



February 2, 2015

Dr. James Clark
President
Calvary Bible College
15800 Calvary Road
Kansas City, MO 64147-1341

Sent via UPS
1ZA879640292157900

RE: **Final Program Review Determination**
OPE ID: 00245000
PRCN: 201140727583

Dear Dr. Clark:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on June 20, 2012 covering Calvary Bible College's (Calvary) 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 2010-2011 and 2011-2012 award years. Calvary's final response was received on November 30, 2012. A copy of the program review report (and related attachments) and Calvary's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Calvary 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) notify Calvary of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

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

This FPRD contains one or more findings regarding Calvary's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) in *Section 485(f) of the HEA, 20 U.S.C. § 1092(f)*, and the Department's regulations in *34 C.F.R. §§ 668.41, 668.46, and 668.49*. Since a *Clery Act* finding does not result in a financial liability, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about Calvary's appeal rights will be provided under separate cover

The total liabilities due from the institution from this program review are \$163,098.00

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

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 do not contain any student PII. Instead, the finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample of the Program Review Report. In addition, Appendices B, C, and F also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the June 20, 2012 program review report. If Calvary 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 Calvary receives this FPRD. An original and four copies of the information Calvary submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, 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

Calvary'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 Calvary'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).**

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 Jenny Hendrickson at (816) 268-0411. 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)

Ralph LoBosco
Division Director

Enclosure:
Protection of Personally Identifiable Information
Final Program Review Determination Report (and appendices)

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

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, USB drive, DVD) 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
Calvary Bible College

Federal Student Aid
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OPE ID 00245000
PRCN 201140727583

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination

February 2, 2015

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A. Institutional Information

Calvary Bible College
dba Calvary Bible College and Theological Seminary
15800 Calvary Road
Kansas City, MO 64147

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree

Accrediting Agencies:

North Central Association of Colleges and Schools – Higher
Learning Commission (Primary)

Association for Biblical Higher Education (Secondary)

Current Student Enrollment: 309 (2010-2011)

Percentage of Students Receiving Title IV, HEA aid: 70

Title IV Participation (Source: G5):

	<u>2010-2011</u>
Federal Pell Grant (Pell)	\$560,251
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$10,984
William D. Ford Federal Direct Loan Program (DL)	\$1,715,686

Loan Default Rate:

2009	0.0%
2008	2.4%
2007	1.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Calvary Bible College (Calvary) from July 11, 2011 to July 14, 2011. The review was conducted by Jenny Hendrickson, Chris Thompson, and Kathy Feith.

The focus of the review was to determine Calvary'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 Calvary'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 15 files was identified for review from the 2010-2011 award year. 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, one file was selected from the 2009-2010 award year as it was the only Return to Title IV calculation the institution performed during the 2009-2010 and 2010-2011 award years. Seven files were selected based on the student's receiving a GPA of zero for a term in 2010-2011. Two files were selected based on the institution's determining the student qualified as an independent student and exercising its authority to change the FAFSA to remove or omit parental information. Two files were selected based on the student's enrollment in the Children's Ministry program. Six students were selected based on the type of Title IV, HEA program aid they received. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. The program review report (PRR) was issued on June 20, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Calvary'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 Calvary 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

Findings 1, 2, 3, 5, 6, 8, 9, 11, 12, 14, 15, 16, 17, 18, 19, 20, 23, 24, 25, 26

Calvary has taken the corrective actions necessary to resolve the findings in the program review report noted above. Therefore, these findings may be considered closed. Findings requiring further action by Calvary are discussed below.

Findings with Comments

Finding 21. Failure to Comply with Drug and Alcohol Prevention Regulations

Citation Summary: The purpose of the Drug and Alcohol Abuse Prevention regulations is to implement section 22 of the Drug-Free Schools and Communities Act Amendments of 1989, which added section 1213 to the Higher Education Act. These amendments require that, as a condition of receiving funds or any other form of financial assistance under any Federal program, an institution of higher education must certify that it has adopted and implemented a drug prevention program as described in 34 C.F.R. §86.

The Department's regulations and the Drug Free Schools and Campus Act require participating institutions of higher education to conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the program if they are needed; and (2) ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced. 34 C.F.R. §86.100 (b)(1)(2)

In addition, an institution's drug prevention program must include an annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit. 34 C.F.R. § 86.100 (a)

Noncompliance Summary: Calvary does not have a published policy in its consumer information which discusses disciplinary sanctions for drug and/or alcohol offenses for students. Students are directed in the university catalog to contact the College Student Deans Office for details. Calvary does have a Drug-Free Workplace policy which staff and faculty are required to sign; however, the Policy agreements do not discuss health risks associated with illicit use of drugs and alcohol. Additionally, Calvary does not do the required Biennial Review of its policies to ensure their effectiveness. As an institution, Calvary does no review of disciplinary sanctions prescribed to ensure

consistent enforcement is done for all affected parties on campus (staff and students). Calvary's policy references potential consequences in the event violations occur; however, the consequences appear to be subjective and open to potentially being unenforced. Finally, Calvary does not distribute information annually about the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.

Required Action Summary: *Calvary must immediately begin reviewing its drug and alcohol prevention program to ensure it includes all regulatory components. Additionally, Calvary must distribute these policies to all staff and students, even those who are taking reduced coursework to ensure the entire campus body is aware of the policies and consequences which follow breaches. Calvary must conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations. As part of the response to the program review report, Calvary must provide evidence of distribution of the drug and alcohol policies to all applicable parties.*

Calvary's Response: In its response, Calvary concurred with the finding and stated that upon learning of the non-compliance, immediate steps were taken to address the violations. In its response, the College asserted that the following actions were taken:

- **Drug and Alcohol Abuse Prevention Program (DAAPP):** Calvary stated the DAAPP was reviewed and revised to include all of the components that are required by the *DFSCA*. Calvary currently maintains two policies, one for students and one for employees. The two policies contain much of the same content with wording changes to accurately reflect appropriate courses of action depending on whether the violator is a student or employee. Copies of both policies were submitted with the College's response.
- **DAAPP Disclosure Distribution:** Calvary claimed that its DAAPP is published in the Student Handbook, the Staff Handbook, and the Faculty Handbook. The handbooks are distributed annually to their respective constituents, who then sign a written statement that they have been read. Additionally, any time a student or employee joins Calvary mid-year they are given the appropriate handbook to read and likewise must sign off that it has been read. Handbooks are available in electronic and hardcopy formats. Handbooks were emailed to every employee. Calvary submitted the e-mail distribution lists as proof of distribution. In addition, the response stated that the Student Handbook is distributed to each student with an on-campus mailbox during the first week of the academic year. The DAAPP is included in this publication as well. Hard copies of this

publication also were given to all students that attended new student orientation. Moreover, the College claimed that the Student Handbook was distributed electronically to all students who do not have an on-campus mailbox. All Handbooks are also publicly available on Calvary's website.

- **Biennial Review:** In 2012, Calvary claimed that the College conducted its first biennial review as part of its corrective action plan. Calvary stated that the review indicated that the DAAPP was adequate to demonstrate compliance with the *DFSCA*. The review did indicate that while current distribution methods were acceptable, there may be ways of improving policy distribution that better ensures complete coverage. Calvary submitted the 2012 biennial report with the school's response.

Final Determination: Finding #21 of the program review report identified multiple violations of the *DFSCA* and the Department's regulations at 34 C.F.R. Part 86. Specifically, Calvary failed to develop and implement a comprehensive DAAPP that addressed all of the requirements in the regulations. The review team also found that the College's DAAPP disclosure was incomplete and that the program materials were not actively distributed to all current employees and students enrolled for academic credit as required by the regulations. In addition, Calvary failed to conduct a biennial review to assess the effectiveness of the institution's DAAPP and as a result, failed to produce a report of findings and/or improvements.

As a result of these violations, the College was required to take all necessary remedial action to address each component of the finding. In its response, Calvary generally concurred with the finding except for the DAAPP distribution element. Calvary provided documentation to support its claim that it had distributed the DAAPP and that it had taken appropriate remedial action. Calvary provided copies of pre-existing publications that included the DAAPP information and an explanation of the various means by which these publications were distributed to students and employees.

The Department carefully reviewed the narrative response and supporting documents submitted by Calvary. Based on that review, the violations identified in the finding are sustained with the exception of the finding that Calvary had not properly distributed the DAAPP. As noted, Calvary submitted credible documentation that indicated that the prior version of the disclosure was provided to students and employees during the review period. The Department's analysis also determined that Calvary's new program materials meet minimum requirements. Based on these facts, the Department accepts the College's response and considers this finding to be closed for purposes of the program review.

Although the program review finding is closed, Calvary is reminded that the exceptions identified above constitute very serious and persistent violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly “correct” violations of this type once they occur. Calvary was required to take remedial actions and by doing so, has taken steps to finally comply with the *DFSCA* as required by its Program Participation Agreement (PPA). Nevertheless, Calvary officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment. The compliance failures identified during the review deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. Moreover, Calvary’s failure to conduct a comprehensive biennial review has deprived the institution of important information about the effectiveness of any drug and alcohol programs that were in place. These persistent violations call the College’s ability and/or willingness to properly administer the Title IV, FSA Programs into serious question. For these reasons, the College is advised that its recent remedial actions cannot and do not diminish the seriousness of these violations nor do these efforts eliminate the possibility that the Department will impose an adverse administrative action and/or additional corrective measures as a result.

Given the serious consequences of compliance failures of this type, the Department strongly recommends that Calvary re-examine its campus safety and drug and alcohol abuse prevention policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the institution’s new policies and procedures.

Finding 22. Crime Awareness Requirements Not Met

Citation Summary: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department’s regulations require that institutions receiving Title IV, HEA funds publish and disseminate an annual security report that describes policies and statistics relating to campus crime. 34 C.F.R. § 668.46

The Annual Security Report (ASR) must be distributed to all enrolled students and current employees by October 1 of each year. 34 C.F.R. § 668.41(e)(1)

At a minimum, the following information must be included in the annual security report:

- *A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include the institution's policies concerning its response to these reports, including:*
 - *Policies for making timely warnings to members of the campus community regarding the occurrence of those crimes required to be reported in the crime statistics section of the annual report. 34 C.F.R. § 668.46(b)(2)(i);*
 - *Policies for preparing the annual disclosure of crime statistics. 34 C.F.R. § 668.46(b)(2)(ii); and,*
 - *A list of the titles of each person or organization to which students and employees should report the criminal offenses described below for the purpose of making timely warning reports and the annual statistical disclosure. This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics, and, if so, a description of those policies and procedures. 34 C.F.R. §668.46(b)(2)(iii)*

- *A statement of current policies concerning security of and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities. 34 C.F.R. § 668.46(3)*

- *A statement of current policies concerning campus law enforcement that—*
 - *Addresses the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals;*
 - *Encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies; and,*
 - *Describes procedures, if any that encourages pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics. 34 C.F.R. § 668.46(4)*

- *A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others. 34 C.F.R. § 668.46(b)(5);*

- *A description of programs designed to inform students and employees about the prevention of crimes. 34 C.F.R. § 668.46(b)(6);*

- *A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus*

- locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities. 34 C.F.R. § 668.46(b)(7);*
- *A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws. 34 C.F.R. § 668.46(b)(8);*
 - *A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws. 34 C.F.R. § 668.46(b)(9);*
 - *A description of any drug or alcohol-abuse education programs. 34 C.F.R. § 668.46(b)(10);*
 - *A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include:*
 - *A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses;*
 - *Procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported;*
 - *Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel;*
 - *Notification to students of existing on-and off-campus counseling, mental health, or other student services for victims of sex offenses;*
 - *Procedures for campus disciplinary action in cases of an alleged sexual offense, including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary hearing and that both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense; and,*
 - *Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses. 34 C.F.R. §668.46(b)(11)*
 - *A statement advising the campus community where law enforcement agency information concerning registered sex offenders may be obtained, such as a local law enforcement agency with jurisdiction for the campus or a computer network address. 34 C.F.R. § 668.46 (b)(12);*

- *A statement of policy regarding emergency response and evacuation procedures. 34 C.F.R. § 668.46(g);*
- *A statement of policy regarding missing student notification procedures. 34 C.F.R. § 668.46(h);*
- *Statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority:*
 - *Criminal homicide*
 - *Murder and non-negligent manslaughter*
 - *Negligent manslaughter*
 - *Sex offenses:*
 - *Forcible sex offenses*
 - *Non-forcible sex offenses*
 - *Robbery*
 - *Aggravated assault*
 - *Burglary*
 - *Motor vehicle theft*
 - *Arson*
 - *Arrests for liquor law violations, drug law violations, and illegal weapons possession.*
 - *Persons not included in the category "Arrests for liquor law violations, drug law violations, and illegal weapons possession" who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession. 34 C.F.R. § 668.46(c)(1)*
- *The institution must report, by category of prejudice, crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability. 34 C.F.R. § 668.46(c)(3);*
- *The institution must provide a geographic breakdown of the statistics reported under paragraphs (c)(1) and (3) of 34 C.F.R. § 668.46 by crimes that occur (1) on campus; (2) residential facilities for students that are located on campus; (3) non-campus buildings or property; and (4) public property. 34 C.F.R. § 668.46(c)(4);*

Noncompliance Summary: *Although Calvary compiled the statistics required in §668.46(c)(1) annually, the information was not distributed to all enrolled students and current employees for at least the 2010 and 2011 calendar years.*

Calvary reported statistics regarding hate crimes, but specific reporting categories required in §668.46(c)(3)(ii) were missing from the report: larceny-theft, simple assault, intimidation, and destruction/damage/vandalism of property.

