



July 22, 2015

Dr. James Klauber  
President  
Calhoun Community College  
6250 Highway 31 North  
Tanner, AL 35671

UPS Tracking #1ZA87964NY97068781

RE: **Final Program Review Determination**  
OPE ID: 00101300  
PRCN: 201440428744

Dear Dr. Klauber:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on November 19, 2014 covering Calhoun Community College's (CCC) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2013-2014 (year to date) award year. CCC's final response was received on January 6, 2015. A copy of the program review report (and related attachments) and CCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CCC 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.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

Please note that the appeal instructions contained herein apply only to the appeal of the financial liabilities established in this final program review determination.

The total liabilities due from the institution from this program review are \$2,323.

This final program review determination contains detailed information about the liability determination for all findings.

**Federal Student Aid**

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division - Atlanta

61 Forsyth Street, S.W.; Suite 18T40; Atlanta, GA 30303

StudentAid.gov

### **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. To protect PII, the findings in the attached report does 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. Appendix A was encrypted and sent separately to the institution via e-mail.

### **Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the November 19, 2014 program review report. If CCC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date CCC receives this FPRD. An original and four copies of the information CCC submits must be attached to the request. The request for an appeal must be sent to:

Director  
Administrative Actions and Appeals Service Group  
U.S. Department of Education  
Federal Student Aid/PC  
830 First Street, NE - UCP3, Room 84F2  
Washington, DC 20002-8019

CCC's appeal request must:

- (1) Indicate the findings, issues and facts being disputed;
- (2) State the institution's position, together with pertinent facts and reasons supporting its position;
- (3) Include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) Include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to CCC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

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**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)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact LaTonya Nesbitt at (404) 974-9247. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)



*for* Christopher Miller  
Division Director

Enclosure:

Protection of Personally Identifiable Information  
Program Review Report (and appendices)  
Institution's Response  
Final Program Review Determination Report (and appendices)

cc: Dr. Patricia Wilson, Financial Aid Administrator  
AL State Board of Education  
AL Commission on Higher Education  
Southern Association of Colleges and Schools Commission on Colleges  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

## **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).

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PII being submitted electronically 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 Win Zip 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 and electronic files 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

**Calhoun Community  
College**

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

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the AMERICAN MIND™

**OPE ID: 00101300  
PRCN: 201440428744**

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**Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division - Atlanta**

## **Final Program Review Determination**

**July 22, 2015**

U.S. Department of Education, Atlanta School Participation Division  
61 Forsyth St., SW, Room J8T40, Atlanta, GA 30303  
[StudentAid.gov](http://StudentAid.gov)

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### Enclosures

- Appendix A: Student Sample
- Appendix B: Program Review Report
- Appendix C: Institution's Written Response
- Appendix D: Cost of Funds Worksheet
- Appendix E: Estimated Loss Formula Worksheet

**A. Institutional Information**

Calhoun Community College  
6250 Highway 31 North  
Tanner, AL 35671

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Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 16,591 (2014)

% of Students Receiving Title IV, HEA funds: 41.83% (2014)

Title IV, HEA Program Participation (PCNet):

	<u>2013-2014</u>
Federal PELL Grant	\$18,059,238
William D. Ford Federal Direct Loan Program	\$20,474,069
Federal Supplemental Educational Opportunity Grant	\$ 364,166
Federal Work Study	\$ 227,719

Default Rate FFEL/DL:      2011 – 23.4%  
   2010 – 23.8%  
   2009 – 18.9%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Calhoun Community College (CCC) from August 12, 2014 to August 14, 2014. The review was conducted by LaTonya Nesbitt and David Smittick.

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

A sample of 15 files was identified for review from the 2013-2014 (year to date) award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. Appendix A identifies the students whose files were examined during the program review. A program review report was issued on November 19, 2014.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CCC'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 CCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

## **C. Findings and Final Determinations**

### **Resolved Findings**

CCC has taken the corrective actions necessary to resolve findings 1, 2, 3, 6, and 7 of the program review report. Therefore, these findings may be considered closed. Appendix C containing the institution's written response related to the resolved findings is enclosed. Findings requiring further action by CCC are discussed below.

### **Findings with Final Determinations**

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of CCC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on November 19, 2014 is attached as Appendix B.

