



January 7, 2014

Rev. Mark Milioni
President
Baptist Bible College
628 East Kearney
Springfield, MO 65803-3498

UPS Tracking Number
1ZA879640192240991

RE: **Final Program Review Determination**
OPE ID: 01320800
PRCN: 201240728072

Dear President Milioni:

The U.S. Department of Education's (Department) School Participation Division – Kansas City issued a program review report on July 17, 2013 covering Baptist Bible College's (BBC) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2011-2012 and 2012-2013 (year to date) award years. The institution's final response was received on August 16, 2013.

The Kansas City School Participation Division has reviewed BBC's responses to the Program Review Report. A copy of the program review report is attached. BBC's response and any supporting documentation submitted with it are being retained by the Department and are available for inspection by BBC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

BBC's response has resolved all findings. In addition, BBC has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, BBC may consider the program review closed with no further action required.

The Program Review Report included a finding concerning unequal disbursement of Federal Supplemental Educational Opportunity Grant funds. Based on the response submitted by BBC, the Kansas City School Participation Division has determined that finding #5 is no longer a finding.

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
School Participation Division – Kansas City
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Baptist Bible College

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If you have any questions please call Jenny Hendrickson at (816)268-0411.

Sincerely,

(b)(6)

Ralph LoBosco
Division Director

Enclosure: Program Review Report

cc: Bob Kotulski, Financial Aid Administrator
Leroy Wade, Missouri Department of Higher Education
Karen Solinski, Higher Learning Commission

Prepared for

Baptist Bible College

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Prepared by:

U.S. Department of Education

Federal Student Aid

School Participation Division-Kansas City

Program Review Report

July 17, 2013

1010 Walnut Street, Suite 336, Kansas City, MO 64106

StudentAid.gov

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A. Institutional Information

Baptist Bible College
628 East Kearney
Springfield, MO 65803

Type: Private Nonprofit

Highest Level of Offering: Master's Degree

Accrediting Agencies: Higher Learning Commission of the North Central Association of
Colleges and Schools (Primary)

Association for Biblical Higher Education

Current Student Enrollment: 396 as of August 28, 2012

Percentage of Students Receiving Title IV: 56% (Fall 2012)

Title IV Participation 2011-2012: (G5)

Federal Pell Grant	\$1,050,698
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$30,604
Federal Work-Study (FWS)	\$35,361
William D. Ford Federal Direct Loan Program (Direct Loan)	\$2,209,860
Teacher Education Assistance for College and Higher Education Grant (TEACH)	\$4,000

Default Rate FFEL/DL:	Two-Year Cohort Default Rate	Three-Year Cohort Default Rate
	2010 7.6%	2009 9.0%
	2009 6.2%	
	2008 4.5%	

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Baptist Bible College (BBC) from September 10, 2012 to September 14, 2012. The review was conducted by Jenny Hendrickson and Charles Glasper.

The focus of the review was to determine BBC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of BBC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 5 files were selected based on the school performing a Return to Title IV Calculation for the student, 2 files were selected based on the student receiving Federal Work-Study and the file of the sole TEACH Grant recipient was selected. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning BBC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve BBC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by BBC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Satisfactory Academic Progress Policy Inadequate

Citation: The Secretary considers an institution to have met one standard of administrative capability if the institution establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program for purposes of determining student eligibility for assistance under a Title IV, HEA program.

The Secretary requires that the institution's policy meet specific standards in order to be considered reasonable. The standards include:

- The policy must specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe and provides for measurement of the student's progress at each evaluation:
 - An institution must calculate the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted;
- The policy must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;
- If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy must describe—
 - the basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
 - information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation; and

- the policy must provide for notification to students of the results of an evaluation that impacts the student's eligibility for Title IV, HEA program funds. *34 C.F.R. §668.34*

Noncompliance: BBC's Satisfactory Academic Progress (SAP) policy is not adequate as it is missing several required components and is calculating progress in a manner inconsistent with the Department's requirements.

Specifically, the policy is missing:

- how GPA and pace of completion are affected by course incompletes, withdrawals, repetitions, and transfer of credit from other institutions;
- the basis on which a student may file an appeal;
- information the student must submit regarding why the student failed to make SAP, and what has changed in the student's situation that will allow the student to demonstrate SAP at the next evaluation; and
- how the student will be notified of his or her SAP status.

Acceptable pace of completion is currently calculated at BBC as follows for undergraduate students: Full-time students (12 or more hours a term) must complete 8 hours per term, (a maximum of 66.67%); Three-quarter-time students (9, 10 or 11 hours a term) must complete 6 hours per term (66.67%, 60.00%, and 54.54%, respectively); Half-time students (6-8 hours a term) must complete 5 hours per term (83.33%, 71.43%, and 62.50%, respectively). BBC defines the maximum timeframe as 150% of the program for undergraduate students.

Acceptable pace of completion is currently calculated at BBC as follows for graduate students: Full-time students (8 or more hours a term) must complete 5 hours per term, (a maximum of 62.50%); Three-quarter-time students (6 to 7 hours a term) must complete 4 hours per term (66.67% and 57.14% respectively); Half-time students (4-5 hours a term) must complete 4 hours per term, (100% and 80% respectively). BBC defines the maximum timeframe as 200% of the program for graduate students.

As part of the quantitative measure of SAP, a school has to determine a maximum timeframe for each program. BBC has defined the maximum timeframe as 150% for all undergraduate programs, yet allows a student that is full-time to have a different standard than a student who is half-time, even though those students are in the same program. The percentage used should be the minimum rate that will allow completion of the academic program within the institution's established maximum time frame. Because BBC is allowing all undergraduate students a maximum of 150% of the program, the incremental percentage should be 66.67% (hours required for degree multiplied by 150% = maximum number of hours of Title IV eligibility, hours required for degree divided by maximum number of hours of Title IV eligibility = 66.67%) for all undergraduate students. Accordingly, because BBC is allowing all graduate students a

maximum of 200% of the program, the incremental percentage should be 50.00% (hours required for degree multiplied by 200% = maximum number of hours of Title IV eligibility, hours required for degree divided by maximum number of hours of Title IV eligibility = 50.00%) for all graduate students.