Calvary failed to properly disclose crime statistics for the 2008 and 2009 calendar years as follows:

- *Burglary (Non-Campus): Calvary reported a total of 0 burglaries on non-campus property for the 2009 calendar year to the Department; however, in reviewing Calvary's ASR on its website, Calvary indicated 2 burglaries occurred on non-campus property.*
- *Burglary (Public Property): Calvary reported a total of 0 burglaries on public property for the 2008 and 2009 calendar years to the Department; however, in reviewing Calvary's ASR on its website, Calvary indicated 2 burglaries had occurred **each calendar year** on public property.*
- *Motor Vehicle Theft (Public Property): Calvary reported a total of 0 motor vehicle thefts during the 2009 calendar year to the Department; however, in reviewing Calvary's ASR on its website, Calvary indicated 2 motor vehicle thefts had occurred on public property.*

Calvary is missing three items required in the 2009 ASR:

1. *A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.*
2. *A description of programs designed to inform students and employees about the prevention of crimes.*
3. *A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.*

The 2009 ASR fails to address the following in regards to Emergency Response and Evacuation Procedures:

1. *A description of the process the institution will use to confirm that there is a significant emergency or dangerous situation, determine the appropriate segment or segments of the campus community to receive a notification, determine the content of the notification, and initiate the notification system;*
2. *A statement that the institution will, without delay, and taking into account the safety of the community, determine the content of the notification and initiate the notification system, unless issuing a notification will, in the professional judgment of responsible authorities, compromise efforts to assist a victim or to contain, respond to, or otherwise mitigate the emergency;*

3. *The institution's procedures for disseminating emergency information to the larger community; and*
4. *The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including tests that may be announced or unannounced, publicizing its emergency response and evacuation procedures in conjunction with at least one test per calendar year, and documenting, for each test, a description of the exercise, the date, time, and whether it was announced or unannounced.*

Required Action Summary: *Calvary must review its policies and procedures regarding Clery Act reporting to ensure all categories are appropriately reported and disclosed. Additionally, Calvary must ensure notification is done yearly to all enrolled students and employees and that a notice is provided for prospective students and prospective employees. In its response, Calvary must provide copies of updated policies and procedures to the Department to ensure compliance in all areas, including the categories mentioned, and describe its mechanism for complying with the notification requirement of the ASR's availability. In addition, Calvary must provide a copy of the 2011 ASR, submitted October 1, 2011, as well as copies of the notification materials provided to enrolled students and current employees.*

Calvary must review the ASR to ensure the correct information is reported. Calvary must also review its policies and procedures related to annual reporting to ensure its process is sufficient to ensure correct statistics are reported to the Department as well as to the public at large. If during the review of policies Calvary determines there are required revisions, Calvary must provide copies of its updated policies and procedures to the Department. Additionally, Calvary must provide copies of any revised reports to the Department as part of its response to this finding.

To assist Calvary, the Handbook for Campus Safety and Security Reporting is available from the Department of Education at this address:

<http://www2.ed.gov/admins/lead/safety/campus.html#handbook>. Additionally, the Department offers a campus security self-assessment activity on the Information for Financial Aid Professionals (IFAP) website:

<http://ifap.ed.gov/qahome/qaassessments/consumerinformation.html>.

Calvary's Response: *In its response, Calvary stated that it "concur[s] with the findings and corrective actions stipulated. Calvary reviewed and revised policies and procedures included in the Annual Security Reports provided as required by this finding. In addition, emails transmitting each year's report for the past three years have been included along with a description of crime statistical data collection procedures."*

Final Determination: Finding #22 of the program review report cited Calvary for its failure to distribute the complete 2010 and 2011 Annual Security Reports (ASR) and Annual Fire Safety Reports (AFSR) by the October 1st deadline. Also, the campus crime statistics were not distributed to students and employees as part of the ASR, but were available on Calvary's website. The College also failed to include all required campus safety policy statements in these ASRs. Calvary's 2009 report did not include a description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others; a description of programs designed to inform students and employees about the prevention of crimes; and a statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities. The 2009 report also did not include several policy statements related to emergency response and evacuation procedures. Moreover, Calvary did not accurately disclose campus crime statistics for calendar years 2008 and 2009 in the 2010 ASR. Specifically, the College included crime statistics in its ASRs for calendar years 2008 and 2009 that did not match the statistics that were submitted to the Secretary. Calvary verified that the statistics reported to the Secretary were the accurate ones. As a result, Calvary over-reported eight incidents in its ASRs: two non-campus burglaries in 2009, two public property burglaries in 2008, two public property burglaries in 2009, and two public property motor vehicle thefts in 2009. Calvary corrected the discrepancy in the ASR submitted as a response to the program review report.

As a result of these violations, Calvary was required to review and revise its internal policies and procedures related to Clery Act compliance and develop and implement new policies and procedures as needed to ensure that the 2011 ASR and all future ASRs are accurate and complete. In its response, the College concurred with the finding and claimed that corrective action was taken. Calvary submitted copies of its revised ASRs for 2009-2011.

The review team examined the 2009-2011 ASRs and requested a copy of the 2012 ASR. The Department identified several persistent deficiencies that were present in the 2012 report including:

- The ASR did not include a description of the type and frequency of programs designed to inform students and employees about campus security procedures

- and practices and to encourage students and employees to be responsible for their own security and the security of others – 34 CFR § 668.46(b)(5);
- The ASR did not include a description of programs designed to inform students and employees about the prevention of crimes – 34 CFR § 668.46(b)(6); and
 - The ASR did not include a clear statement to students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation. 34 CFR § 668.46(h)(1)(iv)

In addition, Department officials determined that Calvary also failed to publish an accurate and complete Annual Fire Safety Report (AFSR) as a comprehensive document and as a result failed to distribute this required report to all enrolled students and current employees, as required by the HEA and the Department's regulations. As of October 1, 2010, under the HEA and the Department's regulations at 34 CFR § 668.49, each institution that maintains any on-campus student housing facility is required to prepare and distribute an AFSR. Institutions may publish the AFSR concurrently with the ASR or each report may be published separately. Federal regulations require institutions to clearly label these reports and to indicate if either or both reports are incorporated into a larger publication, such as a student handbook or catalog. Calvary did not indicate in the title of their ASR that it contained any fire safety information; even though some limited fire safety information and statistics were included in the ASR. Calvary did include very minimal information about fire safety in its handbook publications (including a reference to the 2011 fire in Philadelphia Hall). The College included one calendar year of fire statistics; however, the College failed to disclose the following supporting information: a) the cause of each fire; b) the number of persons who sustained fire-related injuries; c) the number of deaths related to fire; and, d) the value of property damage caused by a fire.

Moreover, Calvary substantially failed to disclose the following information required by the HEA and the Department's regulations:

- A thorough description of the on-campus student housing facility to include the structure, size, fire safety systems, etc., as required by 34 CFR § 668.49(b)(2). The only information provided by Calvary regarding fire safety and suppression equipment and systems in on-campus student housing facilities was the following general statement: "*Some structures at Calvary Bible College do not have electrical fire safety alarm devices due to their age;*" and,

- Plans for future improvements in fire safety, if determined necessary by the institution— *34 CFR § 668.49(b)(8)*.

Calvary also failed to develop and maintain a written, easily understood fire log that records, by the date that the fire was reported, any fire that occurred in an on-campus student housing facility. This log must include the nature, date, time, and general location of each fire— *34 CFR § 668.49(d)(1)*.

The Department carefully reviewed all available information including Calvary's initial response to the program review report as well as the College's 2012 ASR. Based on that review, the Department has determined that all of the violations noted in the finding are sustained with one exception. The original finding cited Calvary for failing to publish its emergency response and evacuation policy in its 2009 ASR; however, the requirement to disclose this policy in the ASR did not go fully into effect until 2010. However, the College still failed to include this policy in its 2010 and 2011 ASRs. The Department's analysis shows that Calvary has continued to violate the Clery Act through 2012 as a result of its failure to adequately address several deficiencies noted in the program review report.

The Department has determined that this finding will be closed for purposes of this program review and this matter will be referred to the Department's Clery Act Compliance Division (CACD) for additional action. As part of that referral, Calvary is required to take immediate action to finally and fully address these violations and must submit the material requested below to document its efforts.

To facilitate the CACD's evaluation, Calvary must review and further enhance its policies and procedures regarding the preparation, publication, and distribution of the ASR and AFSR in accordance with *Clery Act* requirements. These enhanced policies and procedures must specifically articulate how future ASRs and AFSRs will be published and actively distributed to enrolled students and current employees as well as how prospective students and employees will be notified of the availability of these reports.

Using its new policies and procedures as a guide, Calvary must review, revise, and enhance its 2014 ASR and publish an amended 2014 AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required by *34 C.F.R. § 668.46(b)* and *34 C.F.R. § 668.49(b)*, respectively. The College must then actively distribute both reports to all enrolled students and current employees in accordance with *34 C.F.R. § 668.41*. A copy of Calvary's new and revised policies and procedures, its 2013 AFSR, 2014 AFSR, and documentation showing that both reports were distributed, as required must be submitted to the CACD. Copies of the new

notifications that will be provided to prospective students and employees must be provided along with an explanation of how the notification will be provided to persons that seek information on enrollment or employment.

Calvary must submit all materials specified above to the CACD at: clery@ed.gov within 60 days of the College's receipt of this FPRD. The subject line of the e-mail transmitting the College's submission must reference the Program Review Control Number (PRCN) that appears on the cover letter of this report. Please note that this matter will not be closed by CACD unless and until Calvary submits the requested materials and the CACD has reviewed the material. Calvary is advised that any failure to respond to the CACD's request for production may result in a referral for the imposition of adverse administrative actions in addition to any such referral that may be made to address the violations identified in Finding #22 of the program review report.

Although the finding is now closed, Calvary is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. As part of the referral to the CACD, Calvary is now required to take all necessary steps to fully comply with the *Clery Act* going forward. Notwithstanding this requirement, the College is advised that remedial actions, whether already completed or those undertaken as part of the CACD referral, cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that Calvary re-examine its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal regulations. As part of these periodic reviews, Calvary officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide for *Clery Act* compliance. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. Calvary can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

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 Calvary's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on June 20, 2012 is attached as Appendix B.

Finding 4. Failure to Perform Return to Title IV Calculations

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

An institution must have a procedure for determining whether a Title IV aid recipient who began attendance during a period completed the period or should be treated as having withdrawn. If a student who began attendance and did not officially withdraw failed to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period.

For a student who unofficially withdrew from an institution that is not required to take attendance, the student's withdrawal date is either the last date of attendance at an academically-related activity or the midpoint of the period. 34 C.F.R. § 668.22(c); Dear Colleague Letter GEN 04-03 dated November 17, 2004

***Noncompliance Summary:** Calvary did not perform any Return to Title IV (R2T4) calculations for the 2010-11 academic year. The reviewers asked for and received a list of students who began attendance but failed to earn a passing grade in all courses attempted. Of the 27 students on the list Calvary provided, the reviewers chose seven for review. During the on-site portion of the review, the Registrar stated there had been no withdrawals for the 2010-11 school year. The Registrar, when asked, also stated that Calvary does not attempt to determine the last date of attendance for any student that began attendance but did not earn at least one passing grade. The following students in the sample possibly withdrew from school without official notice.*

Student #1 The student attempted two classes for a total of six hours in the fall 2010 term and received a grade of "F" in both classes. There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #23 The student attempted two classes for a total of six hours in the fall 2010 term and received a grade of "F" in both classes. There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #24 The student attempted five classes for a total of twelve hours in the spring 2011 term and received a grade of "F" in all classes. There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #25 The student attempted four classes for a total of eleven hours in the fall 2010 term and received two grades of "W" (withdrawn), one grade of "WF" (withdrawn-failing), and one grade of "F". There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #26 The student attempted four classes for a total of twelve hours in the spring 2011 term and received a grade of "F" in all classes. There is no record that Calvary attempted to determine if the student had officially withdrawn or completed the period.

Student #27 The student attempted five classes for a total of thirteen hours in the fall 2010 term and received one grade of "EA" (failure due to absences) and four grades of "F". All five classes were taken in the traditional format. The Registrar stated this student had moved three hours away from Kansas City during the term.

Student #28 The student attempted the same five classes as student #27 in the fall 2010 term and received one grade of "EA" (a failing grade, given to students with excessive absences) and four grades of "F". All five classes were taken in the traditional format. The Registrar stated this student, with Student #27, moved three hours away from Kansas City during the term. It is noted that the "EA" grades for students #27 and #28 were given by the same professor.

Required Action Summary: Calvary must provide documentation of the last day of academically-related activity in each class for every student that began attendance but failed to earn a passing grade in all courses attempted for the 2010-2011 and 2011-2012 academic years, by term.

