggestions noted in Recommendations 1.1 and 1.2 and, as explained below, NUC has already implemented such policies and procedures.

Specifically, with respect to Recommendation 1.1, NUC has formalized institution-wide policies and procedures to ensure the data reported in IPEDS surveys, including the Student Financial Aid Survey, is reliable. The SOP – IPEDS Completion details seven steps to be completed when collecting, verifying, and submitting IPEDS surveys. See Appendix A: SOP – IPEDS Completion. While NUC was already completing many of the activities outlined in this document, we believe formalizing these procedures will ensure the verifiability, accuracy, and correctness of the data reported through IPEDS.

With respect to Recommendation 1.2, NUC has implemented procedures that require officials who enter data to check any formulas used to calculate totals, including in the Student Financial Aid Survey, both prior to entering data into the IPEDS system and after data is entered but before the survey is locked. See Appendix A: SOP – IPEDS Completion, Sections 4.2 and 4.4. Further, NUC has added the following requirements to its policies and procedures:

- Every NUC official who collects and validates and/or enters data into an IPEDS survey must confirm in writing to the IPEDS Keyholder that they have reviewed the survey instructions in full prior to entering any data. See Appendix A: SOP – IPEDS Completion, Section 4.2.
- Every NUC official who enters data into an IPEDS survey must select a sample of records and ensure the correct data elements, programs, and students (as applicable) are included. The IPEDS Keyholder will determine an appropriate sample size for each survey (initially 30 records), and the NUC official who enters the data will be required to provide documentation of his or her testing of the sample to the IPEDS Keyholder. See Appendix A: SOP – IPEDS Completion, Section 4.2.
- NUC has introduced a post-submission internal review process to provide an additional level of review that will occur within the window for corrections to prior year data. See Appendix A: SOP – IPEDS Completion, Section 4.7.

Finally, NUC respectfully requests the OIG reconsider Recommendation 1.3. We believe the OIG should withdraw Recommendation 1.3 because NUC's errors were not intentional and NUC has implemented

<sup>2</sup> To recalculate net price, NUC completed the following steps: (1) removed HEERF funds; (2) removed students who only received HEERF funds; (3) included GPTS funds; and (4) removed students who likely had prior postsecondary education according to data from their 2020-2021 ISIR, as confirmed via NUC's FA Student Information Validation report.



corrective actions that will prevent the discrepancies noted in Finding 1. The Higher Education Act requires the Secretary of Education to permit an institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error. See 20 U.S.C. § 1099c-1(b)(3). NUC is entitled to the benefit of this statutory provision because the circumstances of Finding 1 constitute administrative and/or recordkeeping errors, the errors were unintentional, and NUC has instituted corrective actions.

In addition, the OIG should withdraw Recommendation 1.3 because it appears the discrepancies noted in Finding 1 likely did not result in erroneous information that had the potential to be detrimental to any individual. There was no such detriment because initial indications are that the net price, recalculated in accordance with ED's instructions, would likely have been lower than the net price displayed in IPEDS.

### III. Response to Draft Inspection Report Finding 2

#### A. NUC's Comments regarding Inspection Report Sub-Finding "Inaccurate Counting of Students Who Began Attending during Academic Year 2015-2016 and Were Seeking Their First Postsecondary Certificate of Degree"

The Draft Inspection Report states NUC classified students as seeking their first postsecondary certificate or degree even though they had prior postsecondary education. As previously confirmed by NUC, these errors occurred because Admissions employees did not correctly add the student's prior postsecondary education to the SIS when processing the application for admission. To prevent recurrence of this issue, NUC has implemented robust procedures with several layers of quality checks. In summary:

1. The Admissions employee must carefully review the student's application for admission plus any academic transcripts. See Appendix B: SOP – FT Validation Procedures, Section 5, Steps 1 and 2.
2. The Admissions employee must enter any prior postsecondary enrollment to the "Colleges" field within the "Education" record in the SIS. See Appendix B: SOP – FT Validation Procedures, Section 5, Step 1.
3. Once the Admissions employee has completed these steps, NUC's newly-developed custom IT tool (FA Student Information Validation) is activated to compare information in the SIS to information in the ISIR. This comparison allows NUC to resolve any discrepancies regarding prior education. See Appendix B: SOP – FT Validation Procedures, Section 5, Step 3.
4. The resulting prior education data is then reviewed and confirmed by, first, the campus Registrar's office and, second, the corporate Registrar's office. See Appendix B: SOP – FT Validation Procedures, Sections 6 and 7.
5. When NUC is preparing its IPEDS reports, employees perform additional quality control reviews via sampling of prior education data. See Appendix A: SOP – IPEDS Completion, Section 4.2.



We believe these procedures will ensure the submission of verifiable, accurate, and correct prior education data to IPEDS.

B. NUC's Comments regarding Graduation Rate

The Draft Inspection Report suggests individuals may have made enrollment decisions based on unreliable graduation rate information. We do not believe individuals experienced any potential detriment because, based on NUC's initial data analysis conducted during the short time allotted for a response to the draft Inspection Report, the graduation rate calculated upon correction of the issues in Finding 2 likely would have been similar to the IPEDS-reported graduation rate for the 2020-2021 reporting period. If an individual was misclassified as a first-time student in the numerator (i.e., graduates), they were also misclassified as a first-time student in the denominator (i.e., first-time cohort). If the misclassified student is removed from both numerator and denominator, any change to the resulting graduation rate is minimal. Indeed, NUC's initial data analysis results in a recalculated graduation rate of 64% (a 1% improvement from the 63% graduation rate originally reported through IPEDS).<sup>3</sup> Our initial analysis therefore indicates the average individual likely would not have enrolled based on inflated graduation rates.