The Department's policy allows an institution to have different GPA and completion standards for different categories of students, such as part-time, full-time, undergraduate and graduate students. However, BBC uses the same maximum time frame for all undergraduate students, regardless of academic workload, and the same maximum time frame for all graduate students, regardless of academic workload. Therefore, all students within those two categories should be measured against the same criteria within their respective category.

Required Action: BBC is required to either change the quantitative incremental standard to 66.67% for all undergraduate students and 50% for all graduate students, or change the maximum time frame percentage for each category to another standard and revise its policy accordingly.

A copy of the revised undergraduate and graduate SAP policies must accompany BBC's response to this report.

Finding 2. Incorrect Return to Title IV Funds Calculation

Citation: When a recipient of Title IV, HEA grant or loan assistance withdraws from an institution during a payment period in which the recipient began attendance, the institution must determine the amount of Title IV, HEA funds that the student earned as of the date of the student's withdrawal. *34 C.F.R. § 668.22(a)(1)*

If the total amount of Title IV, HEA funds that the student earned is less than the amount of Title IV, HEA funds disbursed to the student as of the date that the student withdrew, the difference between these amounts must be returned to the Title IV, HEA programs and no additional disbursements may be made to the student for the payment period. *34 C.F.R. § 668.22(a)(4)*

The percentage of the payment period completed is determined at an institution such as BBC, where programs are measured in credit hours, by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date. The total number of calendar days in a payment period includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period and the number of days completed in that period. *34 C.F.R. § 668.22(f)*

Institutionally scheduled breaks of five or more consecutive days are excluded from the R2T4 calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of Federal Student Aid earned. If a scheduled break occurs prior to a student's withdrawal, all days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed. *2011-2012 FSA Handbook, Volume 5 Chapter 2*

Institutional charges generally are defined as the charges for tuition and fees, room and board and other educational expenses that are paid to the school directly. If a fee (like a registration or technology fee) is required for all students in a program, then the fee should be considered an institutional charge. *2011-2012 FSA Handbook, Volume 5 Chapter 2*

Noncompliance: In all cases, BBC incorrectly calculated the number of total days in the payment period. BBC entered 109 days in the R2T4 calculations for the Fall 2011 term, failing to exclude the weekend before and the weekend after the scheduled break. The Fall 2011 term is 105 days when the entire break is excluded. BBC entered 122 days for the Spring 2012 term, failing to exclude the weekend before the scheduled break, the scheduled break itself and the weekend after the scheduled break. The Spring 2012 term is 113 days when the entire break is excluded.

At the time of the program review, no R2T4 calculations had been completed for the 2012-2013 award year.

Student 31 The student completed 54.9% of the payment period (62 completed days divided by 113 total days in the payment period), not 50.8% (62 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

The R2T4 calculation takes tuition, room, board and certain other institutional charges into consideration. This student's tuition charge used for the calculation was \$2,830 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the charge listed on the student's account statement was \$291.69. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Subsidized Direct Loan funds to the Department than was due.

Student 32 The student completed 22.9% of the payment period (24 completed days divided by 105 total days in the payment period), not 22.0% (24 completed days divided by 109 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the correct number of scheduled break days from the calculation of the percentage of aid earned.

This student's tuition and room charges used for the calculation were \$4,720 and \$2,700, respectively, for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the student did not have any charge for books listed on the account statement. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Federal Pell Grant funds to the Department than was due.

Student 33 The student completed 38.1% of the payment period (43 completed days divided by 113 total days in the payment period), not 35.2% (43 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

This student's tuition charge used for the calculation was \$1,310 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the charge listed on the student's account statement was \$204.68. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Unsubsidized Direct Loan funds to the Department than was due.

Student 34 The student completed 58.4% of the payment period (66 completed days divided by 113 total days in the payment period), not 54.1% (66 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

This student's tuition charge used for the calculation was \$3,250 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the student did not have any charge for books listed on the account statement. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Federal Pell Grant funds to the Department than was due.

Student 35 The student completed 18.6% of the payment period (66 completed days divided by 113 total days in the payment period), not 54.1% (66 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

This student's tuition charge used for the calculation was \$3,250 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an

institutional charge in the calculation; however the student did not have any charge for books listed on the account statement. Institutional officials stated \$420 was the student's book allowance for the payment period.

Required Action: BBC is required to examine and revise existing R2T4 procedures to ensure the days in each payment period are being calculated correctly for the current award year and to ensure the institutional charges used in the calculation are correct.

A copy of the revised procedures must accompany BBC's response to this report.

Finding 3. Late Return of Title IV Funds

Citation: An institution must calculate and return Title IV funds as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. *34 C.F.R. § 668.22(j)*

Institutions are expected to have procedures to determine when a student's absence is a withdrawal. Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, at an institution that is required to take attendance, we would expect that the date of the institution's determination that the student withdrew would be no later than 14 days after the student's withdrawal date. *Dear Colleague Letter GEN 04-03, November 17, 2004*

For a student who ceases attendance at an institution that is required to take attendance, the student's withdrawal date is the last date of academic attendance as determined from its attendance records. *34 C.F.R. § 668.22(b)*

The institution is considered to be an institution that is required to take attendance if the institution itself has a requirement that its instructors take attendance. *34 C.F.R. § 668.22(b)(3)(B)*

Noncompliance: BBC failed to make a determination of a student's withdrawal within 14 days of the last date of attendance for those students who ceased attendance in all of his or her classes without officially notifying the institution of his or her withdrawal.

Student 31 After earning all "F" grades, BBC determined this student withdrew unofficially from the Spring 2012 term. BBC used her last date of attendance, 3/12/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution

must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 3/12/12 would mean that the funds should have been returned by 4/26/12. BBC returned the funds to the Department on 6/27/12, making the return of Title IV, HEA program funds 62 days late.

Student 33 After earning all "F" grades, BBC determined this student withdrew unofficially from the Spring 2012 term. BBC used his last date of attendance, 2/22/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 2/22/12 would mean that the funds should have been returned by 4/6/12. BBC returned the funds on 6/27/12, making the return of Title IV, HEA program funds 82 days late.

Student 34 After earning all "F" grades, BBC determined this student withdrew unofficially from the Spring 2012 term. BBC used his last date of attendance, 3/16/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 3/16/12 would mean that the funds should have been returned by 4/30/12. BBC returned the funds on 6/28/12, making the return of Title IV, HEA program funds 59 days late.