If Calvary is unable to prove that each student completed the term, the student must be considered to have unofficially withdrawn and Calvary may be required to perform a R2T4 calculation in the FPRD.

Calvary's Response: Calvary agreed with the finding. Calvary provided what documentation it had for 39 students who failed to earn a passing grade in all courses attempted during the 2010-2011 and 2011-2012 award years. Calvary listed 8 students

for the Fall 2010 term, 6 students for the Spring 2011 term, and 8 students in the Summer 2011 term who failed to earn any passing grades for at least one term for the 2010-2011 award year. Calvary listed 8 students for the Fall 2011 term and 9 students for the Spring 2012 term who failed to earn any passing grades for at least one term for the 2011-2012 award year. At the time of Calvary's response, grades had not yet been calculated from the Summer 2012 term.

Calvary stated in its response that some students have documentation, but the documentation does not always show academic related activities that correspond with specific dates.

Final Determination: After reviewing the documentation that Calvary provided, reviewers determined that out of those 39 students who did not have passing grades in a term, 6 of them (Students 41, 101, 27, 28, 85, 94) were proven to have started the term but stopped attending without officially withdrawing. Student 57 was administratively withdrawn from the Spring 2011 term but no Return calculation was done for this student. Student 89 officially withdrew from the Fall 2011 term but no Return calculation was done for this student either.

Because the institution did not consider itself to be an attendance-taking institution during the time period of the file review, Return calculations were calculated by the reviewers at the midpoint of the term for the students without a documented last date of attendance, in accordance with 34 C.F.R. § 668.22(c)(1)(iii), meaning those students earned 50% of the Title IV, HEA program funds that were disbursed or were eligible to be disbursed. The reviewers used the last date of attendance for students for whom Calvary was able to provide a last date of attendance for (students 57, 89) when performing the Return calculation. Student 57 earned 34.5% of the Title IV, HEA program funds that were disbursed, and Student 89 earned 100% of the funds disbursed because he withdrew after the 60% point of the term.

The Title IV, HEA program funds to be returned for these students are listed on the Cost of Funds Worksheet for Finding 4, titled "Late or Unmade Returns (Non-Loan)" in Appendix F.

In the documentation submitted for this finding, the reviewers found that Calvary was unable to provide proof of any academically-related activity in many cases, leading the reviewers to presume that these students did not begin attendance in these particular classes, reducing the student's enrollment status for that term, and therefore negating the student's eligibility for Title IV, HEA program funds for that term. The funds Calvary must return for these students are listed on the Cost of Funds Worksheets for Finding 4,

titled "Ineligible Disbursements (Loans)" and "Ineligible Disbursements (Non-Loan)" in Appendix F.

Calvary is responsible for returning \$3,191.00 in Federal Pell Grant funds to the Department on behalf of Students 41, 57, 85 and 94 for unmade Return calculations. Also, Calvary is liable for the cost of funds associated with the unmade Returns. The interest liability as a result of the failure to return Federal Pell Grant funds in a timely manner is \$26.00 (\$25.86 rounded), due to the Department.

Additionally, Calvary is responsible for returning \$27,208.00 in Federal Pell Grant funds, \$33,047.00 in Federal Subsidized Direct Loan funds and \$70,191.00 in Federal Unsubsidized Direct Loan funds for students that did not begin attendance in one or more of their classes for a term who were identified during the file review. Also, Calvary is liable for the cost of funds associated with the ineligible disbursements. The cost of funds liability as a result of these ineligible disbursements is \$1,042.00 for Federal Direct Loans and \$213.00 (\$212.83 rounded) for Federal Pell Grant funds, due to the Department.

Liabilities of \$2,081.00, \$272.00, and \$5,948.00 were established for student #18 in Finding #10; those amounts are included in the student liabilities for this finding, however, the duplicated amounts will be removed in the summary of liabilities table.

A liability of \$1,387.00 was established for student #24 in Finding #10; that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

A liability of \$1,350.00 was established for student #26 in Finding #10; that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

Liabilities of \$1,387.00, \$3,110.00, and \$3,110.00 were established for student #36 in Finding #10; those amounts are included in the student liabilities for this finding, however, the duplicated amounts will be removed in the summary of liabilities table.

Liabilities of \$1,388.00, \$2,612.00, and \$2,612.00 were established for student #41 in Finding #10; \$347 of \$1,388, \$2,612 and \$2,612 are included in the student liabilities for this finding, however, the duplicated amounts will be removed in the summary of liabilities table.

A liability of \$1,200.00 was established for student #45 in Finding #10; that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

Finding 7. Incorrect Cost of Attendance Assigned to Part-Time Students

Citation Summary: *The term ‘cost of attendance’ (COA) means—*

- *tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;*
- *an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;*
- *an allowance (as determined by the institution) for room and board costs incurred by the student which—*
 - *shall be an allowance determined by the institution for a student without dependents residing at home with parents;*
 - *for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board;*
 - *for students who live in housing located on a military base or for which a basic allowance is provided under section 403(b) of Title 37, United States Code, shall be an allowance based on the expenses reasonably incurred by such students for board but not for room; and*
 - *for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;*
- *for less than half-time students (as determined by the institution), tuition and fees and an allowance for only—*
 - *books, supplies, and transportation (as determined by the institution);*
 - *dependent care expenses; and*
 - *room and board costs except that a student may receive an allowance for such costs for not more than 3 semesters or the equivalent, of which not more than 2 semesters or the equivalent may be consecutive;*
- *for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that—*

- *such allowance shall not exceed the reasonable cost in the community in which such student resides for*
- *the kind of care provided; and*
- *the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time;*
- *for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;*
- *for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;*
- *for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional Student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan, as the case may be. Higher Education Act of 1965, as amended, §472*

Students must be awarded on the basis of a COA comprised of allowable costs assessed all students carrying the same academic workload. An institution may not originate a loan that will exceed the borrower's COA. If the estimated financial assistance combined with the expected financial aid will exceed the student's need, the amount in excess of the student's need is considered an overaward. Higher Education Act of 1965, as amended, §472; 2010-2011 FSA Handbook, Volume 3, Chapters 2, 6 and 8.

Noncompliance Summary: *Calvary overawarded students based on the COA established. Overawards were caused by Calvary failing to adjust the COA to reflect the student's actual academic workload, and in some cases, assigning an incorrect COA. In one instance, the overaward was caused by the failure of Calvary to notify the third-party servicer of non-institutional scholarship aid.*

Student #1 *This graduate student was enrolled in six hours for the fall 2010 semester, which is less than full-time for a graduate student, yet received a COA based on full-time. The student's COA was \$21,661 and he was awarded a subsidized DL of \$8,500 and an unsubsidized DL of \$12,000. Because the student did not return for the spring 2011 semester, he received \$4,250 in subsidized and \$6,000 in unsubsidized DL.*

Student #2 This Non-Traditional student was three-quarter time for the fall 2010 semester yet received a COA based on full-time. She received a COA of \$25,533 and she was awarded \$2,775 in Pell, \$1,688 in subsidized DL and \$6,000 in unsubsidized DL.

Student #4 This Non-Traditional student was three-quarter time for the fall 2010 semester and full-time for the spring 2011 semester yet received a COA based on full-time for both semesters. He received a COA of \$25,533 and he was awarded \$3,413 in Pell, \$5,500 in subsidized DL and \$7,000 in unsubsidized DL.

Student #7 This Non-Traditional student was less than half-time for the spring 2011 semester. She received a pro-rated COA based on 5 months of \$11,585 for the term, which consisted of \$5,156 tuition, \$2,445 room and board, \$278 books and supplies, \$427 fees, \$2,135 personal expenses and \$1,145 transportation. The tuition was based on a full-time student. The COA assigned was incorrect, as less than half-time students are not allowed personal expenses. This student received \$613 of Pell and was not overawarded.

Student #8 This Traditional student was enrolled full-time for the fall 2010 semester, half-time for the spring 2011 semester, yet received a COA based on full-time for both semesters. She received a COA of \$18,009 and she was awarded \$1,800 in Pell.

Student #10 This Non-Traditional student was enrolled less than half-time for the fall 2010 semester, half-time for the spring 2011 semester and less than half-time for the summer 2011 semester, yet received a COA based on full-time for all semesters. She received a COA of \$34,044 for all three terms and she received \$6,245 in Pell. In the student's file, reviewers found documentation indicating that this student was enrolled concurrently at another Title IV eligible institution for the spring 2011 semester and summer 2011 semesters. In order for Calvary to consider these additional hours in the student's enrollment, a consortium agreement must be in place. Calvary had completed the home school portion of two individual consortium agreements for the spring 2011 and summer 2011 semester, but the forms had not been certified by the host school, nor was there an indication that the forms were sent to the host school. In light of the incomplete consortium agreement, Calvary cannot include the hours this student was enrolled at the other institution in her enrollment status for awarding purposes.

Student #11 This graduate student was enrolled in six hours for the fall 2010 semester and six hours for the spring 2011 semester, which is less than the full-time course load of 9 hours for a graduate student, yet received a COA of \$21,661 based on full-time.

The COA is based on \$5,580 in tuition for both semesters; however the tuition for six hours both semesters is \$3,720. The student was awarded \$8,500 in subsidized and

\$12,000 in an unsubsidized DL. When this student's COA is adjusted for academic workload, the tuition, fees, and books components will be reduced, possibly resulting in an overaward for this student.

Student #12 This graduate student was enrolled in six hours for the fall 2010 semester and six hours for the spring 2011 semester, which is less than full-time for a graduate student, yet received a COA based on full-time. The student's COA was \$21,661 and she received an unsubsidized DL of \$20,500 for 2010-2011.

Student #13 This graduate student was enrolled in six hours for the fall 2010 semester and six hours for the spring 2011 semester, which is less than the full-time course load of 9 hours for a graduate student, yet received a COA of \$21,661 based on full-time.

The COA is based on \$5,580 in tuition for both semesters; however the tuition for six hours both semesters is \$3,720. The student was awarded \$20,500 in an unsubsidized DL. When this student's COA is adjusted for academic workload, the tuition, fees, and books components will be reduced, possibly resulting in an overaward for this student.

Student #29 This Non-Traditional student was enrolled half-time for the fall 2010 semester and half-time for the spring 2011 semester, yet received a COA based on full-time. The student's COA was \$25,533 and she received \$2,600 in Pell, \$4,500 in subsidized DL and \$7,000 in unsubsidized DL.

The undergraduate COA for full-time status is based on a student taking 16 hours a semester, so the tuition, fees, and book components will be reduced considerably once this student's COA is adjusted for academic workload, possibly resulting in an overaward for this student.

Student #30 This Traditional student was enrolled full-time for spring 2011 and was given a prorated, Spring-only COA of \$11,585. The student received \$2,775 in Pell, \$3,500 in subsidized DL and \$5,310 in unsubsidized DL, for a total of \$11,585 in Title IV, HEA aid. He also received \$500 in outside scholarships in 5 \$100 increments, causing an overaward of \$500.

This issue was also reported in Calvary's A-133 audits (FYE 6/30/10, FYE 06/30/09); the institution has continuously failed to implement its corrective action plans.

Required Action Summary: *In response to this finding, Calvary must provide the following:*

Revised COA determinations for each student that was not full time for any term in 2010-2011 and 2011-2012 to demonstrate whether the students would have been overawarded

if correct COA figures had been used. Calvary must review the student files of all Title IV, HEA recipients that were enrolled less than full-time in any term in the 2010-2011 and 2011-2012 award years and provide the following information in spreadsheet format as shown in Appendix F, along with the required hard copy documentation (items j and k listed below):

- a) Student's first and last name;*
- b) Social Security number (last four digits only);*
- c) Award year;*
- d) Date of Disbursement;*
- e) Amount of Disbursement;*
- f) Title IV, HEA program;*
- g) Original COA;*
- h) Recalculated COA;*
- i) New award amount based on recalculation;*
- j) Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;*
- k) Legible copy of student's original account statement from the school's finance or business office.*

Revised policy and procedures to ensure the proper use of the COA when awarding Title IV to students that are not full-time, including a copy of Calvary's revised COA charts showing amounts by program, enrollment status, living arrangements, etc.

Revised policy and procedures to ensure outside aid is communicated to the third-party servicer so it may be included in the student's Estimated Financial Aid.

These items must accompany Calvary's response to this report.

Calvary's Response: Calvary agreed with the finding. The institution conducted the required file review and provided revised COA determinations for each part-time student in 2010-2011 and 2011-2012, along with a copy of the revised procedures. The file review revealed additional students who received incorrect COA determinations.

Final Determination: Based on the file review completed and submitted by Calvary in response to this finding, Calvary incorrectly calculated the COA for part-time students, resulting in overawards of Federal Direct Loan funds for those students identified in the required file review.

The total amount of Federal Direct Loan funds (subsidized and unsubsidized) improperly disbursed to students during the 2010-2011 and 2011-2012 award years is \$193,614.00.

The estimated actual loss (EAL) for the ineligible loans is based on Calvary's most recent cohort default rate available. As a result, the estimated actual loss that Calvary must pay to the Department for the ineligible loans is \$4,781.00 (\$4,781.41 rounded). A copy of the results of the calculation is included in Appendix D. A discussion of EAL, is included in Appendix E.

