

Exhibit C



UNITED STATES DEPARTMENT OF EDUCATION
FEDERAL STUDENT AID
ASEDS/School Eligibility Channel
San Francisco / Seattle School Participation Team
701Fifth Avenue, Suite 1600, Seattle, WA 98104
(206) 615-2594

November 10, 2005

Mr. Alen Janisch, President
Court Reporting Institute
929 North 130th Street, Suite 2
Seattle, Washington 98133

PRCN: 200441023525

SUBJECT: Title IV Federal Student Aid Program Review of Court Reporting
Institute, September 27, 2003 – September 30, 2003

Dear Mr. Janisch,

The May 31, 2005 program review report addressed the above-referenced review of Court Reporting Institute's administration of the Title IV, HEA programs for the award years 2001-2002 and 2002-2003. In response to the review this office is in receipt of your letters dated June 17, 2005 and July 18, 2005. Our response to the findings identified in the program review report will follow the same format as the original report.

FINDINGS AND REQUIREMENTS

1. Satisfactory Academic Progress Standards Not Adequately Developed

Finding:

Institutions participating in the Title IV programs are required by Title IV regulations to develop and consistently implement a Satisfactory Academic Progress (SAP) Policy. This policy must address the qualitative and quantitative requirements each student must follow to remain eligible for Title IV aid. The SAP policy, as stated in the CRI catalog, is not in full compliance with the quantitative component of SAP.

Specifically, CRI offers a 3000 clock hour Court Reporting Program. Students enrolled in this program are allowed to earn up to 4500 clock hours to complete the program. However, this does not satisfy the maximum timeframe requirement that specifies each student complete their program of study in one and one-half times the published length of the program. The published length of the program, according to the school's catalog is 3000 clock hours to be completed in 30 months. The maximum timeframe should be calculated in terms of months and not in terms of clock hours. Therefore, students enrolled in the program can only complete 3000 clock hours, but have up to 45 months to do so.

By not adequately or consistently monitoring (SAP) standards for its students, the institution may be disbursing Title IV aid to ineligible students; this deprives other eligible students of aid and creates increased expense for the U.S. Department of Education.

Status: We acknowledge the institution's response to this item. We realize that the school offers the Court Reporting Program as a full-time day, evening and half-time to its students; but in our response we will only reference the full-time day student. Please be advised that the issues in this report are applicable all CRI students and their programs of study.

In our report, the school was required to provide the following:

"The institution must also review all files for students enrolled in the 3000 clock hour Court Reporting Program for the 2001-2002, 2002-2003, 2003-2004, and 2004-2005 award year identifying those who received Title IV funds in excess of 3000 clock hours. Please submit the following information for each student:

Student Name
Social Security Number
Award Year
Enrollment Date/Graduation Date/Withdrawal Date
Total number of Clock Hours
Type of Aid Received/Amount"

Your response included a spreadsheet with a total of four students who earned more than 3000 clock hours. Are these the only students from the above referenced award years who earned more than the published 3000 clock hours? If not, you must provide a complete spreadsheet identifying all students earning more than 3000 clock hours.

The institution offers a Court Reporting Program which was approved by Washington Workforce Training and Education Coordinating Board and the Accrediting Council for Independent Schools and Colleges as a 3000 clock hour program. The Department recognizes this program as a 3000 clock hour program and has established its Title IV eligibility as a 3000 clock hour program.

In an effort to comply with the maximum timeframe of SAP, CRI has allowed students to earn an additional 1500 clock hours. This would indicate that the students have been receiving financial aid based on 4500 clock hours. If so, the Court Reporting students have been receiving funds in excess of their eligibility. The school has defined its academic year as 900 clock hours, which means that the students' awards should be based on their enrollment status (full-time, half-time, etc) and total number of hours in the academic year. The correct application of the quantitative policy would be, students have a maximum timeframe of 45 months to complete 3000 clock hours. (This would apply to a full-time student and adjust according to the student's enrollment status).

In response to how students earn clock hours the institution's Academic Director stated: "CRI only awards clock hours to those students who successfully pass the classes. This method of awarding clock hours resembles a credit hour institution."

Example: "A Court Reporting student enrolls in English I for 60 clock hours and Stenograph Speedbuilding I for 270 clock hours. The student completes the requirements for the English course but fails to pass the speed requirement standard for the Stenograph Speedbuilding I course; therefore the student has earned 60 clock hours in that term and must attempt to earn the 270 clock hours in the next term. Based on this example, where and how are students earning the additional 1500 clock hours and how often are they allowed to repeat a course?"

The regulations state:

- Ability to repeat a course may be tied to the grade received for that course
- Schools may limit the number of times a course may be repeated
- Schools may limit the number of courses students may repeat
- If repeated courses are allowed, the policy should clearly state how they would affect the qualitative and quantitative components.

Based on CRI's definition of an academic year students should receive Title IV for 3 academic years and the remaining 300 hours are to be prorated. In accordance with regulatory requirements, students should be receiving their second and subsequent Title IV disbursements only after they have completed one-half of their academic year, which would be 450 clock hours for the first year. Thereafter, each disbursement would be made after the student had earned the required number of clock hours (900, 1125, 1800, 2250, 2700). Refer to the 2004-2005 Student Aid Handbook, Volume 3, page 3-9.

In reviewing the file for (b)(6) it indicates that the student became self-pay after earning an additional 1500 clock hours. The documentation in the file shows that the student was paid for an additional academic year for which she was not entitled. In response, please provide documentation, which would demonstrate how Court Reporting students are funded for clock hours in excess of 3000 clock hours.

Additionally, there were several instances in which CRI waived the academic Satisfactory Progress requirement and released funds to students not making SAP (b)(6) In response, please provide the institution's policy on waiving Satisfactory Progress; addressing how often it can be waived and what are the extenuating circumstances that would make students eligible for an SAP waiver.

The institution must revise its school catalog and other consumer information that advises students that their maximum timeframe exceeds the number of hours that the program is approved for.

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If it is determined that the Court Reporting students received funds in excess of their eligibility, the institution will be required to return the funds to the appropriate Title IV program. Instructions will be provided in our Final Program Review Determination Letter. This item remains open.

Important

Thank you for your continued cooperation and prompt response in resolving the findings of the program review report. Your response to the remaining open items is expected within 30 days of the date of this letter. If you have any questions I can be reached at (206) 615-3638.

Sincerely,



DeNise L. Hill
Institutional Review Specialist
School Eligibility Channel-San Francisco/Seattle

cc: Ms. Barbara Zimmerman