Student 35 After earning a WP (Withdrawn Passing) grade in the only class she was enrolled in during the Spring 2012 term, BBC determined this student withdrew unofficially from the term. However, to receive a grade of WP, the student must have officially withdrawn from that class. A letter in the student's file from the Registrar states the student withdrew on 2/1/12.

BBC used her last date of attendance, 1/31/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 2/1/12 would mean that the funds should have been returned by 3/16/12. BBC returned this student's Federal Pell Grant funds on 6/28/12, making the return of Title IV, HEA program funds 104 days late.

Required Action: BBC is required to revise the internal R2T4 procedures to ensure a determination is made of a student's withdrawal status within 14 days of the last date of the student's attendance; and to ensure funds are returned to the Title IV, HEA program within 45 days of the date of the determination that the student withdrew.

Additionally, BBC must revise the internal R2T4 procedures to include the process used to determine the student's withdrawal date and the institutional time frame for returning Title IV, HEA program funds as a result of a student's withdrawal.

The revised procedures must accompany BBC's response to this report.

Finding 4. Overaward – Financial Need Exceeded

Citation: An institution may only award FWS employment to a student if the award, combined with the other estimated financial assistance the student receives, does not exceed the student's financial need. *34 C.F.R. § 673.5(b)*

Noncompliance: In one instance, a student was awarded more financial aid than the cost of attendance (COA) allowed.

Student 37 This student's COA was calculated to be \$16,886 for the 2011-2012 academic year. He received \$5,550 in Federal Pell Grant funds, \$400 in FSEOG funds, \$3,301 in FWS funds, \$3,500 in Subsidized Direct Loan funds, and \$5,050 in Unsubsidized Direct Loan funds for a total of \$17,801; an overaward of \$915.

Required Action: BBC may incur a liability of \$915 in Unsubsidized Direct Loan funds to the Department. BBC must review the existing awarding procedures and provide assurance to the Department that this type of error will not recur.

Instructions for repayment of any liability will be provided in the Final Program Review Determination Letter (FPRD); BBC must not return funds related to this report until instructed to do so.

Finding 5. Unequal Disbursements of Federal Supplemental Educational Opportunity Grant Program Funds

Citation: An institution must pay a portion of the FSEOG in each payment period awarded for a full academic year. The payments must be split equally between the payment periods the institution expects the student to attend in that year. *34 C.F.R. § 676.16*

However, if the student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, an institution may make unequal disbursements of FSEOG. *2012-13 FSA Handbook, Volume 3 Chapter 1*

Noncompliance: The reviewers noted noncompliance in the manner BBC awarded and disbursed FSEOG to students.

FSEOG was not consistently being paid in each payment period nor split equally. For example: Student 4 This student was enrolled in the Fall 2011 term and the Spring 2012 term. The student received \$400 in FSEOG funds for the Spring 2012 term, but did not receive any FSEOG funds for the Fall 2011 term.

Student 36 This student was enrolled in the Fall 2011 term and the Spring 2012 term. The student received \$400 in FSEOG funds for the Spring 2012 term, but did not receive any FSEOG funds for the Fall 2011 term.

Student 37 This student was enrolled in the Fall 2011 term and the Spring 2012 term. The student received \$400 in the Fall 2011 term, but did not receive any FSEOG funds for the Spring 2012 even though his eligibility status had not changed.

Required Action: BBC must revise the FSEOG awarding and disbursing procedures to ensure equal payments in the award year for future FSEOG awards. The revised procedures must accompany BBC's response to this report.

Finding 6. Inaccurate Reporting of Disbursement Dates to the Common Origination and Disbursement (COD) System

Citation: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with:

1. Funds received from the Secretary; or
2. Institutional funds used in advance of receiving Title IV, HEA program funds.
34 C.F.R § 668.164(a)

A school participating in the Direct Loan Program shall ensure that any information it provides to the Secretary in connection with loan origination is complete and accurate. A school shall originate a Direct Loan while the student meets the borrower eligibility requirements of 34 C.F.R § 685.200. A school shall provide to the Secretary borrower information that includes but is not limited to:

1. The borrower's eligibility for a loan, as determined in accordance with 34 C.F.R § 685.200 and 34 C.F.R § 685.203;
2. The student's loan amount; and
3. The anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. *34 C.F.R § 685.301(a)*

34 C.F.R. § 690.83 requires institutions to submit a student's payment data (including disbursement dates) to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit Federal Pell Grant and/or Direct Loan disbursement records to the COD system no later than 15¹ days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement information. The disbursement date to be reported to COD is the date that the institution credits funds to a student's account or pays funds to a student or parent directly. *COD Technical Reference, 2011-2012, Volume II*

Noncompliance: BBC did not accurately report disbursement dates to COD. The following chart illustrates a sample of the difference between the dates that Title IV, HEA funds were disbursed to seven student accounts as recorded on the student's account card versus the disbursement dates reported to COD:

Student Number	Program	Net Amount	COD Disbursement Date	Student Account Disbursement Date
2	Federal Pell Grant	\$1,912	01/03/2012	02/01/2012
	Federal Direct Loan	\$392	09/20/2011	09/06/2011
3	Federal Pell Grant	\$2,082	08/14/2011	09/15/2011
11	Federal Direct Loan	\$1,742	12/02/2011	01/09/2012
16	Federal Pell Grant	\$2,775	08/13/2012	08/23/2012
19	Federal Pell Grant	\$2,775	08/13/2012	08/23/2012
20	Federal Pell Grant	\$2,600	08/13/2012	08/23/2012
24	Federal Pell Grant	\$2,775	08/13/2012	08/23/2012

Required Action: BBC must revise COD reporting procedures to ensure that the institution accurately reports to COD the date that the institution disburses Title IV, HEA funds to each student's account. A copy of these procedures must accompany BBC's response to this report.

¹ *Federal Register Volume 78, Number 40, February 28, 2013* changed the number of days to submit records from 30 to 15 for the 2012-2013 award year. Federal Student Aid notified the community via an Electronic Announcement on the Information for Financial Aid Professionals website on March 15, 2013.