A liability of \$5,970.00 was established for student #1 in Finding #4; \$2,061.00 of that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

A liability of \$6,220.00 was established for student #36 in Finding #10; \$266.00 of that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

A liability of \$2,985.00 was established for student #1 in Finding #10; \$155.00 of that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

A liability of \$2,985.00 was established for student #85 in Finding #4; \$1,154.00 of that amount is included in the student liabilities for this finding, however, the duplicated amount will be removed in the summary of liabilities table.

Liabilities of \$4,229.00 and \$5,970.00 were established for student #76 in Finding #4; those amounts are included in the student liabilities for this finding, however, the duplicated amounts will be removed in the summary of liabilities table.

Liabilities of \$2,737.00 and \$3,483.00 were established for student #89 in Finding #4; those amounts are included in the student liabilities for this finding, however, the duplicated amounts will be removed in the summary of liabilities table.

Finding 10. Failure to Enforce Institutional SAP Policy

Citation Summary: A student is eligible to receive Title IV, HEA program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of 34 C.F.R § 668.16(e), and the provisions of 34 C.F.R § 668.34 as stated in 34 C.F.R. § 668.32(f).

An institution may find that a student is making satisfactory progress even though the student does not satisfy the requirements, if the institution determines that the student's failure to meet those requirements is based upon—

- *The death of a relative of the student;*

- *An injury or illness of the student; or*
- *Other special circumstances.*

At a minimum, an institution must review a student's academic progress at the end of each year. 34 C.F.R. § 668.34

Noncompliance Summary: *For the following students in the sample, the student did not maintain SAP according to the standards set by Calvary yet received Title IV, HEA funds.*

Student #23 After the Fall 2008 semester, the student's cumulative grade point average (GPA) was 1.955, below the institutional requirement of 2.0. According to institutional policy, which states SAP is measured each semester, this student should have been on probation for the spring 2009 term. There is no record in the student's file of his being notified of his being placed on probation for the spring 2009 semester. After the spring 2009 semester, the student's cumulative GPA was 1.838, placing the student on SAP suspension. There is no record in the student's file of his being notified of his being placed on SAP suspension. The student was allowed to continue attending for the summer 2009, fall 2009, spring 2010, and summer 2010 semesters. There is no record of a SAP appeal in the student's file. After the fall 2009 semester, the student's GPA was above 2.0; however his rate of completion was 74%, below the institution's quantitative standard of 75%. After the summer 2010 semester, the student had met both the institution's qualitative and quantitative SAP standards and regained eligibility for Title IV, HEA funds for the fall 2010 semester.

Student #24 After the spring 2010 semester, the student's cumulative GPA was 1.787, below the institutional requirement of 2.0. According to institutional policy, which states SAP is measured each semester, this student should be on probation for summer 2010. There is no record in the student's file of him being notified of his being placed on SAP probation for the summer 2010 semester. After the summer 2010 semester, the student's cumulative GPA was 1.530 and should have been placed on SAP suspension for the fall 2010 semester. There is no record in the student's file of him being notified of his being placed on SAP suspension for the fall 2010 semester. The student received Pell, FSEOG, subsidized DL and unsubsidized DL for the fall 2010 semester totaling \$9,332.14. Additionally, the student's academic record worsened to 1.236 cumulative GPA at the end of the fall 2010 semester. The student was allowed to continue attendance in the spring 2011 semester, and also received Pell, FSEOG, subsidized DL and unsubsidized DL totaling \$9,240.55 even though the student was ineligible for Title IV, HEA aid due to failing SAP. There is no record of a SAP appeal in the student's file.

Student #25 After the spring 2010 semester, the student failed the institutional quantitative standard of 75% by completing 119 of 167 hours attempted, resulting in 71% completion rate. There is no record in the student's file of him being notified of his being placed on SAP probation for the fall 2010 semester. After the fall 2010 semester, the student's completion rate was 67% after completing 119 of 178 hours attempted. He should have been placed on SAP suspension for the spring 2011 semester, but there is no record in the student's file of him being notified of his being placed on SAP suspension for the spring 2011 semester. The student received an unsubsidized DL for the spring 2011 semester of \$6,250, even though the student was ineligible for Title IV, HEA aid due to failing SAP. There is no record of a SAP appeal in the student's file.

Student #29 After the summer 2010 semester, the student failed the institutional qualitative standard by earning a cumulative GPA of 1.0. There is no record in the student's file of her being notified of her being placed on SAP probation for the fall 2010 semester. After the fall 2010 semester, the student's cumulative GPA was 0.692. There is no record in the student's file of her being notified of being placed on SAP suspension. The student was allowed to continue attendance in the spring 2011 semester and received Pell, subsidized DL and unsubsidized DL totaling \$4,175, even though the student was ineligible for Title IV, HEA aid due to failing SAP. There is no record of a SAP appeal in the student's file. The reviewers noted a letter in her file notifying the student of an academic suspension after the spring 2011 semester.

Required Action Summary: For each of the students listed, Calvary must provide a SAP appeal from the student for the term in which they were ineligible and a record of Calvary's approval of the appeal, or include them in the file review explained below.

For all other students, Calvary must review the financial aid files of all Title IV, HEA recipients who attended the institution in the 2010-2011 and 2011-2012 award years. For each student who received Title IV, HEA funds without meeting the institution's SAP requirements, Calvary must provide the following information in a spreadsheet format (see Appendix G for an example):

- a. Award Year;
- b. Student's name;
- c. Last four digits of the student's Social Security Number;
- d. Date of ineligible disbursement(s);
- e. Student's degree program;
- f. Total hours attempted;
- g. Total hours earned;
- h. Student's quantitative completion percentage at the time of disbursement;

- i. *Student's cumulative GPA at the time of disbursement;*
- j. *Amount of Title IV, HEA funds disbursed to the student, organized by Title IV, HEA program.*

The SAP spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format.

For each student who received a disbursement of Title IV, HEA funds without meeting the institution's SAP requirements, Calvary also must provide legible copies of the following documents:

1. *Student account card;*
2. *Academic transcript; and*
3. *Copies of SAP appeal if applicable; and*
4. *Copies of Calvary's approval or denial of the appeal.*

Calvary must also revise and implement procedures that will ensure that, in the future, the SAP policies set by the institution are followed by the institution. A copy of the procedures must accompany Calvary's response.

Calvary's Response: Calvary agreed with the finding. The institution conducted the required file review and provided revised policies and procedures. The file review revealed additional students who were allowed to receive Title IV, HEA program funds even though they had failed SAP standards.

Final Determination: Based on the file review completed and submitted by Calvary in response to this finding, Calvary incorrectly provided Title IV, HEA program funds to those students identified in the file review.

Calvary is responsible for returning \$42,215.00 in Federal Pell Grant and \$716.86 in Federal Supplemental Educational Opportunity Grant (FSEOG) funds to the Department on behalf of Students 2, 18, 24, 26, 29, 34, 35, 36, 39, 41, 42, 43, 45, 46, and 47 for ineligible disbursements. Also, Calvary is liable for the cost of funds associated with the ineligible disbursements. The cost of funds liability as a result of the ineligible Federal Pell Grant and FSEOG disbursements is \$442.00 (\$441.74 rounded), due to the Department.

The total amount of Federal Direct Loan funds (subsidized and unsubsidized) improperly disbursed to students during the 2010-2011 and 2011-2012 award years is \$163,418.00

The estimated actual loss for the ineligible loans is based on Calvary's most recent cohort default rate available. As a result, the estimated actual loss that Calvary must pay to the

Department for the ineligible loans is \$3,001.00 (\$3,000.91 rounded). A copy of the results of the calculation is included as Appendix D.

Finding 13. Federal Pell Grant Awarded and Disbursed Incorrectly

***Citation Summary:** Federal regulations state that the calculation of a Federal Pell Grant is based on the student's enrollment status from the payment schedule: full-time, three-quarter time, half-time or less-than-half time. 34 C.F.R. § 690.63 & 690.75*

An institution shall award up to the full amount of a second Scheduled Award to a student in an award year if the student is enrolled for credit hours that are attributable to the student's second academic year in the award year. 34 C.F.R. § 690.67(a)(1)

A student becomes potentially eligible to receive the second scheduled award after completing the hours in his or her first academic year during a single award year in a certificate, associate degree, or baccalaureate degree program. During the student's first scheduled award, the student may be in any enrollment status; however, a student must be enrolled at least half-time to receive a payment from the second scheduled award for an award year. 2010-2011 FSA Handbook, Volume 3 Chapter 3

In addition to the records for each Title IV program, an institution must establish and maintain, on a current basis, records regarding the student's enrollment status at the institution, the program and courses in which the student is enrolled, and whether the student is maintaining satisfactory academic progress in the student's program of study. A student is only eligible for Title IV student financial assistance if the student is a regular student enrolled or accepted for enrollment in an eligible program.

To disburse Title IV, HEA funds, an institution must have procedures in place to determine that the student attended at least one day of classes and was disbursed funds based on the appropriate enrollment status. Without documentation to substantiate a student's enrollment status during a given period, the institution cannot prove that a student was enrolled and eligible to receive Title IV, HEA funds.

While the Department of Education does not dictate the manner in which institutions determine a student's enrollment status, institutions must confirm that each student attends at least one class meeting of each course in which they are enrolled in order to verify the student's enrollment status and eligibility for Title IV, HEA funds. Institutions

are required to maintain these records in accordance with Federal regulations. 34
C.F.R. § 668.23

Noncompliance Summary: *In three instances, Calvary incorrectly awarded and/or disbursed Pell amounts.*

Student #2 *This student was charged for 9 hours on 8/9/10. Pell Grant funds in the amount of \$2,775 (the amount for a full-time student) were disbursed to her student account on 8/31/10. She was charged for an additional 3 hours on 9/22/10; she received a full tuition refund for 6 hours on the same day. Her transcript reflects that she took 9 hours during the fall 2010 semester. There are no records to substantiate that this student began attendance in at least 12 credit hours, the number of hours she would have had to begin to receive \$2,775 in Pell. According to the student's account statement, Calvary returned \$1,337 in Pell funds to the Department on 12/13/10; however because the student began attendance in 9 hours she was entitled to \$2,082. Therefore, this student was under-awarded by \$725.*

Student #10 *This student was enrolled less than half-time for the fall 2010 semester yet received \$2082 in Pell, the correct amount for a student with her EFC that is enrolled three-quarters-time. She was enrolled half-time for the spring 2011 semester yet received \$2081 in Pell, the correct amount for a student with her EFC that is enrolled three-quarters-time. She was enrolled less than half-time for the summer 2011 semester yet received \$2082 in Pell, the correct amount for a student with her EFC that is enrolled three-quarters-time.*

Additionally, this student received \$6,245 in Pell for 2010-2011; \$5,550 from a first scheduled award and \$695 from a second scheduled award. This student did not complete Calvary's defined academic year (24 credit hours) in the academic year, thus she was not eligible for a second scheduled award.

It is worth noting that this student had incomplete consortium agreements in her file for the spring 2011 and summer 2011 semesters.

Student #17 *This student was enrolled full-time for both fall 2010 and spring 2011 semesters. She received \$2,775 in Pell for Fall 2010, the correct amount. She should have received the same amount in spring 2011, but she received \$1,388.*

Required Action Summary: *Calvary must return \$3,470 of the \$6,245 Pell funds Student #10 received to the Department as she was only eligible for \$2,775. Instructions for repayment of any identified liabilities will be provided in the FPRD; Calvary must not return the funds until the FPRD is received.*

In addition, Calvary must revise its procedures concerning properly awarding Pell based on enrollment status and provide the revised procedures with its response to this report.

Calvary's Response: Calvary agreed with the finding and submitted a revised Federal Pell Grant awarding procedure, detailing how Pell Grants will be awarded and how the student's eligibility will be documented.

Final Determination: Calvary is responsible for returning \$3,468.00 in Federal Pell Grant funds to the Department on behalf of Student 10 for ineligible disbursements. Also, Calvary is liable for the cost of funds associated with the ineligible disbursements. The cost of funds liability as a result of the ineligible Federal Pell Grant disbursements is \$48.00 (\$47.86 rounded), due to the Department. A copy of the result of the calculation is included in Appendix F.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects duplicated liabilities because some students appear in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. Duplicate liabilities have been removed in the second chart. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

<u>Actual Liabilities By Finding – Including Duplicate Liabilities</u>				
Liabilities	Pell	FSEOG	Direct Loan	EAL Formula
Finding 4	\$30,399.00	-	\$103,238.00	-
Finding 7	-	-	-	\$4,781.00
Finding 10	\$42,215.00	\$717.00	-	\$3,001.00
Finding 13	\$3,468.00	-	-	-

<u>Established Liabilities</u>	Pell	FSEOG	Direct Loan	EAL Formula	
Finding 4	\$22,647.00	-	\$85,574.00	-	
Finding 7	-	-	-	\$3,965.00	
Finding 10	\$42,215.00	\$717.00		\$3,001.00	
Finding 13	\$3,468.00	-	-	-	
Subtotal	\$68,330.00	\$717.00	\$85,574.00	\$6,966.00	
Interest (see Appendix F)	\$649.00	\$7.00	\$855.00	-	
TOTAL	\$68,979.00	\$724.00	\$86,429.00	\$6,966.00	
Payable To:					Totals
Department	\$68,979.00	\$724.00	\$45,221.00	\$6,966.00	\$121,890.00
DL Servicers			\$41,208.00		\$41,208.00

Duplicate Liabilities:

The Actual Liabilities table above contains duplicate liabilities. The Established Liabilities table reflects adjustments made to remove all duplicate liabilities as detailed in the final determination for Findings #4 and #7. The Cost of Funds worksheets and Estimated Loss Formula worksheets in the appendices contain a detailed accounting of the determination of unduplicated liability for each finding.

