



August 5, 2022

Michael Geoghegan
Interim President and CFO
Eastern Gateway Community College
4000 Sunset Boulevard
Steubenville, OH 43952-3598

Sent electronically:
mgeoghegan@egcc.edu

Dear President Geoghegan,

On July 18, 2022, the Department of Education (Department) sent a letter to Eastern Gateway Community College (EGCC) requiring the institution to stop disbursing Federal Pell Grant (Pell) funds to any new students enrolling in its Free College Benefit Program until it is redesigned (Cease-and-Desist Letter). Subsequently, on July 22, EGCC sent a letter to Susan Crim, Director of the Administrative Actions and Appeals Service Group, in which it sought to appeal the Department's decision and sought to provide additional arguments to support its position (July 22 Letter). The Department responded to that letter on July 26, indicating that its Cease-and-Desist letter was not a limitation action; therefore, EGCC had no basis for appealing the Department's decision.

Most recently, you sent a series of questions to the Department seeking guidance on EGCC's relationship with its third-party servicer, Student Resource Center (SRC), and on the redesign of the Free College Benefit Program to ensure compliance with Title IV requirements. The nature of many of the questions limits the responses the Department can provide. First, whether or not EGCC remains in its relationship with SRC is a decision that EGCC must make. As such, the Department will not weigh in on EGCC's contractual relationship with SRC. Second, the Department does not respond to hypothetical questions like those posed by EGCC. If EGCC provides a concrete proposal for a revised program, the Department will provide its position as to whether that plan is consistent with Title IV requirements.

That said, the Department will reiterate its position as set forth in the Cease-and-Desist letter and provide some general parameters for compliance with Title IV requirements. The Department has determined that under the Free College Benefit Program, EGCC waives tuition and fees for students that are in excess of Title IV funds and, for some students, a small amount of state grants. For students not receiving Title IV funds, the entire tuition and fees are waived. This results in Title IV students being charged for their educational programs and non-Title IV students not being charged, which violates Title IV requirements.

Under longstanding policy, the Department has prohibited institutions from assessing charges to a student receiving aid under the Title IV programs that are greater than what is charged to a student not receiving such aid. It is the Department's position that EGCC's practice violates the Title IV requirements that the establishment of the tuition and fee component for Title IV

recipients must be an amount that is “normally assessed a student carrying the same academic workload.” 20 U.S.C. § 1087ll.

The Department recognizes EGCC’s contention that the Free College Benefit Program does not violate this provision because the institution is providing a “scholarship” to pay for the tuition and fees not covered by Title IV and state grants, and therefore, all students are charged the same amount. Although EGCC maintains there is a scholarship being applied, the Department has determined that there are virtually no funds being provided by any sources outside of Title IV. Title IV funds are essentially funding the “free tuition” for non-Title IV students. To remedy this situation, EGCC could seek funding from outside sources including third party grants or endowments. If EGCC intends to provide institutional aid for the program, it must ensure that the receipt of the institutional funding is not based on a student’s Title IV receipts and that the funding does not result in disparate charges between Title IV recipients and non-Title IV recipients.

As noted above, outside of this general guidance, the Department will provide a determination on any concrete proposals the institution wishes to submit. The Department will promptly review any proposals that are submitted and will provide a response as expeditiously as possible.

Sincerely,

Jeremy Early, Ed.D.
Division Chief
Chicago/Denver School Participation Division

cc: Kurt Pawlak, Associate Vice President of Financial Aid