Finding 7. Unmade or Late NSLDS Enrollment Reporting

Citation: Federal regulations state that a school shall—

- (1) Upon receipt of a student status confirmation report form from the Secretary, complete and return that report within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who --
 - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
 - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
 - (iii) Has changed his or her permanent address. *34 C.F.R. § 685.309*

Student enrollment information is extremely important, because it is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out of school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. *2011-2012 Federal Student Aid Handbook, Volume 2 Chapter 10*

Noncompliance: In two instances, BBC has neither accurately reported student enrollment status to the National Student Loan Data System (NSLDS), nor done it in a timely manner.

Student 2 This student began attendance at BBC in the Fall 1994 term and discontinued attendance after the Spring 1996 term. She re-enrolled for the Fall 2010 term and is currently enrolled as of the on-site portion of the program review. Her enrollment status was not reported to NSLDS after she returned, receiving a Direct Loan in 2010.

Student 10 This student began attendance at BBC in the Fall 2010 term and was reported to NSLDS at half-time enrollment status with an effective date of 8/25/10. He did not return during the Spring 2011 term and should have been reported as withdrawn within the appropriate timeframe after it was apparent he was not returning. He was reported as withdrawn on 1/28/11, which is within the timeframe, but the effective date was not changed from 8/25/10 to 12/16/10, as it should have been. He re-enrolled in the Spring 2012 term and received a Direct Loan, but his enrollment status was again not reported to NSLDS.

Student 31 This student withdrew during the Spring 2012 term. BBC used her last date of attendance, 3/12/12, as the withdrawal date. However, the student was not reported to NSLDS as withdrawn.

Required Action: BBC is required to correct the enrollment status of these students, and review and revise its procedures for reporting enrollment status changes to NSLDS to ensure accurate and timely reporting. Proof that these changes were made and the revised NSLDS enrollment reporting procedures must accompany BBC's response to this report.

Finding 8. Federal Work-Study Job Descriptions Inadequate

Citation: An institution, other than a proprietary institution, may employ a student to work for the institution itself. *34 C.F.R. § 675.21*

An institution that has FWS students employed by a Federal, State or local public agency, or a private nonprofit or for-profit organization, must enter into a written agreement with that agency or organization. The agreement must specify the FWS work conditions. *34 C.F.R. § 675.20(b)*

The off-campus agreement should define:

- the FWS work conditions,
- whether the school or the off-campus organization will be the employer for such purposes as hiring, firing, and paying the student,
- whether the off-campus organization will assume payroll responsibility and bill the school for the federal share of the students' wages, or whether the school will pay the students and bill the off-campus organization for its contribution,
- whether the school or off-campus organization is liable for any on-the-job injuries to the student

In addition, each FWS position should have a job description that includes the following:

- the name and address of the student's employer (department, public agency, nonprofit organization);
- the purpose of the student's job;
- the student's duties and responsibilities;
- the job qualifications;
- the job's wage rate or range;
- the length of the student's employment (beginning and ending dates); and

- the name of the student's supervisor.

2011-2012 Federal Student Aid Handbook, Volume 6 Chapter 2

Noncompliance: BBC's FWS job descriptions lack two required elements; namely the job's wage rate or range and the length of the student's employment.

Required Action: BBC must revise all FWS job descriptions to ensure all required elements are included. The revised job descriptions must accompany BBC's response to this report.

Finding 9. Student Credit Balance Deficiencies

Citation: Federal regulations stipulate that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible, but no later than 14 days after the balance occurred. *34 C.F.R. § 668.164(e)*

In addition, notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except Federal Work Study program funds, that it attempts to disburse directly to a student or parent that the student or parent does not receive or negotiate those funds. If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check. If a check is returned to the institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45 day period. *34 C.F.R § 668.164(h)*

Noncompliance: BBC's staff informed the reviewers in some instances, credit balance refund checks were held for an undetermined period until the recipients were located or the checks were voided and posted back to the recipient's student account. In some instances, credit balance refund checks were held for a year or more before classified as stale. The reviewers identified three checks for the 2011-12 award year that had not been negotiated as of the program review.

Student #	Date of Check	Check Number	Amount	Number of Days Late
31	09/26/11	144696	14.31	352
32	11/10/11	144949	44.00	277
33	02/03/12	145540	181.57	223

Required Action: In response to this finding, BBC is required to disburse the aforementioned checks to the recipients or return the funds to the appropriate Title IV program. As proof of disbursement, BBC must provide an updated copy of the recipient's student account statement and documents confirming that the check has been negotiated or returned to the appropriate Title IV, HEA program.

BBC provided revised procedures to the reviewers during the on-site program review that address and partially satisfies this finding.

Finding 10. Accounting Records Not Reconciled

Citation: Federal regulations require an institution to establish and maintain, on a current basis, financial records that reflect all Title IV, HEA program transactions, general ledger control accounts, and related subsidiary accounts that identify each Title IV program transaction and separate those transactions from all other institutional financial activity. An institution shall account for the receipt and expenditure of Title IV program funds in accordance with generally accepted accounting principles and reconcile its oversight of Title IV funds on at least a monthly basis. *34 C.F.R. §§ 668.24(a)(b), 674.19(d)(1), 675.19(b)(2)(iv), 676.19(b)(2), and 690.81(a)*

Noncompliance: BBC did not reconcile Title IV, HEA funds on at least a monthly basis. For example, the net draws reflected in the Department of Education's Grants Management Payment System (G5) and the Common Origination & Disbursement System (COD) for the Federal Direct Loan Program during the 2010-11 fiscal year is \$2,262,124.00, while the student account ledger shows \$2,262,917.00, a difference of \$793.00. BBC's staff stated that the institution was going through a transition and all financial records had not been integrated with the new campus view financial system.

Required Action: BBC is required to reconcile all Title IV, HEA programs on at least a monthly basis. BBC must reconcile its student account statements with G5 and COD for the 2011-12 and 2012-13 award years, and submit a copy of the reconciliations with all reconciling items.

Also, BBC must develop policies and procedures to reconcile all Title IV, HEA programs on at least a monthly basis. A copy of these procedures must also be included with the response. The institution will be liable for any Title IV, HEA funds received for which it cannot account. Instructions for repayment of any liability will be issued in the FPRD letter.