Estimated Actual Loss (EAL):

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 actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Calvary's most recent cohort default rate available.

The total amount of Direct Loan that Calvary improperly disbursed during the 2010-2011 and 2011- 2012 award years for findings 7 and 10 is \$357,032.00 including duplicates; \$334,147 excluding duplicates. The total estimated actual loss that Calvary must pay to the Department for the ineligible loans is \$6,966.00. Copies of the results of those calculations are included in Appendix F.

E. Payment Instructions

Calvary owes \$163,098.00 to the Department. \$121,890.00 of the liability must be must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Calvary must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If Calvary's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

\$41,208.00 of the liability must be paid, via individual check, to the student's DL servicer per the instructions on page 39.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

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 applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

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. Calvary 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 Calvary'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, Calvary 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 Calvary from the Federal Government. Calvary **may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Calvary 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.

William D. Ford Federal Direct Loan (Direct Loan) Liabilities

Direct Loan Closed Award Year

Finding: 4
 Appendix: F

Calvary must repay the following Direct Loan liabilities:

DL Closed Award Year		
Amount	Interest	Award Year
\$44,366 .00	\$286.00	2011-2012
Total Principal	Total Interest	
\$44,366.00	\$286.00	

The disbursement record for each student identified in the appendix listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix referenced above. A copy of the adjustment to each student’s COD record must be sent to Jenny Hendrickson **within 45 days of the date of this letter.**

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

Request Extended Processing

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

- 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).

Direct Loan Archived Award Year

Finding: 4
 Appendix: F

Calvary must repay the following Direct Loan liabilities:

DL Archived Award Year		
Amount	Interest	Award Year
\$41,208.00	\$569.00	2010-2011
Total Principal	Total Interest	
\$41,208.00	\$569.00	

Calvary must pay the principal amount identified above to the servicer of the Direct Loans on behalf of the students identified in Appendices C and F. Appendix C lists, by award year, each of the applicable students and the corresponding principal owed. Calvary must access NSLDS to determine the student’s current Direct Loan Servicer. Once Calvary has identified the correct servicer, payments should be made directly to the applicable Direct Loan Servicer payment address. Calvary must issue an individual check to the loan servicer for each student borrower for whom funds must be returned. The borrower name, Social Security Number, and Direct Loan Award Identifier must be noted on the face of the check to ensure correct processing of the payment amount. Calvary must complete and include the Federal Direct Student Loan Liability Roster and corresponding letter from Appendix G with the check(s) submitted to the loan servicer.

The imputed interest liability amount is included in the total amount due to the Department in the payment instructions in Section E above.

As proof of payment, a copy of the Federal Direct Student Loan Liability Roster provided to each loan servicer, along with a copy of the front and back of all canceled checks, must be provided to Jenny Hendrickson **within 45 days of the date of this letter, for each student loan borrower for whom funds were returned.**

Calvary must notify all borrowers in writing regarding payments made on their behalf. This notice must include the amount and date of the payments, as well as the name of the loan servicer that received the payment.

If any checks are returned to your school from a loan holder, please contact Jenny Hendrickson.

Direct Loan Estimated Actual Loss

Findings: 7, 10

Appendix: D

DL Estimated Actual Loss	
Amount	Award Year
Finding 7 - \$217.38	2010-2011
Finding 7 – \$3,747.31	2011-2012
Finding 10 – \$1,109.21	2010-2011
Finding 10 – \$1,891.70	2011-2012
Total	
\$6,966.00 (\$6,965.60 rounded)	

Calvary must pay the amount reflected above in Direct Loan estimated loss liabilities for the award years reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section E above.

Title IV Grant Liabilities

Federal Pell Grant – Closed Award Year

Findings: 4, 10, 13
 Appendix: F

Calvary must repay the following Federal Pell Grant liabilities:

Pell Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
Finding 4 - \$7,563.00	\$91.47	Pell Grant	2010-2011
Finding 4 - \$15,084.00	\$74.76	Pell Grant	2011-2012
Finding 10 - \$23,632.00	\$333.70	Pell Grant	2010-2011
Finding 10 - \$18,583.00	\$100.84	Pell Grant	2011-2012
Finding 13 - \$3,468.00	\$47.86	Pell Grant	2010-2011
Total Principal	Total Interest		
\$68,330.00	\$649.00 (\$648.63 rounded)		

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

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 FEDWIRE, 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 Jenny Hendrickson within 45 days of the date of this letter.

Federal Supplemental Educational Opportunity Program (FSEOG)

Finding: 10
Appendix: F

Calvary must repay \$724 (\$717 principal and \$7 interest) in FSEOG funds.

FSEOG Liabilities		
Amount	Interest	Award Year
\$553.00	\$5.00	2010-2011
\$164.00	\$2.00	2011-2012
Total Principal	Total Interest	
\$717.00	\$7.00	

F. Appendices

Appendix A: Program Review Report, including student sample

Prepared for

Calvary Bible College



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Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Division – Kansas City

Program Review Report

June 20, 2012

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A. Institutional Information

Calvary Bible College
dba Calvary Bible College and Theological Seminary
15800 Calvary Road
Kansas City, MO 64147

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree

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

Association for Biblical Higher Education (Secondary)

Current Student Enrollment: 309

Percentage of Students Receiving Title IV, HEA aid: 70

Title IV Participation (Source: G5):

	<u>2010-2011</u>
Federal Pell Grant (Pell)	\$560,251
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 10,984
William D. Ford Federal Direct Loan Program (DL)	\$1,715,686

Loan Default Rate:

2009	0.0%
2008	2.4%
2007	1.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Calvary Bible College (Calvary) from July 11, 2011 to July 14, 2011. The review was conducted by Jenny Hendrickson, Chris Thompson, and Kathy Feith.

The focus of the review was to determine Calvary's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV, HEA programs. The review consisted of, but was not limited to, an examination of Calvary'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 15 files was identified for review from the 2010-2011 award year. 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, one file was selected from the 2009-2010 award year as it was the only Return to Title IV calculation the institution performed during the 2009-2010 and 2010-2011 award years. Seven files were selected based on the student receiving a GPA of zero for a term in 2010-2011. Two files were selected based on the institution determining the student qualified as an independent student and exercising its authority to change the FAFSA to remove or omit parental information. Two files were selected based on the student's enrollment in the Children's Ministry program. Six students were selected based on the type of Title IV, HEA aid they received. 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 Calvary'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 Calvary 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 (FPRD) 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 Calvary to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Ineligible Program—Means of Delivery

Citation: Federal regulations state that an institution of higher education must, among other requirements, be legally authorized to provide an educational program beyond secondary education in the State in which the institution is physically located, and must be either accredited or pre-accredited. 34 C. F. R. §600.4(a)(3) and (5).

Because a school's eligibility does not necessarily extend to all its programs, the school must ensure that a program is eligible before awarding Title IV, HEA funds to students in that program. The school is responsible for determining that a program is eligible. In addition to determining that the program meets the eligible program criteria, the school should make certain that the program is included under the notice of accreditation from a nationally recognized accrediting agency (unless the agency does not require that particular programs be accredited). The school should also make certain that it is authorized by the appropriate state agency/entity to offer the program (if the state licenses individual programs at postsecondary institutions). *2010-2011 Federal Student Aid Handbook, Volume 2, Chapter 2.*

Noncompliance: Distance education offerings at domestic schools are considered Title IV, HEA eligible if they have been accredited by an accrediting agency recognized by the Department for accreditation of distance education. The Higher Learning Commission (HLC), Calvary's primary accrediting agency, requires prior approval for "the initiation or expansion, as defined by the Commission, of distance or correspondence or other education wherein 50% or more of the courses or credits in one or more academic programs are provided through the alternate delivery." Calvary provided Title IV, HEA funds to students taking coursework in delivery formats that did not appear to have been approved by HLC.

During the program review, reviewers noted that Calvary began offering certificate, associate and bachelor's degree programs in four alternative delivery formats in approximately 2008. Students may complete their degree through a combination of "external studies" coursework (16 weeks), online coursework (8 or 12 weeks), "intensive" coursework (6 weeks), and "independent study" (undefined time period). According to Calvary's 2010-2012 undergraduate catalog, a student can earn a certificate, associates, or bachelor's degree through a combination of external, online, independent study and intensive coursework (the same course is often offered in multiple formats).

Reviewers determined the external studies courses are correspondence courses after obtaining the following information from Calvary's 2010-2012 undergraduate catalog: "An external study course is similar to a correspondence course. A student completes the course requirements from the comfort and convenience of his own home. Start dates and due dates are set by the Non-Traditional Studies Office and the student". Reviewers interviewed the Director of Non-Traditional Studies for Calvary on July 12, 2011; he confirmed that there is no regular interaction between students and professors in external studies courses, although either the student or the instructor may contact the other at any time.

34 C.F.R. § 600.2 defines a correspondence course as "a course provided by an institution under which the institution provides instructional materials, by mail or electronic transmission, including examinations on the materials, to students who are separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. Correspondence courses are typically self-paced.

Using this definition, it appears Calvary is utilizing correspondence coursework because no substantive interaction is required.

Required Action: The Kansas City School Participation Division (KCSPD) has corresponded with Calvary's accreditor, the Higher Learning Commission of the North Central Association of Colleges and Schools (HLC) concerning this preliminary finding. HLC has indicated it would conduct a site visit to Calvary in 2011. Calvary must provide a copy of the results of that visit to the Department.

Calvary must provide documentation from HLC approving the alternate means of delivery; or

Calvary must review the records of all Title IV, HEA fund recipients enrolled in external studies coursework, intensive coursework, independent studies coursework, or online program coursework for the 2009-2010, 2010-2011, and 2011-2012 award years. For each student, Calvary must provide the following information and documentation (see Appendix B for an example):

1. Name of academic program
2. Student's name;
3. Last four numbers of student's SSN;
4. First day of attendance in ineligible program format;
5. Last day of attendance in ineligible program format;

6. Title IV, HEA funds awarded and disbursed (include award year, Title IV program, disbursement date, disbursement amount);
7. If applicable, the amount of any Title IV, HEA funds refunded to the Federal programs, (include award year, Title IV program, refund date, refund amount)
8. Student account card reflecting all account activity for the award years under review;
9. Copy of student's academic transcript reflecting the entire period of the student's enrollment.

The above information should be compiled in an Excel spreadsheet and submitted in CD-ROM format.

Hard copy and electronic files containing Personally Identifiable Information (PII) must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the FPRD letter. Additionally, Calvary must assure the Department that students enrolled in alternative format coursework will no longer receive Title IV, HEA funds until this format is approved by HLC.

Finding 2. Ineligible Program – More Than 25% of Program Offered at Ineligible Institution

Citation: If an eligible institution enters into a written arrangement with an institution or organization that is not an eligible institution under which the ineligible institution or organization provides part of the educational program of students enrolled in the eligible institution, the Secretary considers that educational program to be an eligible program if, among other things, the ineligible institution provides 25% or less of the educational program. However, the program could be considered eligible if:

- the ineligible institution provides more than 25% but less than 50%,
- the eligible institution and the ineligible institution are not owned or controlled by the same individual, partnership, or corporation, and
- the eligible institution's accrediting agency has specifically determined that the institution's arrangement meets the agency's standards for the contracting out of educational services.

34 CFR 668.5(c)

Noncompliance: Calvary offers an Associate of Arts in Children's Ministry that is offered both at Calvary in Kansas City, Missouri and at Child Evangelism Fellowship's Children's Ministries Institute (CMI) in Warrenton, Missouri. 65 hours are required to earn this degree. Students must take at least 18 hours at CMI in order to earn this degree according to Calvary's 2010-2012 college catalog, page 138. Therefore, reviewers determined at least 28% of the degree is required to be taken at an ineligible institution.

Required Action: Calvary is required to provide documentation from HLC detailing that this arrangement meets HLC's standards for the contracting out of educational services; or

Calvary must review the records of all Title IV, HEA fund recipients enrolled in the Associates of Arts in Children's Ministry program for the 2009-2010, 2010-2011, and 2011-2012 award years. For each student, Calvary must provide the following information and documentation (see Appendix C for an example):

1. Name of academic program
2. Student's name;
3. Last four numbers of student's SSN;
4. First day of attendance in ineligible program;
5. Last day of attendance in ineligible program;
6. Title IV, HEA funds awarded and disbursed (include award year, Title IV program, disbursement date, disbursement amount);
7. If applicable, the amount of any Title IV, HEA funds refunded to the Federal programs, (include award year, Title IV program, refund date, refund amount)
8. Student account card reflecting all account activity for the award years under review;
9. Copy of student's academic transcript reflecting the entire period of the student's enrollment.