#### **Finding 4: Failure to Resolve C Code on Institutional Student Information Record (ISIR)**

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##### **Citations Summary:**

An institution must develop and apply an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. 34 C.F.R. § 668.16(f), General Provisions.

To be eligible to receive Title IV, HEA program funds, a male student who is subject to registration with the Selective Service must register with the Selective Service. When the Secretary processes a male student's FAFSA, the Secretary determines whether the student is registered with the Selective Service under a data match with the Selective Service. Under the data match, Selective Service reports to the Secretary whether its records indicate that the student is registered, and the Secretary reports the results of the data match to the student and the institution the student is attending. If the Selective Service does not confirm through the data match, that the student is registered, the student can establish that he is registered; has registered since the submission of the FAFSA; or meets the conditions of paragraph (d) of this section. 34 C.F.R. § 668.37, General Provisions.

##### **Noncompliance Summary:**

The records for student #6 contained no documentation to support that the C Code on the 2013-2014 ISIR had been resolved. The ISIR stated that the Selective Service reported that student #6 had not registered with Selective Service.

##### **Required Action Summary:**

CCC had to provide evidence that student #6 was registered with Selective Service or was exempt from registration.

##### **CCC's Response:**

CCC stated that each verifier at the institution has a list of required C Codes provided by the Department of Education that must be resolved prior to any federal aid being awarded. In addition, the verifiers have been instructed and trained to check the appropriate Banner forms that list C Codes and perform the required steps to ensure that C Codes are properly resolved. CCC stated the verifier at the institution overlooked the C Code on the 2013-2014 ISIR and failed to resolve the discrepancy.

**Final Determination:**

CCC failed to provide evidence that student #6 was registered with Selective Service or was exempt from registration. Therefore, student #6 was ineligible and received Title IV funds in the amount of \$5,367 (\$2,117 of Federal Pell Grants and \$3,250 of Direct Loans). CCC must remit \$2,117 in Federal Pell Grants to the Department due to an ineligible student receiving Title IV funds because he did not register with Selective Service and the institution failed to resolve the C Code on the 2013-2014 ISIR.

In addition, the institution is liable to the Department for the cost of funds. Cost of funds is the expense the Department incurred as a result of the institution retaining \$2,117 in improperly disbursed funds. The cost of funds amount for this finding is \$26. Please refer to Appendix D.

Also, it is the Department's policy to use an estimated loss formula when a student is disbursed Title IV loan funds in which they are not entitled. The estimated loss formula is a calculation that determines the amount of interest and special allowance the Department may incur should the borrower default on the ineligible loan funds. The estimated loss formula for the ineligible loans is based on CCC's most recent cohort default rate available. Using the estimated loss formula resulted in a liability of \$180 due to the institution retaining improperly disbursed funds in the amount of \$3,250 in DL funds. Please refer to Appendix E.

The total liability due to the Department for the ineligible student is **\$2,323** (\$2,117 + \$26 + \$180). The institution may refer to the Established Liabilities chart on page 8 of this report for the total liability.

Please refer to the Repayment Section of this letter for instructions regarding the repayment of these funds.

**Finding 5. Return of Title IV Policy – Missing Components**

**Citation Summary:**

The institution must have a published refund policy that conforms to state and accrediting agency requirements.

Additionally, the institution must have a written policy that describes how it will meet the requirement to return unearned Title IV funds to the Department when a student withdraws from the institution. This policy is titled the Return of Title IV (R2T4) policy. The R2T4 policy instructs an institution how to determine the amount of Title IV aid an institution earns when a student does not complete the period of enrollment.

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or a period of enrollment in which the recipient began attendance, the institution must determine the amount of Federal Student Aid program assistance (not including FWS or the non-federal share of FSEOG) that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22, General Provisions.

**Noncompliance Summary:**

First, the institution failed to identify its policy as the "Return of Title IV (R2T4) Policy". In addition, the institution failed to include the following required items in its R2T4 policy listed below.

- A system to determine the withdrawal date for a student who withdraws officially or unofficially; and
- Guidelines pertaining to the 45 day time frame for the return of Title IV program funds.