July 17, 2013

Rev. Mark Milioni
President
Baptist Bible College
628 East Kearney
Springfield, MO 65803-3498

UPS Tracking Number
1ZA5467Y0195185868

RE: **Program Review Report**
OPE ID: 01320800
PRCN: 201240728072

Dear President Milioni:

From September 10, 2012 through September 14, 2012, Jenny Hendrickson and Charles Glasper conducted a review of Baptist Bible College's (BBC) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by BBC. The response should include a brief, written narrative for each finding that clearly states BBC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, BBC must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

Federal Student Aid

AN OFFICE of the U.S. DEPARTMENT of EDUCATION
School Participation Division – Kansas City
1010 Walnut Street Suite 336, Kansas City, MO 64106
StudentAid.gov

inspection by BBC upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Jenny Hendrickson of this office within 30 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. The findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample, which does contain PII. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data/documents containing PII.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Jenny Hendrickson at (816) 268-0411 or jenny.hendrickson@ed.gov.

Sincerely,

(b)(6)

Dvak Corwin
Compliance Manager

cc: Bob Kotulski, Financial Aid Administrator

Enclosure:
Protection of Personally Identifiable Information

Protection of Personally Identifiable Information

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, DVD, USB drive) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

Baptist Bible College

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND™

OPE ID: 01320800

PRCN: 201240728072

Prepared by:

U.S. Department of Education

Federal Student Aid

School Participation Division-Kansas City

Program Review Report

July 17, 2013

1010 Walnut Street, Suite 336, Kansas City, MO 64106

StudentAid.gov

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A. Institutional Information

Baptist Bible College
628 East Kearney
Springfield, MO 65803

Type: Private Nonprofit

Highest Level of Offering: Master's Degree

Accrediting Agencies: Higher Learning Commission of the North Central Association of
Colleges and Schools (Primary)

Association for Biblical Higher Education

Current Student Enrollment: 396 as of August 28, 2012

Percentage of Students Receiving Title IV: 56% (Fall 2012)

Title IV Participation 2011-2012: (G5)

Federal Pell Grant	\$1,050,698
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$30,604
Federal Work-Study (FWS)	\$35,361
William D. Ford Federal Direct Loan Program (Direct Loan)	\$2,209,860
Teacher Education Assistance for College and Higher Education Grant (TEACH)	\$4,000

Default Rate FFEL/DL:	Two-Year Cohort Default Rate	Three-Year Cohort Default Rate
	2010 7.6%	2009 9.0%
	2009 6.2%	
	2008 4.5%	

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Baptist Bible College (BBC) from September 10, 2012 to September 14, 2012. The review was conducted by Jenny Hendrickson and Charles Glasper.

The focus of the review was to determine BBC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of BBC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 5 files were selected based on the school performing a Return to Title IV Calculation for the student, 2 files were selected based on the student receiving Federal Work-Study and the file of the sole TEACH Grant recipient was selected. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning BBC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve BBC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by BBC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Satisfactory Academic Progress Policy Inadequate

Citation: The Secretary considers an institution to have met one standard of administrative capability if the institution establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program for purposes of determining student eligibility for assistance under a Title IV, HEA program.

The Secretary requires that the institution's policy meet specific standards in order to be considered reasonable. The standards include:

- The policy must specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe and provides for measurement of the student's progress at each evaluation:
 - An institution must calculate the pace at which the student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted;
- The policy must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;
- If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy must describe—
 - the basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
 - information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation; and

- the policy must provide for notification to students of the results of an evaluation that impacts the student's eligibility for Title IV, HEA program funds. *34 C.F.R. §668.34*

Noncompliance: BBC's Satisfactory Academic Progress (SAP) policy is not adequate as it is missing several required components and is calculating progress in a manner inconsistent with the Department's requirements.

Specifically, the policy is missing:

- how GPA and pace of completion are affected by course incompletes, withdrawals, repetitions, and transfer of credit from other institutions;
- the basis on which a student may file an appeal;
- information the student must submit regarding why the student failed to make SAP, and what has changed in the student's situation that will allow the student to demonstrate SAP at the next evaluation; and
- how the student will be notified of his or her SAP status.

Acceptable pace of completion is currently calculated at BBC as follows for undergraduate students: Full-time students (12 or more hours a term) must complete 8 hours per term, (a maximum of 66.67%); Three-quarter-time students (9, 10 or 11 hours a term) must complete 6 hours per term (66.67%, 60.00%, and 54.54%, respectively); Half-time students (6-8 hours a term) must complete 5 hours per term (83.33%, 71.43%, and 62.50%, respectively). BBC defines the maximum timeframe as 150% of the program for undergraduate students.

Acceptable pace of completion is currently calculated at BBC as follows for graduate students: Full-time students (8 or more hours a term) must complete 5 hours per term, (a maximum of 62.50%); Three-quarter-time students (6 to 7 hours a term) must complete 4 hours per term (66.67% and 57.14% respectively); Half-time students (4-5 hours a term) must complete 4 hours per term, (100% and 80% respectively). BBC defines the maximum timeframe as 200% of the program for graduate students.

As part of the quantitative measure of SAP, a school has to determine a maximum timeframe for each program. BBC has defined the maximum timeframe as 150% for all undergraduate programs, yet allows a student that is full-time to have a different standard than a student who is half-time, even though those students are in the same program. The percentage used should be the minimum rate that will allow completion of the academic program within the institution's established maximum time frame. Because BBC is allowing all undergraduate students a maximum of 150% of the program, the incremental percentage should be 66.67% (hours required for degree multiplied by 150% = maximum number of hours of Title IV eligibility, hours required for degree divided by maximum number of hours of Title IV eligibility = 66.67%) for all undergraduate students. Accordingly, because BBC is allowing all graduate students a

maximum of 200% of the program, the incremental percentage should be 50.00% (hours required for degree multiplied by 200% = maximum number of hours of Title IV eligibility, hours required for degree divided by maximum number of hours of Title IV eligibility = 50.00%) for all graduate students.

The Department's policy allows an institution to have different GPA and completion standards for different categories of students, such as part-time, full-time, undergraduate and graduate students. However, BBC uses the same maximum time frame for all undergraduate students, regardless of academic workload, and the same maximum time frame for all graduate students, regardless of academic workload. Therefore, all students within those two categories should be measured against the same criteria within their respective category.