The above information should be compiled in an Excel spreadsheet and submitted in CD-ROM format.

Hard copy and electronic files containing Personally Identifiable Information (PII) must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. Additionally, Calvary must assure the Department that students enrolled in alternative format coursework will no longer receive Title IV, HEA funds until this format is approved by HLC.

Finding 3. Ineligible Program – Certificate Program Not Approved

Citation: If an institution adds an educational program after it has been designated as an eligible institution by the Secretary, the institution must apply to the Secretary to have that additional program designated as an eligible program of that institution. 34 C.F.R. § 600.10

Noncompliance: Calvary has two certificate programs listed in the 2010-2012 catalog; Life Track and Bible Track. Life Track is the only certificate program previously approved by the Department, therefore the only certificate program eligible for Title IV, HEA funds is Life Track. The Bible Track certificate program is not recognized by the Department as an eligible program for the purposes of awarding Title IV, HEA funds.

It is noted that Bible Track was approved by the Department as a short term program (300-599 clock hours) in 1982, but it was disapproved in 2001.

Required Action: Calvary must review the records of all Title IV, HEA fund recipients enrolled in the Bible Track program for the 2009-2010, 2010-2011, and 2011-2012 award years. For each student, Calvary must provide the following information and documentation (see Appendix D for an example):

1. Name of Academic Program;
2. Student's name;
3. Last four numbers of student's SSN;
4. First day of attendance in ineligible program;
5. Last day of attendance in ineligible program;
6. Title IV, HEA funds awarded and disbursed (include award year, Title IV program, disbursement date, disbursement amount);
7. If applicable, the amount of any Title IV, HEA funds refunded to the Federal programs, (include award year, Title IV program, refund date, refund amount)
8. Student account card reflecting all account activity for the award years under review;
9. Copy of student's academic transcript reflecting the entire period of the student's enrollment.

The above information should be compiled in an Excel spreadsheet and submitted in CD-ROM format.

Hard copy and electronic files containing Personally Identifiable Information (PII) must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. Additionally, Calvary must assure the Department that students enrolled in the Bible Track certificate program will no longer receive Title IV, HEA funds.

Finding 4. Failure to Perform Return to Title IV Calculations

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

An institution must have a procedure for determining whether a Title IV aid recipient who began attendance during a period completed the period or should be treated as a withdrawal. If a student who began attendance and did not officially withdraw failed to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes that the student has unofficially withdrawn, unless the institution can document that the student completed the period.

For a student who unofficially withdrew from an institution that is not required to take attendance, the student's withdrawal date is either the last date of attendance at an academically-related activity or the midpoint of the period (§668.22(c)). *Dear Colleague Letter GEN 04-03 dated November 17, 2004*

Noncompliance: Calvary did not perform any Return To Title IV (R2T4) calculations for the 2010-11 academic year. The reviewers asked for and received a list of students who began attendance but failed to earn a passing grade in all courses attempted. Of the 27 students on the list Calvary provided, the reviewers chose seven for review. During the on-site portion of the review, the Registrar stated there had been no withdrawals for the 2010-11 school year. The Registrar, when asked, also stated that Calvary does not attempt to determine the last date of attendance for any student that began attendance but did not earn at least one passing grade. The following students in the sample possibly withdrew from school without official notice.

Student #1 The student attempted two classes for a total of six hours in the fall 2010 term and received a grade of "F" in both classes. There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #23 The student attempted two classes for a total of six hours in the fall 2010 term and received a grade of "F" in both classes. There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #24 The student attempted five classes for a total of twelve hours in the spring 2011 term and received a grade of "F" in all classes. There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #25 The student attempted four classes for a total of eleven hours in the fall 2010 term and received two grades of "W" (withdrawn) , one grade of "WF"(withdrawn-

failing), and one grade of "F". There is no record that Calvary attempted to determine if the student had unofficially withdrawn or completed the period.

Student #26 The student attempted four classes for a total of twelve hours in the spring 2011 term and received a grade of "F" in all classes. There is no record that Calvary attempted to determine if the student had officially withdrawn or completed the period.

Student #27 The student attempted five classes for a total of thirteen hours in the fall 2010 term and received one grade of "EA" (failure due to absences) and four grades of "F". All five classes were taken in the traditional format. The Registrar stated this student had moved three hours away from Kansas City during the term.

Student #28 The student attempted the same five classes as student #27 in the fall 2010 term and received one grade of "EA" (failure due to absences) and four grades of "F". All five classes were taken in the traditional format. The Registrar stated this student, with Student #27, moved three hours away from Kansas City during the term. It is noted that the "EA" grades for students #27 and #28 were given by the same professor. That fact, together with the knowledge that both students moved away during the term, leads the reviewers to believe that this professor was the only one of student #27 and #28's professors during this term using the grade of "EA" as it was meant to be used.

Required Action: Calvary must provide documentation of the last day of academically-related activity in each class for every student that began attendance but failed to earn a passing grade in all courses attempted for the 2010-2011 and 2011-2012 academic years, by term.

If Calvary is unable to prove that each student completed the term, the student must be considered to have unofficially withdrawn and Calvary may be required to perform a R2T4 calculation in the FPRD.

Finding 5. R2T4 Calculated Incorrectly and Not Returned Timely

Citation: Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date.

If a program is measured in credit hours, the percentage of the payment period or period of enrollment completed is determined by dividing the total number of calendar days in the payment period or period of enrollment 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 or period of enrollment 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 or period of enrollment and the number of calendar days completed in that period. 34 C.F.R. § 668.22(e)

Unearned funds returned by the institution or the student, as appropriate, must be credited to outstanding balances on Title IV, HEA loans made to the student or on behalf of the student for the payment period or period of enrollment for which a return of funds is required.

Those funds must be credited to outstanding balances for the payment period or period of enrollment for which a return of funds is required in the following order:

1. Unsubsidized Federal Direct Stafford loans
2. Subsidized Federal Direct Stafford loans
3. Federal Perkins loans
4. Federal Direct PLUS received on behalf of the student 34 C.F.R. § 668.22(i)(1)

An institution must return the amount of Title IV, HEA funds for which it is responsible 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)

Noncompliance: Calvary did not perform any R2T4 calculations in 2010-2011, and only one in 2009-2010. Reviewers included that specific student from the 2009-2010 year in the sample. The student provided written notice of withdrawal to the institution, dated 3/11/10, which is the date that must be used for the date of the institution's determination that the student withdrew.

The calculation was performed incorrectly in Step 2: Percentage of Title IV Aid Earned. Calvary used 3/12/10 as his withdrawal date, when his paperwork signed by Calvary officials states 3/11/10 is his official date of withdrawal. Calvary used 1/12/10 and 5/12/10 as the payment period start and end dates, respectively. However, it appears Calvary did not use calendar days when calculating the total days in the payment period. Calvary calculated that the student completed 44 days out of 84 total days in the payment period. Reviewers calculate that the student completed 59 days out of 110 total days in the payment period. The result is the student earned 53.6% instead of 52.4% of the Title IV, HEA aid that Calvary disbursed, which is a difference of \$54.47.

Calvary returned the student's unearned amounts of Unsubsidized and Subsidized Direct Loan to the Department on 6/23/10, more than 45 days after 3/11/10.

Both of these issues were reported in Calvary's A-133 audit (FYE 6/30/10); the institution failed to implement its corrective action plan.

Required Action: Calvary must revise policy and procedure to ensure the calculation of days in the payment period is correct, as well as to ensure funds are returned within the

required timeframe. This required action may be combined with the required action for Finding # 15.

Calvary is reminded that the Department incurs unnecessary costs due to incorrect refund calculations as well as late refunds and may require Calvary to reimburse the Department for unnecessary charges. Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Finding 6. Failure to Complete Verification

Citation: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's Free Application for Federal Student Aid (FAFSA), as well as resolving any conflicting information that presents itself regarding that application.

The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's Institutional Student Information Record (ISIR). An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. §§ 668.16(f); 668.24(c)(1)(i); 668.56; 2010-2011 *Federal Student Aid Application and Verification Guide*.

Noncompliance: For the following students in the sample, verification was not performed correctly.

Student #2 The student listed five members in the household and one in college on the FAFSA, however, the student listed four in the household and one in college on the verification worksheet. Additionally, the student listed \$4,200 in child support paid in 2009 on the FAFSA, however the student listed \$6,600 in child support paid in 2009 on the verification worksheet. This is conflicting information that must be reconciled.

Student #6 The student listed two members in the household and left the number in college blank on the FAFSA. Because the number in college was left blank, the Central Processing System (CPS) made the assumption that both household members were in college and processed the FAFSA, noting on the Student Aid Report sent to the student (and on the ISIR sent to the school) that the student should review the item and make any corrections if necessary. The student listed two in the household but only one in college on the verification worksheet. The student also listed \$1000 in untaxed income on the FAFSA as education credits, but the student's 2009 Federal 1040 line 31, Education

Credits, is blank. The student wrote \$1000 next to Education Credits on the verification worksheet, but it is crossed out.

Student#7 The student listed \$3,369 as Father's Income Earned From Work on the FAFSA. The student's file includes three W-2s for the father; the first is from Cornerstone Bible Institute showing wages of \$2,604.17, the second is from Biblical Ministries Worldwide showing wages of \$11,366.60, and the third is from Grace Community Baptist Church showing wages of \$1,700.01. The student reported zero on the Mother's Income Earned From Work line on the FAFSA, but the student's file includes one W-2 for the mother from Cornerstone Bible Institute in the amount of \$2,554.16. The student reported zero on the Parent's Housing, Food, & Living Allowances line, however three W-2s in the student's file reflect housing allowances: Cornerstone Bible Institute reported \$6,150 in "Minister/Gospel Housing Allow." for each parent and Grace Community Baptist Church reported \$3,499.99 in "Housing Allowance for the student's father.

Student #14 The student reported \$2,477 as Income Tax Paid on the FAFSA; however the student's 2009 1040 EZ shows \$1,979 as Tax. The student also reported zero for Other Untaxed Income on the FAFSA, and reported \$2,400 in Other Untaxed Income on the Verification Worksheet, but the ISIR was not updated by the school. The student also reported six members in the household on the FAFSA, but seven members in the household on the Verification Worksheet. The student also reported \$6,126 in Father's Income Earned From Work, but the student's parent's 2009 1040 reflects \$23,980.

This issue was also reported in Calvary's A-133 audit (FYE 6/30/10); the institution failed to implement its corrective action plan.

Required Action: In response to this finding, Calvary must complete the verification process for the above-mentioned students and recalculate the student's Title IV, HEA eligibility accordingly. In addition, Calvary must review the student files of all Title IV, HEA recipients that were selected for verification in the 2010-2011 and 2011-2012 award years and provide the following information in spreadsheet format as shown in Appendix E, along with the required hard copy documentation listed below:

1. Student's first and last name;
2. Social Security number (last four digits only);
3. Award year;
4. Date of Disbursement;
5. Amount of Disbursement;
6. Title IV, HEA program;
7. Indication of whether verification was completed for student (Y/N);
8. Indication of whether initial verification was accurate (Y/N);
9. Indication of whether recalculation was performed (Y/N);

10. Original EFC;
11. Recalculated EFC;
12. Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;
13. Legible copy of student's original account card;
14. Legible copy of all transactions of the student's ISIR; and
15. Legible copy of student's verification worksheet; and
16. All documentation used by Calvary to complete the verification process.

The required information listed in items 12, 13, 14, 15 and 16 above must be presented in hard copy format.

In addition, Calvary must devise and implement procedures that will ensure that, in the future, the verification process is properly completed for all students. A copy of those procedures must accompany Calvary's response.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Calvary is reminded that hard copy files containing PII must be safeguarded as described in the enclosure to the cover letter of this report.

Finding 7. Incorrect Cost of Attendance Assigned to Part-Time Students

Citation: The term "cost of attendance"(COA) means—

- tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;
- an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;
- an allowance (as determined by the institution) for room and board costs incurred by the student which—
 - shall be an allowance determined by the institution for a student without dependents residing at home with parents;
 - for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board;
 - for students who live in housing located on a military base or for which a basic allowance is provided under section 403(b) of Title 37, United States

- Code, shall be an allowance based on the expenses reasonably incurred by such students for board but not for room; and
- for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
 - for less than half-time students (as determined by the institution), tuition and fees and an allowance for only—
 - books, supplies, and transportation (as determined by the institution);
 - dependent care expenses; and
 - room and board costs except that a student may receive an allowance for such costs for not more than 3 semesters or the equivalent, of which not more than 2 semesters or the equivalent may be consecutive;
 - for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that—
 - such allowance shall not exceed the reasonable cost in the community in which such student resides for
 - the kind of care provided; and
 - the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time;
 - for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;
 - for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;
 - for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional Student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan, as the case may be. *Higher Education Act of 1965, as amended, §472*

Students must be awarded on the basis of a COA comprised of allowable costs assessed all students carrying the same academic workload. An institution may not originate a loan that will exceed the borrower's COA. If the estimated financial assistance combined with the expected financial aid will exceed the student's need, the amount in excess of the student's need is considered an overaward. *Higher Education Act of 1965, as amended, §472; 2010-2011 FSA Handbook, Volume 3, Chapters 2, 6 and 8.*

Noncompliance: Calvary overawarded students based on the COA established. Overawards were caused by Calvary failing to adjust the COA to reflect the student's actual academic workload, and in some cases, assigning an incorrect COA. In one instance, the overaward was caused by the failure of Calvary to notify the third-party servicer of non-institutional scholarship aid.