**Required Action Summary:**

CCC was required to revise its current R2T4 policy to comply with federal regulations. CCC was required to submit a copy of the revised policy to this office.

**CCC's Response:**

CCC stated it revised its Return of Title IV Funds policy to comply with federal regulations and it included the following:

- Revised the policy name to Return of Title IV Policy;
- A system to determine the withdrawal date for a student who withdraws officially or unofficially;
- Guidelines pertaining to the 45 day time frame for the return of Title IV program funds.

**Final Determination:**

Even though CCC updated its R2T4 policy, it failed to include its guidelines pertaining to the 45 day time frame the school has to return the Title IV funds to the Department. This process should clearly be stated in its R2T4 policy for all of its Title IV students.

To resolve this finding, CCC must revise its current R2T4 policy to include the guidelines pertaining to the 45 day time frame the school has to return the R2T4 funds to the Department.

CCC's auditor must verify that the R2T4 policy has been updated. These results should be stated in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

The institution is advised that failure to satisfactorily resolve this finding, may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 CFR Part 668, Subpart G.

**D. Summary of Liabilities**

**Established Liabilities**

Liabilities	Pell (Closed Award Year)	ELF DL	
Finding 1			
Finding 2			
Finding 3			
Finding 4	\$2,117	\$180	
Finding 5			
Finding 6			
Finding 7			
<b>Subtotal 1</b>	\$2,117	\$180	
Interest/SA	\$ 26		
Excess Cash			
ACA			
<b>Subtotal 2</b>	\$2,143	\$180	
<b>TOTAL</b>	\$2,143	\$180	
<b>Payable To:</b>			<b>Totals</b>
Department	\$2,143	\$180	<b>\$2,323</b>
Students			
Lenders			
Inst. Accts.			

<b>Total Liabilities</b>			<b>\$2,323</b>
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**Estimated Loss Formula (ELF):**

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated loss to the Department that has resulted or will result from those ineligible loans is based on CCC's most recent cohort default rate available.

The total amount of Direct Loans that CCC improperly disbursed during the 2013-2014 award year is \$3,250. The total estimated loss that CCC must pay to the Department for the ineligible loans is \$180. Copies of the results of those calculations are included in Appendix E.

**E. Payment Instructions**

**1. Liabilities Owed to the Department**

**Liabilities Owed to the Department \$1,000 or More but Less Than \$100,000**

CCC owes to the Department **\$2,323**. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address *within 45 days of the date of this letter*:

U.S. Department of Education  
P.O. Box 979026  
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

**Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).**

The following identification data must be provided with the payment:

**Amount:** \$2,323  
**DUNS:** 075464107  
**TIN:** 630505871  
**Program Review Control Number:** 201440428744

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**Terms of Payment**

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. CCC is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to CCC's account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education  
OCFO Financial Management Operations  
Accounts Receivable Group  
550 12th Street, S.W., Room 6114  
Washington, DC 20202-4461

If within 45 days of the date of this letter, CCC has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due CCC from the Federal Government. **CCC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CCC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

**2. Liabilities Owed to the Department in the case of Direct Loans**

**Direct Loan Liabilities:**

Finding: 4  
 Appendix E

<b>DL – Estimated Loss</b>	
Amount	Award Year
\$180	2013-2014
<b>Total</b>	
\$180	

CCC must pay the amount above in DL estimated loss liabilities. This amount is reflected in the total amount owed to the Department in Section 1 above.

**3. Liabilities Owed to the Department in the case of Title IV Grants**

**Pell Grant Liabilities – Closed Award Year**

Finding: 4  
 Appendix D

CCC must repay:

<b>Pell - Closed Award Year</b>			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$2,117	\$26	Pell Grant	2013-2014
<b>Total Principal</b>	<b>Total Interest</b>		
\$2,117	\$26		

The disbursement record for each student identified in the Appendix D to the applicable finding(s) must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix.

**Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.**

A copy of the adjustment to each student's COD record must be sent to LaTonya Nesbitt within 45 days of the date of this letter.

### **Request Extended Processing**

COD adjustments are necessary for the closed award-year(s) listed above. Before any student level adjustments can be processed, CCC must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

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- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the institution should indicate in their explanation that the request is based on a program review, and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award-year(s).