Required Action: BBC is required to either change the quantitative incremental standard to 66.67% for all undergraduate students and 50% for all graduate students, or change the maximum time frame percentage for each category to another standard and revise its policy accordingly.

A copy of the revised undergraduate and graduate SAP policies must accompany BBC's response to this report.

Finding 2. Incorrect Return to Title IV Funds Calculation

Citation: When a recipient of Title IV, HEA grant or loan assistance withdraws from an institution during a payment period in which the recipient began attendance, the institution must determine the amount of Title IV, HEA funds that the student earned as of the date of the student's withdrawal. *34 C.F.R. § 668.22(a)(1)*

If the total amount of Title IV, HEA funds that the student earned is less than the amount of Title IV, HEA funds disbursed to the student as of the date that the student withdrew, the difference between these amounts must be returned to the Title IV, HEA programs and no additional disbursements may be made to the student for the payment period. *34 C.F.R. § 668.22(a)(4)*

The percentage of the payment period completed is determined at an institution such as BBC, where programs are measured in credit hours, by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date. The total number of calendar days in a payment period includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period and the number of days completed in that period. *34 C.F.R. § 668.22(f)*

Institutionally scheduled breaks of five or more consecutive days are excluded from the R2T4 calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of Federal Student Aid earned. If a scheduled break occurs prior to a student's withdrawal, all days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed. *2011-2012 FSA Handbook, Volume 5 Chapter 2*

Institutional charges generally are defined as the charges for tuition and fees, room and board and other educational expenses that are paid to the school directly. If a fee (like a registration or technology fee) is required for all students in a program, then the fee should be considered an institutional charge. *2011-2012 FSA Handbook, Volume 5 Chapter 2*

Noncompliance: In all cases, BBC incorrectly calculated the number of total days in the payment period. BBC entered 109 days in the R2T4 calculations for the Fall 2011 term, failing to exclude the weekend before and the weekend after the scheduled break. The Fall 2011 term is 105 days when the entire break is excluded. BBC entered 122 days for the Spring 2012 term, failing to exclude the weekend before the scheduled break, the scheduled break itself and the weekend after the scheduled break. The Spring 2012 term is 113 days when the entire break is excluded.

At the time of the program review, no R2T4 calculations had been completed for the 2012-2013 award year.

Student 31 The student completed 54.9% of the payment period (62 completed days divided by 113 total days in the payment period), not 50.8% (62 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

The R2T4 calculation takes tuition, room, board and certain other institutional charges into consideration. This student's tuition charge used for the calculation was \$2,830 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the charge listed on the student's account statement was \$291.69. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Subsidized Direct Loan funds to the Department than was due.

Student 32 The student completed 22.9% of the payment period (24 completed days divided by 105 total days in the payment period), not 22.0% (24 completed days divided by 109 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the correct number of scheduled break days from the calculation of the percentage of aid earned.

This student's tuition and room charges used for the calculation was \$4,720 and \$2,700, respectively, for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the student did not have any charge for books listed on the account statement. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Federal Pell Grant funds to the Department than was due.

Student 33 The student completed 38.1% of the payment period (43 completed days divided by 113 total days in the payment period), not 35.2% (43 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

This student's tuition charge used for the calculation was \$1,310 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the charge listed on the student's account statement was \$204.68. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Unsubsidized Direct Loan funds to the Department than was due.

Student 34 The student completed 58.4% of the payment period (66 completed days divided by 113 total days in the payment period), not 54.1% (66 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

This student's tuition charge used for the calculation was \$3,250 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an institutional charge in the calculation; however the student did not have any charge for books listed on the account statement. Institutional officials stated \$420 was the student's book allowance for the payment period.

These errors combined resulted in BBC returning more Federal Pell Grant funds to the Department than was due.

Student 35 The student completed 18.6% of the payment period (66 completed days divided by 113 total days in the payment period), not 54.1% (66 completed days divided by 122 total days in the payment period) as BBC calculated, due to the aforementioned failure to exclude the scheduled break days from the calculation of the percentage of earned aid.

This student's tuition charge used for the calculation was \$3,250 for the payment period, substantiated by the student's account statement. BBC included \$420 for books as an

institutional charge in the calculation; however the student did not have any charge for books listed on the account statement. Institutional officials stated \$420 was the student's book allowance for the payment period.

Required Action: BBC is required to examine and revise existing R2T4 procedures to ensure the days in each payment period are being calculated correctly for the current award year and to ensure the institutional charges used in the calculation are correct.

A copy of the revised procedures must accompany BBC's response to this report.

Finding 3. Late Return of Title IV Funds

Citation: An institution must calculate and return Title IV funds as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. *34 C.F.R. § 668.22(j)*

Institutions are expected to have procedures to determine when a student's absence is a withdrawal. Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, at an institution that is required to take attendance, we would expect that the date of the institution's determination that the student withdrew would be no later than 14 days after the student's withdrawal date. *Dear Colleague Letter GEN 04-03, November 17, 2004*

For a student who ceases attendance at an institution that is required to take attendance, the student's withdrawal date is the last date of academic attendance as determined from its attendance records. *34 C.F.R. § 668.22(b)*

The institution is considered to be an institution that is required to take attendance if the institution itself has a requirement that its instructors take attendance. *34 C.F.R. § 668.22(b)(3)(B)*

Noncompliance: BBC failed to make a determination of a student's withdrawal within 14 days of the last date of attendance for those students who ceased attendance in all of his or her classes without officially notifying the institution of his or her withdrawal.

Student 31 After earning all "F" grades, BBC determined this student withdrew unofficially from the Spring 2012 term. BBC used her last date of attendance, 3/12/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution

must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 3/12/12 would mean that the funds should have been returned by 4/26/12. BBC returned the funds to the Department on 6/27/12, making the return of Title IV, HEA program funds 62 days late.

Student 33 After earning all "F" grades, BBC determined this student withdrew unofficially from the Spring 2012 term. BBC used his last date of attendance, 2/22/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 2/22/12 would mean that the funds should have been returned by 4/6/12. BBC returned the funds on 6/27/12, making the return of Title IV, HEA program funds 82 days late.

Student 34 After earning all "F" grades, BBC determined this student withdrew unofficially from the Spring 2012 term. BBC used his last date of attendance, 3/16/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 3/16/12 would mean that the funds should have been returned by 4/30/12. BBC returned the funds on 6/28/12, making the return of Title IV, HEA program funds 59 days late.