Student #1 This graduate student was enrolled in six hours for the fall 2010 semester, which is less than full-time for a graduate student, yet received a COA based on full-time. The student's COA was \$21,661 and he was awarded a subsidized DL of \$8,500 and an unsubsidized DL of \$12,000. Because the student did not return for the spring 2011 semester, he received \$4,250 in subsidized and \$6,000 in unsubsidized DL.

Student #2 This Non-Traditional student was three-quarter time for the fall 2010 semester yet received a COA based on full-time. She received a COA of \$25,533 and she was awarded \$2,775 in Pell, \$1,688 in subsidized DL and \$6,000 in unsubsidized DL.

Student #4 This Non-Traditional student was three-quarter time for the fall 2010 semester and full-time for the spring 2011 semester yet received a COA based on full-time for both semesters. He received a COA of \$25,533 and he was awarded \$3,413 in Pell, \$5,500 in subsidized DL and \$7,000 in unsubsidized DL.

Student #7 This Non-Traditional student was less than half-time for the spring 2011 semester. She received a pro-rated COA based on 5 months of \$11,585 for the term, which consisted of \$5,156 tuition, \$2,445 room and board, \$278 books and supplies, \$427 fees, \$2,135 personal expenses and \$1,145 transportation. The tuition was based on a full-time student. The COA assigned was incorrect, as less than half-time students are not allowed personal expenses. This student received \$613 of Pell and was not overawarded.

Student #8 This Traditional student was enrolled full-time for the fall 2010 semester, half-time for the spring 2011 semester, yet received a COA based on full-time for both semesters. She received a COA of \$18,009 and she was awarded \$1,800 in Pell.

Student #10 This Non-Traditional student was enrolled less than half-time for the fall 2010 semester, half-time for the spring 2011 semester and less than half-time for the summer 2011 semester, yet received a COA based on full-time for all semesters. She received a COA of \$34,044 for all three terms and she received \$6,245 in Pell. This student had incomplete consortium agreements in her file for the spring 2011 and summer 2011 semesters.

Student #11 This graduate student was enrolled in six hours for the fall 2010 semester and six hours for the spring 2011 semester, which is less than the full-time course load of 9 hours for a graduate student, yet received a COA of \$21,661 based on full-time.

The COA is based on \$5,580 in tuition for both semesters; however the tuition for six hours both semesters is \$3,720. The student was awarded \$8,500 in subsidized and \$12,000 in an unsubsidized DL. When this student's COA is adjusted for academic workload, the tuition, fees, and books components will be reduced, possibly resulting in an overaward for this student.

Student #12 This graduate student was enrolled in six hours for the fall 2010 semester and six hours for the spring 2011 semester, which is less than full-time for a graduate student, yet received a COA based on full-time. The student's COA was \$21,661 and she received an unsubsidized DL of \$20,500 for 2010-2011.

Student #13 This graduate student was enrolled in six hours for the fall 2010 semester and six hours for the spring 2011 semester, which is less than the full-time course load of 9 hours for a graduate student, yet received a COA of \$21,661 based on full-time.

The COA is based on \$5,580 in tuition for both semesters; however the tuition for six hours both semesters is \$3,720. The student was awarded \$20,500 in an unsubsidized DL. When this student's COA is adjusted for academic workload, the tuition, fees, and books components will be reduced, possibly resulting in an overaward for this student.

Student #29 This Non-Traditional student was enrolled half-time for the fall 2010 semester and half-time for the spring 2011 semester, yet received a COA based on full-time. The student's COA was \$25,533 and she received \$2,600 in Pell, \$4,500 in subsidized DL and \$7,000 in unsubsidized DL.

The undergraduate COA for full-time status is based on a student taking 16 hours a semester, so the tuition, fees, and book components will be reduced considerably once this student's COA is adjusted for academic workload, possibly resulting in an overaward for this student.

Student #30 This Traditional student was enrolled full-time for spring 2011 and was given a prorated, Spring-only COA of \$11,585. The student received \$2,775 in Pell, \$3,500 in subsidized DL and \$5,310 in unsubsidized DL, for a total of \$11,585 in Title IV, HEA aid. He also received \$500 in outside scholarships in 5 \$100 increments, causing an overaward of \$500.

This issue was also reported in Calvary's A-133 audits (FYE 6/30/10, FYE 06/30/09); the institution has continuously failed to implement its corrective action plans.

Required Action: In response to this finding, Calvary must provide the following:

1. Revised COA determinations for each student that was not full time for any term in 2010-2011 and 2011-2012 to demonstrate whether the students would have been overawarded if correct COA figures had been used. Calvary must review the student files of all Title IV, HEA recipients that were enrolled less than full-time in any term in the 2010-2011 and 2011-2012 award years and provide the following information in spreadsheet format as shown in Appendix F, along with the required hard copy documentation (items j and k listed below):
 - a. Student's first and last name;
 - b. Social Security number (last four digits only);
 - c. Award year;
 - d. Date of Disbursement;
 - e. Amount of Disbursement;
 - f. Title IV, HEA program;
 - g. Original COA;
 - h. Recalculated COA;
 - i. New award amount based on recalculation;
 - j. Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;
 - k. Legible copy of student's original account card.
2. Revised policy and procedures to ensure the proper use of the COA when awarding Title IV to students that are not full-time, including a copy of Calvary's revised COA charts showing amounts by program, enrollment status, living arrangements, etc.
3. Revised policy and procedures to ensure outside aid is communicated to the third-party servicer so it may be included in the student's Estimated Financial Aid.

These items must accompany Calvary's response to this report.

Instructions for repayment of any identified liabilities will be provided in the FPRD.

Finding 8. Cost of Attendance – Failure to Maintain Supporting Documentation

Citation: Federal regulations state that an institution shall establish and maintain, on a current basis, all documentation relating to its administration of the Title IV programs in accordance with all applicable requirements. 34 C.F.R. § 668.24

Noncompliance: Calvary failed to document the components of its cost of attendance determinations for the Title IV budgets that were used in the 2010-2011 award year.

Calvary provided forms for the undergraduate Traditional Studies, undergraduate Non-Traditional Studies and Master's programs titled "Worksheet for Residence Costs". Calvary provides figures on this form in each category and submits to the institution's Third-Party Servicer, who establishes the COA for each student. Calvary was not able to supply these worksheets for the 2010-2011 award year, but did provide them for the 2011-2012 award year. On these worksheets, the figures for Non-Traditional Studies are different on some components than those for Traditional Studies.

It is not clear why Non-Traditional students incur \$500 in personal costs per term when Traditional students incur \$600 in personal costs per term. It's also unclear why Traditional students incur no transportation costs when Non-Traditional students incur \$950 a term, especially when Non-Traditional students could be taking all online courses, all correspondence courses, or a mixture of the two; additionally, both Traditional and Non-Traditional students are allowed to live on-campus.

The COA is based on a student taking 16 hours each semester. In a sample of 29 undergraduate students, 17 of them were full-time for the fall 2010 semester; of those 17 students, hours enrolled varied from 12-17, averaging 13.9 hours.

Calvary could provide no documentation to substantiate that the figures for the book allowance, personal expenses allowance, and transportation allowance components of the COA determination were based on any type of analysis of actual costs.

Required Action: For the 2010-2011 and 2011-2012 award year, Calvary must provide a summary of the various components of its COA and provide documentation to support its determinations.

Additionally, Calvary must devise and implement procedures to ensure that, in the future, its cost of attendance determinations will be fully documented. The procedures should also require that the cost of attendance figures be periodically reviewed and, as necessary, updated. A copy of these procedures must accompany Calvary's response to this report.

Finding 9. Satisfactory Academic Progress (SAP) Policy Not Adequate

Citation: For purposes of determining student eligibility for assistance under a Title IV, HEA program, the institution must establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving assistance under a Title IV, HEA program. 34 C.F.R. § 668.16(e)¹

¹ As of July 1, 2011, the regulations under 34 C.F.R. § 668.16(e) were moved to §668.34.

Noncompliance: To be considered administratively capable, a school must have a satisfactory academic progress policy that, for a Federal Student Aid (FSA) recipient, is the same as or more strict than the school's standards for a student enrolled in the same educational program who is not receiving assistance under an FSA program. However, Calvary maintains a non-Title IV SAP policy that is stricter than its Title IV policy. In the non-Title IV policy, a student loses eligibility to receive financial aid in the form of institutional scholarships once they are placed on probation; in the Title IV policy, a student on probation can still receive Title IV funds.

As part of the quantitative measure of SAP, a school has to determine a maximum timeframe for each program. Calvary is using 150% for each program, yet requires students to have successfully completed 75% of their attempted hours at each increment. Because Calvary is allowing students a maximum of 150% of their program, the incremental percentage should be 67% (hours required for degree x 150% = y, hours required for degree / y = 67%). The percentage used should be the minimum rate that will allow completion of the academic program within the institution's established maximum time frame.

Required Action: Calvary is required to update the SAP policies for FSA recipients and non-FSA recipients to either agree, or to increase the standards of the policy for FSA recipients to be stricter than the policy for non-FSA recipients.

Calvary is also required to either change the quantitative incremental standard to 67%, or reduce the maximum time frame percentage from 150% to 133% to equate to the 75% standard and revise its policy accordingly.

A copy of both the academic SAP policy and the financial aid SAP policy must accompany Calvary's response to this report. Please note new SAP regulations went into effect July 1, 2011 and may now be found at 34 C.F.R. § 668.34. The submitted policies must be in compliance with § 668.34.

Finding 10. Failure to Enforce Institutional SAP Policy

Citation: A student is eligible to receive Title IV, HEA program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of 34 C.F.R. § 668.16(e), and, if applicable, the provisions of 34 C.F.R. § 668.34 as stated in 34 C.F.R. § 668.32(f).

An institution may find that a student is making satisfactory progress even though the student does not satisfy the requirements, if the institution determines that the student's failure to meet those requirements is based upon—

- The death of a relative of the student;
- An injury or illness of the student; or
- Other special circumstances.

At a minimum, an institution must review a student's academic progress at the end of each year. 34 C.F.R. § 668.34.

Noncompliance: For the following students in the sample, the student did not maintain SAP according to the standards set by Calvary yet received Title IV, HEA funds.

Student #23 After the Fall 2008 semester, the student's cumulative grade point average (GPA) was 1.955, below the institutional requirement of 2.0. According to institutional policy which states SAP is measured each semester, this student should be on probation for the spring 2009 term. There is no record in the student's file of him being notified of his being placed on probation for the spring 2009 semester. After the spring 2009 semester, the student's cumulative GPA was 1.838, placing the student on SAP suspension. There is no record in the student's file of him being notified of his being placed on SAP suspension. The student was allowed to continue attending for the summer 2009, fall 2009, spring 2010, and summer 2010 semesters. There is no record of a SAP appeal in the student's file. After the fall 2009 semester, the student's GPA was above 2.0; however his rate of completion was 74%, below the institution's quantitative standard of 75%. After the summer 2010 semester, the student had met both the institution's qualitative and quantitative SAP standards and regained eligibility for Title IV, HEA funds for the fall 2010 semester.

Student #24 After the spring 2010 semester, the student's cumulative GPA was 1.787, below the institutional requirement of 2.0. According to institutional policy which states SAP is measured each semester, this student should be on probation for summer 2010. There is no record in the student's file of him being notified of his being placed on SAP probation for the summer 2010 semester. After the summer 2010 semester, the student's cumulative GPA was 1.530 and should have been placed on SAP suspension for the fall 2010 semester. There is no record in the student's file of him being notified of his being placed on SAP suspension for the fall 2010 semester. The student received Pell, FSEOG, subsidized DL and unsubsidized DL for the fall 2010 semester totaling \$9,332.14. Additionally, the student's academic record worsened to 1.236 cumulative GPA at the end of the fall 2010 semester. The student was allowed to continue attendance in the spring 2011 semester, and also received Pell, FSEOG, subsidized DL and unsubsidized DL totaling \$9,240.55 even though the student was ineligible for Title IV, HEA aid due to failing SAP. There is no record of a SAP appeal in the student's file.

Student #25 After the spring 2010 semester, the student failed the institutional quantitative standard of 75% by completing 119 of 167 hours attempted, resulting in 71% completion rate. There is no record in the student's file of him being notified of his being placed on SAP probation for the fall 2010 semester. After the fall 2010 semester, the student's completion rate was 67% after completing 119 of 178 hours attempted. He should have been placed on SAP suspension for the spring 2011 semester, but there is no record in the student's file of him being notified of his being placed on SAP suspension for the spring 2011 semester. The student received an unsubsidized DL for the spring 2011 semester of \$6,250 even though the student was ineligible for Title IV, HEA aid due to failing SAP. There is no record of a SAP appeal in the student's file.