We also respectfully note ED guidance has implicitly acknowledged the possibility that IPEDS graduation rates may be inexact due to difficulties in determining first-time status in all instances. IPEDS instructions permit institutions to make reasonable assumptions regarding a student's first-time student status. Specifically, the 2015-16 Fall Enrollment for 4-year Degree Granting Institutions Survey for which NUC University established its Fall 2015 cohort includes the following question and answer:

*Where do I report students if I don't know whether or not they are first-time?*

*If their status is not indicated directly and the student does not enroll with prior credits or transcripts from another institution, then assume the student is first-time.*

(Emphasis added.)

As noted above, this guidance remains in the most recent IPEDS survey instructions provided to institutions. In light of this guidance, we expect that most reported graduation rates have some margin of error.

Further, in recognition that misclassifications sometimes occur, IPEDS guidance also allows institutions to adjust graduation rates cohorts in response to new information regarding a student's status.<sup>4</sup>

<sup>3</sup> To recalculate graduation rate, NUC removed students who likely had prior postsecondary education according to data from their 2015-2016 ISIR, as confirmed via NUC's FA Student Information Validation report.

<sup>4</sup> Pursuant to the 2024-25 Graduation Rates Survey Full Instructions – 4 Year Institutions, "institutions have the option of revising their preloaded cohort if [...] there are eligible students who were omitted in the past [and] students were reported who did not belong in the cohort (e.g., they were not actually first-time, or full-time)."



### C. NUC's Response to the Finding 2 Recommendations

As a general matter, NUC agrees with the policy and procedure improvement suggestions noted in Recommendations 2.1, 2.2, and 2.3 and has implemented such policies and procedures.

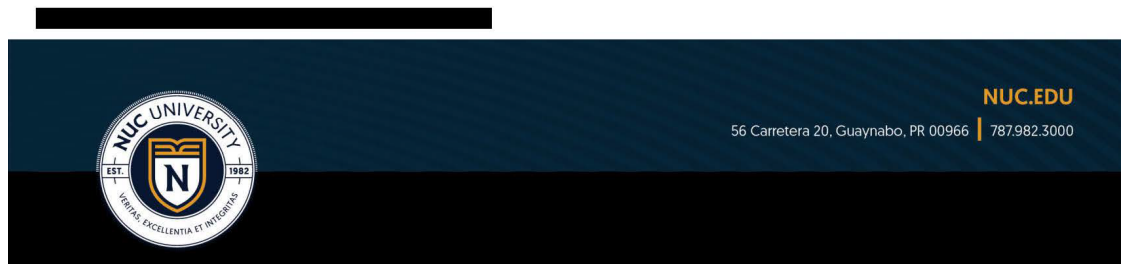
With respect to Recommendation 2.1, NUC has formalized institution-wide policies and procedures to ensure the data reported in IPEDS surveys, including the Graduation Rates Survey, is reliable. As described above, the SOP – IPEDS Completion details seven steps to be completed when collecting, verifying, and submitting IPEDS surveys; the FT Validation Procedures present in-depth instructions for prior postsecondary enrollment data review and entry as it relates to first-time status; and the SOP – Master Record provides comprehensive instructions to Admissions, Student Affairs, and Registrar employees regarding the consistent and accurate entry of data into the SIS.

With respect to Recommendation 2.2, NUC has implemented procedures to ensure employees enter information in all required data fields in the student information system. As relevant here, the FT Validation Procedures require Admissions employees to follow specific steps when identifying first-time undergraduate students. The Admissions employee must enter any prior postsecondary enrollment information into the “Colleges” field within the “Education” record of the SIS. If no information is populated in the “Colleges” field, then this indicates the student is a first-time undergraduate student. The Admissions employee is then required to affirmatively mark a record as “completed” once each step has been addressed. See Appendix B: SOP – FT Validation Procedures, Section 5. Subsequently, the campus Registrar and the corporate Registrar perform independent reviews to confirm data is complete and accurate. See Appendix B: SOP – FT Validation Procedures, Sections 6 and 7.

With respect to Recommendation 2.3, NUC has implemented procedures to ensure the maintenance of records supporting the accurate categorization of students as first-time full-time students. As noted above, NUC developed a tool called FA Student Information Validation that compares information in the SIS and the Institutional Student Information Record. The tool helps NUC identify and resolve discrepancies, which contributes to a high quality of information when reporting data to IPEDS. The student-specific report generated by this tool will be maintained as a record within the student’s file. See Appendix C: SOP – Master Record, Section 7.2. Records used to classify students as first-time are subject to NUC’s record retention policy. See Appendix B: SOP – FT Validation Procedures, Section 3.

Finally, NUC respectfully requests that the OIG reconsider Recommendation 2.4. We believe the OIG should withdraw Recommendation 2.4 because NUC’s errors were not intentional and NUC has implemented corrective actions that will prevent the discrepancies noted in Finding 2. The Higher Education Act requires the Secretary of Education to permit an institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error. See 20 U.S.C. § 1099c-1(b)(3). NUC is entitled to the benefit of this statutory provision because the circumstances of Finding 2 constitute administrative





and/or recordkeeping errors, NUC's errors were not intentional, and because NUC has instituted corrective actions.

In addition, the OIG should withdraw Recommendation 2.4 because it appears the discrepancies noted in Finding 2 likely did not result in erroneous information that had the potential to be detrimental to any individual. Instead, we believe the graduation rate reported through IPEDS was approximately the same as it would have been if the issues noted in Finding 2 had not occurred.

Respectfully,

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EVP Student Finance

Josue Medina  
Chief Financial Officer