Student 35 After earning a WP (Withdrawn Passing) grade in the only class she was enrolled in during the Spring 2012 term, BBC determined this student withdrew unofficially from the term. However, to receive a grade of WP, the student must have officially withdrawn from that class. A letter in the student's file from the Registrar states the student withdrew on 2/1/12.

BBC used her last date of attendance, 1/31/12, as the student's withdrawal date and the school's date of determination that the student withdrew. An institution must return any funds it is responsible for returning no more than 45 days after the date of determination; using the date of 2/1/12 would mean that the funds should have been returned by 3/16/12. BBC returned this student's Federal Pell Grant funds on 6/28/12, making the return of Title IV, HEA program funds 104 days late.

Required Action: BBC is required to revise the internal R2T4 procedures to ensure a determination is made of a student's withdrawal status within 14 days of the last date of the student's attendance; and to ensure funds are returned to the Title IV, HEA program within 45 days of the date of the determination that the student withdrew.

Additionally, BBC must revise the internal R2T4 procedures to include the process used to determine the student's withdrawal date and the institutional time frame for returning Title IV, HEA program funds as a result of a student's withdrawal.

The revised procedures must accompany BBC's response to this report.

Finding 4. Overaward – Financial Need Exceeded

Citation: An institution may only award FWS employment to a student if the award, combined with the other estimated financial assistance the student receives, does not exceed the student's financial need. *34 C.F.R. § 673.5(b)*

Noncompliance: In one instance, a student was awarded more financial aid than the cost of attendance (COA) allowed.

Student 37 This student's COA was calculated to be \$16,886 for the 2011-2012 academic year. He received \$5,550 in Federal Pell Grant funds, \$400 in FSEOG funds, \$3,301 in FWS funds, \$3,500 in Subsidized Direct Loan funds, and \$5,050 in Unsubsidized Direct Loan funds for a total of \$17,801; an overaward of \$915.

Required Action: BBC may incur a liability of \$915 in Unsubsidized Direct Loan funds to the Department. BBC must review the existing awarding procedures and provide assurance to the Department that this type of error will not recur.

Instructions for repayment of any liability will be provided in the Final Program Review Determination Letter (FPRD); BBC must not return funds related to this report until instructed to do so.

Finding 5. Unequal Disbursements of Federal Supplemental Opportunity Grant Program Funds

Citation: An institution must pay a portion of the FSEOG in each payment period awarded for a full academic year. The payments must be split equally between the payment periods the institution expects the student to attend in that year. *34 C.F.R. § 676.16*

However, if the student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, an institution may make unequal disbursements of FSEOG. *2012-13 FSA Handbook, Volume 3 Chapter 1*

Noncompliance: The reviewers noted noncompliance in the manner BBC awarded and disbursed FSEOG to students.

FSEOG was not consistently being paid in each payment period nor split equally. For example: Student 4 This student was enrolled in the Fall 2011 term and the Spring 2012 term. The student received \$400 in FSEOG funds for the Spring 2012 term, but did not receive any FSEOG funds for the Fall 2011 term.

Student 36 This student was enrolled in the Fall 2011 term and the Spring 2012 term. The student received \$400 in FSEOG funds for the Spring 2012 term, but did not receive any FSEOG funds for the Fall 2011 term.

Student 37 This student was enrolled in the Fall 2011 term and the Spring 2012 term. The student received \$400 in the Fall 2011 term, but did not receive any FSEOG funds for the Spring 2012 even though his eligibility status had not changed.

Required Action: BBC must revise the FSEOG awarding and disbursing procedures to ensure equal payments in the award year for future FSEOG awards. The revised procedures must accompany BBC's response to this report.

Finding 6. Inaccurate Reporting of Disbursement Dates to the Common Origination and Disbursement (COD) System

Citation: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with:

1. Funds received from the Secretary; or
2. Institutional funds used in advance of receiving Title IV, HEA program funds.
34 C.F.R § 668.164(a)

A school participating in the Direct Loan Program shall ensure that any information it provides to the Secretary in connection with loan origination is complete and accurate. A school shall originate a Direct Loan while the student meets the borrower eligibility requirements of 34 C.F.R § 685.200. A school shall provide to the Secretary borrower information that includes but is not limited to:

1. The borrower's eligibility for a loan, as determined in accordance with 34 C.F.R § 685.200 and 34 C.F.R § 685.203;
2. The student's loan amount; and
3. The anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. *34 C.F.R § 685.301(a)*

34 C.F.R. § 690.83 requires institutions to submit a student's payment data (including disbursement dates) to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit Federal Pell Grant and/or Direct Loan disbursement records to the COD system no later than 15¹ days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement information. The disbursement date to be reported to COD is the date that the institution credits funds to a student's account or pays funds to a student or parent directly. *COD Technical Reference, 2011-2012, Volume II*

Noncompliance: BBC did not accurately report disbursement dates to COD. The following chart illustrates a sample of the difference between the dates that Title IV, HEA funds were disbursed to seven student accounts as recorded on the student's account card versus the disbursement dates reported to COD:

Student Number	Program	Net Amount	COD Disbursement Date	Student Account Disbursement Date
2	Federal Pell Grant	\$1,912	01/03/2012	02/01/2012
	Federal Direct Loan	\$392	09/20/2011	09/06/2011
3	Federal Pell Grant	\$2,082	08/14/2011	09/15/2011
11	Federal Direct Loan	\$1,742	12/02/2011	01/09/2012
16	Federal Pell Grant	\$2,775	08/13/2012	08/23/2012
19	Federal Pell Grant	\$2,775	08/13/2012	08/23/2012
20	Federal Pell Grant	\$2,600	08/13/2012	08/23/2012
24	Federal Pell Grant	\$2,775	08/13/2012	08/23/2012

Required Action: BBC must revise COD reporting procedures to ensure that the institution accurately reports to COD the date that the institution disburses Title IV, HEA funds to each student's account. A copy of these procedures must accompany BBC's response to this report.

¹ *Federal Register Volume 78, Number 40, February 28, 2013* changed the number of days to submit records from 30 to 15 for the 2012-2013 award year. Federal Student Aid notified the community via an Electronic Announcement on the Information for Financial Aid Professionals website on March 15, 2013.

Finding 7. Unmade or Late NSLDS Enrollment Reporting

Citation: Federal regulations state that a school shall—

- (1) Upon receipt of a student status confirmation report form from the Secretary, complete and return that report within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who –
 - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
 - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
 - (iii) Has changed his or her permanent address. *34 C.F.R. § 685.309*

Student enrollment information is extremely important, because it is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out of school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. *2011-2012 Federal Student Aid Handbook, Volume 2 Chapter 10*

Noncompliance: In two instances, BBC has neither accurately reported student enrollment status to the National Student Loan Data System (NSLDS), nor done it in a timely manner.

Student 2 This student began attendance at BBC in the Fall 1994 term and discontinued attendance after the Spring 1996 term. She re-enrolled for the Fall 2010 term and is currently enrolled as of the on-site portion of the program review. Her enrollment status was not reported to NSLDS after she returned, receiving a Direct Loan in 2010.

Student 10 This student began attendance at BBC in the Fall 2010 term and was reported to NSLDS at half-time enrollment status with an effective date of 8/25/10. He did not return during the Spring 2011 term and should have been reported as withdrawn within the appropriate timeframe after it was apparent he was not returning. He was reported as withdrawn on 1/28/11, which is within the timeframe, but the effective date was not changed from 8/25/10 to 12/16/10, as it should have been. He re-enrolled in the Spring 2012 term and received a Direct Loan, but his enrollment status was again not reported to NSLDS.

Student 31 This student withdrew during the Spring 2012 term. BBC used her last date of attendance, 3/12/12, as the withdrawal date. However, the student was not reported to NSLDS as withdrawn.

Required Action: BBC is required to correct the enrollment status of these students, and review and revise its procedures for reporting enrollment status changes to NSLDS to ensure accurate and timely reporting. Proof that these changes were made and a the revised NSLDS enrollment reporting procedures must accompany BBC's response to this report.

Finding 8. Federal Work-Study Job Descriptions Inadequate

Citation: An institution, other than a proprietary institution, may employ a student to work for the institution itself. *34 C.F.R. § 675.21*

An institution that has FWS students employed by a Federal, State or local public agency, or a private nonprofit or for-profit organization, must enter into a written agreement with that agency or organization. The agreement must specify the FWS work conditions. *34 C.F.R. § 675.20(b)*

The off-campus agreement should define:

- the FWS work conditions,
- whether the school or the off-campus organization will be the employer for such purposes as hiring, firing, and paying the student,
- whether the off-campus organization will assume payroll responsibility and bill the school for the federal share of the students' wages, or whether the school will pay the students and bill the off-campus organization for its contribution,
- whether the school or off-campus organization is liable for any on-the-job injuries to the student

In addition, each FWS position should have a job description that includes the following:

- the name and address of the student's employer (department, public agency, nonprofit organization);
- the purpose of the student's job;
- the student's duties and responsibilities;
- the job qualifications;
- the job's wage rate or range;
- the length of the student's employment (beginning and ending dates); and

- the name of the student's supervisor.

2011-2012 Federal Student Aid Handbook, Volume 6 Chapter 2

Noncompliance: BBC's FWS job descriptions lack two required elements; namely the job's wage rate or range and the length of the student's employment.

Required Action: BBC must revise all FWS job descriptions to ensure all required elements are included. The revised job descriptions must accompany BBC's response to this report.

Finding 9. Student Credit Balance Deficiencies

Citation: Federal regulations stipulate that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible, but no later than 14 days after the balance occurred. *34 C.F.R. § 668.164(e)*

In addition, notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except Federal Work Study program funds, that it attempts to disburse directly to a student or parent that the student or parent does not receive or negotiate those funds. If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check. If a check is returned to the institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45 day period. *34 C.F.R. § 668.164(h)*

Noncompliance: BBC's staff informed the reviewers in some instances, credit balance refund checks were held for an undetermined period until the recipients were located or the checks were voided and posted back to the recipient's student account. In some instances, credit balance refund checks were held for a year or more before classified as stale. The reviewers identified three checks for the 2011-12 award year that had not been negotiated as of the program review.

Student #	Date of Check	Check Number	Amount	Number of Days Late
31	09/26/11	144696	14.31	352
32	11/10/11	144949	44.00	277
33	02/03/12	145540	181.57	223

Required Action: In response to this finding, BBC is required to disburse the aforementioned checks to the recipients or return the funds to the appropriate Title IV program. As proof of disbursement, BBC must provide an updated copy of the recipient's student account statement and documents confirming that the check has been negotiated or returned to the appropriate Title IV, HEA program.

BBC provided revised procedures to the reviewers during the on-site program review that address and partially satisfies this finding.

Finding 10. Accounting Records Not Reconciled

Citation: Federal regulations require an institution to establish and maintain, on a current basis, financial records that reflect all Title IV, HEA program transactions, general ledger control accounts, and related subsidiary accounts that identify each Title IV program transaction and separate those transactions from all other institutional financial activity. An institution shall account for the receipt and expenditure of Title IV program funds in accordance with generally accepted accounting principles and reconcile its oversight of Title IV funds on at least a monthly basis. *34 C.F.R. §§ 668.24(a)(b), 674.19(d)(1), 675.19(b)(2)(iv), 676.19(b)(2), and 690.81(a)*

Noncompliance: BBC did not reconcile Title IV, HEA funds on at least a monthly basis. For example, the net draws reflected in the Department of Education's Grants Management Payment System (G5) and the Common Origination & Disbursement System (COD) for the Federal Direct Loan Program during the 2010-11 fiscal year is \$2,262,124.00, while the student account ledger shows \$2,262,917.00, a difference of \$793.00. BBC's staff stated that the institution was going through a transition and all financial records had not been integrated with the new campus view financial system.

Required Action: BBC is required to reconcile all Title IV, HEA programs on at least a monthly basis. BBC must reconcile its student account statements with G5 and COD for the 2011-12 and 2012-13 award years, and submit a copy of the reconciliations with all reconciling items.

Also, BBC must develop policies and procedures to reconcile all Title IV, HEA programs on at least a monthly basis. A copy of these procedures must also be included with the response. The institution will be liable for any Title IV, HEA funds received for which it cannot account. Instructions for repayment of any liability will be issued in the FPRD letter.