Student #29 After the summer 2010 semester, the student failed the institutional qualitative standard by earning a cumulative GPA of 1.0. There is no record in the student's file of her being notified of her being placed on SAP probation for the fall 2010 semester. After the fall 2010 semester, the student's cumulative GPA was 0.692. There is no record in the student's file of her being notified of being placed on SAP suspension. The student was allowed to continue attendance in the spring 2011 semester and received Pell, subsidized DL and unsubsidized DL totaling \$4,175 even though the student was ineligible for Title IV, HEA aid due to failing SAP. There is no record of a SAP appeal in the student's file. The reviewers noted a letter in her file notifying the student of an academic suspension after the spring 2011 semester.

Required Action: For each of the students listed, Calvary must provide a SAP appeal from the student for the term in which they were ineligible and a record of Calvary's approval of the appeal, or include them in the file review explained below.

For all other students, Calvary must review the financial aid files of all Title IV, HEA recipients who attended the institution in the 2010-2011 and 2011-2012 award years. For each student who received Title IV, HEA funds without meeting the institution's SAP requirements, Calvary must provide the following information in a spreadsheet format (see Appendix G for an example):

1. Award Year;
2. Student's name;
3. Last four digits of the student's Social Security Number;
4. Date of ineligible disbursement(s);
5. Student's degree program;
6. Total hours attempted;
7. Total hours earned;
8. Student's quantitative completion percentage at the time of disbursement;
9. Student's cumulative GPA at the time of disbursement;

10. Amount of Title IV, HEA funds disbursed to the student, organized by Title IV, HEA program.

The SAP spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format.

For each student who received a disbursement of Title IV, HEA funds without meeting the institution's SAP requirements, Calvary also must provide legible copies of the following documents:

1. Student account card;
2. Academic transcript; and
3. Copies of SAP appeal if applicable; and
4. Copies of Calvary's approval or denial of the appeal.

Calvary must also revise and implement procedures that will ensure that, in the future, the SAP policies set by the institution are followed by the institution. A copy of the procedures must accompany Calvary's response.

Finding 11. Federal Supplemental Educational Opportunity Grant Awarding and Matching Deficiencies

Citation: In selecting among eligible students for FSEOG awards in each award year, an institution must select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. 34 C.F.R. § 676.10(a)(1)

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. *2010-11 FSA Handbook, Volume 3 Chapter 7*

Selection procedures may specify categories of students to ensure that the students in each category have an opportunity to be awarded FSEOG funds. Categories may be based on class standing, enrollment status, program, date of application, or a combination of factors. A school may choose to assign a percentage or dollar amount of FSEOG funds to each category; there is no requirement to make the percentage or dollar amount proportional to the need of students in a particular category or even to the number of students in the category. However, categorization may not be used to exclude certain students or groups of students from consideration. *2010-11 FSA Handbook, Volume 3 Chapter 7*

Also, the federal share of the FSEOG awards made by an institution may not exceed 75 percent of the amount of FSEOG awards made by that institution. The non-federal share of FSEOG awards must be made from the institution's own resources, which include for this purpose—

- (1) Institutional grants and scholarships;
- (2) Tuition or fee waivers;
- (3) State scholarships; and
- (4) Foundation or other charitable organization funds. 34 C.F.R. § 676.21

The three methods a school may use to meet its nonfederal share follow:

- Individual FSEOG recipient basis—the school provides its share to an individual FSEOG recipient together with the federal share; that is, each student's total FSEOG would consist of 25% nonfederal resources and 75% federal dollars for the award year.
- Aggregate basis—the school ensures that the sum of all funds awarded to FSEOG recipients in the 2009–2010 award year comprises 75% FSEOG federal funds and 25% nonfederal resources.
- Fund-specific basis—the school establishes an FSEOG fund into which it deposits FSEOG federal funds and the required 25% nonfederal share. Awards to FSEOG recipients are then made from the fund.

Also, by the time the FSEOGs are disbursed, the required match must have been accomplished; that is, the school's own resources must have been disbursed before or at the time the federal dollars are disbursed. However, institutions using the aggregate method may post FSEOG funds before the match, provided that the school has written information about funds that the non-institutional agency or organization is awarding to the student involved. The written information must be kept on file at the school. *2010-2011 FSA Handbook, Volume 6, Chapter 1*

Noncompliance: Calvary's FSEOG selection policy states undergraduate students are eligible to receive FSEOG based on completion date of the FAFSA (including verification, if required). The policy states the award amount is based on EFC, therefore all students with the same EFC will receive the same FSEOG award amount.

Of 29 students considered in the sample, 10 had EFCs of 0. Of those 10 students, 7 (#6, #17, #18, #20, #21, #22, #24) received FSEOG. Students #2 and #10 did not receive FSEOG, but completed the FAFSA application and verification process before students that did receive FSEOG.

The 7 FSEOG recipients with the same EFC did not receive the same award amount, as the policy states. Also, the awards were not split equally between payment periods.

Calvary is not appropriately awarding the nonfederal share of FSEOG. The school's policy states that Calvary uses the aggregate method to meet the nonfederal share requirement of 25%; additionally the Fiscal Operations Report and Application to Participate (FISAP) filed with the Department by Calvary indicates that Calvary provides the nonfederal share by institutional cash outlay.

Specific issues of noncompliance are as follows:

Student #6 This student enrolled full-time Fall 2010 and full-time Spring 2011, but did not receive FSEOG during the Fall 2010 semester. He received one disbursement of \$215.55 on 4/29/11. His FAFSA date was 3/22/10, and he completed verification on 8/12/10.

Student #17 This student enrolled full-time Fall 2010 and full-time Spring 2011. She received \$307.14 on 12/14/10 and \$215.55 on 4/29/11. Her FAFSA date was 6/10/10; his application was not selected for verification. This student did not receive any institutional funds.

Student #18 This student enrolled full-time Fall 2010 and full-time Spring 2011. He received \$307.14 on 12/14/10 and \$215.55 on 4/29/11. His FAFSA date was 6/21/10, but the application was not valid until he signed it on 7/7/10. This student did not receive any institutional funds.

Student #20 This student enrolled full-time Fall 2010 and full-time Spring 2011. She received \$307.14 on 12/14/10 and \$215.55 on 4/29/11. Her FAFSA date was 7/21/10, and she completed verification on 9/17/10. This student did not receive any institutional funds.

Student #21 This student enrolled full-time Fall 2010 and full-time Spring 2011. She received \$307.14 on 12/14/10 and \$215.55 on 4/29/11. Her FAFSA date was 2/9/10; her application was not selected for verification. This student did not receive any institutional funds.

Student #22 This student enrolled full-time Fall 2010 and full-time Spring 2011. He received \$307.14 on 12/14/10 and \$215.55 on 4/29/11. His FAFSA date was 2/9/10; his application was not selected for verification. This student did not receive any institutional funds.

Student #24 This student enrolled full-time Fall 2010 and full-time Spring 2011. He received \$307.14 on 12/14/10 and \$215.55 on 4/29/11. His FAFSA date was 8/10/10; his application was not selected for verification.

Required Action: In response to this finding, Calvary must document that FSEOG recipients in the 2010-2011 academic year received \$3,772 in institutional funds; that FSEOG recipients in the 2009-2010 academic year received \$3,398 in institutional funds; and that FSEOG recipients in the 2008-2009 academic year received \$4,925 in institutional funds to satisfy the requirement that Calvary must match FSEOG with 25% nonfederal resources. If Calvary is not able to do so, Calvary must reconcile its institutional records and the Fiscal Operations Report (FISAP), make any required correction to the FISAP and return any unmatched federal share to the Department.

Student account cards reflecting that FSEOG recipients received the appropriate amount of nonfederal funds; or, a copy of the corrected FISAP and documentation of the returned unmatched federal share must accompany Calvary's response to this report. In addition, revised policy and procedures explaining how Calvary will award and account for the nonfederal share of FSEOG in the future must accompany Calvary's response to this report.

Calvary is required to review the internal FSEOG selection policy and ensure the policy is followed in the future. A copy of updated FSEOG selection procedures must accompany Calvary's response to this report.

Finding 12. Institution Failed to Award Federal Academic Competitiveness Grants

Citation: An institution that participates in the Federal Pell Grant program must participate in the ACG program. 34 C.F.R. § 691.7(b)

Noncompliance: Calvary failed to make any ACG awards to eligible students during the 2010-2011 award year. The Financial Aid Administrator told the review team he mistakenly thought the last year of the program was 2009-2010, when in fact 2010-2011 was the last year of the program.

Required Action: As the ACG program is no longer funded, no action by Calvary is required.

Finding 13. Federal Pell Grant Awarded and Disbursed Incorrectly

Citation: Federal regulations state that the calculation of a Federal Pell Grant is based on the student's enrollment status from the payment schedule: full-time, three-quarter time, half-time or less-than-half time. 34 C.F.R. § 690.63 & 690.75

An institution shall award up to the full amount of a second Scheduled Award to a student in an award year if the student is enrolled for credit hours that are attributable to the student's second academic year in the award year. 34 C.F.R. § 690.67(a)(1)

A student becomes potentially eligible to receive the second scheduled award after completing the hours in his or her first academic year during a single award year in a certificate, associate degree, or baccalaureate degree program. During the student's first scheduled award, the student may be in any enrollment status; however, a student must be enrolled at least half-time to receive a payment from the second scheduled award for an award year. *2010-2011 FSA Handbook, Volume 3 Chapter 3*

In addition to the records for each Title IV program, an institution must establish and maintain, on a current basis, records regarding the student's enrollment status at the institution, the program and courses in which the student is enrolled, and whether the student is maintaining satisfactory academic progress in the student's program of study. A student is only eligible for Title IV student financial assistance if the student is a regular student enrolled or accepted for enrollment in an eligible program. To disburse Title IV, HEA funds, an institution must have procedures in place to determine that the student attended at least one day of classes and was disbursed funds based on the appropriate enrollment status. Without documentation to substantiate a student's enrollment status during a given period, the institution cannot prove that a student was enrolled and eligible to receive Title IV, HEA funds.

While the Department of Education does not dictate the manner in which institutions determine a student's enrollment status, institutions must confirm that each student attends at least one class meeting of each course in which they are enrolled in order to verify the student's enrollment status and eligibility for Title IV, HEA funds. Institutions are required to maintain these records in accordance with Federal regulations. 34 C.F.R. § 668.23

Noncompliance: In three instances, Calvary incorrectly awarded and/or disbursed Pell amounts.

Student #2 This Non-Traditional student was charged for 9 hours on 8/9/10. Pell Grant funds in the amount of \$2,775 (the amount for a full-time student) were disbursed to her student account on 8/31/10. She was charged for an additional 3 hours on 9/22/10; she received a full tuition refund for 6 hours on the same day. Her transcript reflects she took 9 hours during the fall 2010 semester. There are no records to substantiate this student began attendance in at least 12 hours, the number of hours she would have had to begin to receive \$2,775 in Pell. According to the student's account statement, Calvary returned \$1,337 in Pell funds to the Department on 12/13/10; however because the student began attendance in 9 hours she was entitled to \$2,082.

Student #10 This Non-Traditional student was enrolled less than half-time for the fall 2010 semester yet received \$2082 in Pell, the correct amount for a student with her EFC that is enrolled three-quarters-time. She was enrolled half-time for the spring 2011 semester yet received \$2081 in Pell, the correct amount for a student with her EFC that is

enrolled three-quarters-time. She was enrolled less than half-time for the summer 2011 semester yet received \$2082 in Pell, the correct amount for a student with her EFC that is enrolled three-quarters-time.

Additionally, this student received \$6,245 in Pell for 2010-2011; \$5,550 from a first scheduled award and \$695 from a second scheduled award. This student did not complete Calvary's defined academic year (24 hours) in the academic year, thus she was not eligible for a second scheduled award.

It is worth noting that this student had incomplete consortium agreements in her file for the spring 2011 and summer 2011 semesters.

Student #17 This Traditional student was enrolled full-time for both fall 2010 and spring 2011 semesters. She received \$2,775 in Pell for Fall 2010, the correct amount. She should have received the same amount in spring 2011, but she received \$1,388.

Required Action: Calvary must return \$3,470 of the \$6,245 Pell funds Student #10 received to the Department as she was only eligible for \$2,775. Instructions for repayment of any identified liabilities will be provided in the FPRD; Calvary must not return the funds until the FPRD is received.

In addition, Calvary must revise procedures concerning properly awarding Pell based on enrollment status and provide the revised procedures with its response to this report.

Finding 14. Direct Loan – Incorrect Grade Level

Citation: In the case of an undergraduate student who has successfully completed the first year of an undergraduate program but has not successfully completed the second year, the total amount the student may borrow for any academic year of study under the Subsidized Federal Direct Stafford/Ford Loan Program may not exceed \$4,500. The total amount an independent undergraduate student who has successfully completed the first year of an undergraduate program but has not successfully completed the second year may borrow under the Unsubsidized Federal Direct Stafford/Ford Loan Program may not exceed \$6,000. 34 C.F.R. § 685.203

Noncompliance: Student #24 had earned 50 hours when Calvary originated Direct Subsidized and Unsubsidized Loans for the Fall 2010 and Spring 2011 semesters. The Subsidized Loan was originated at grade level 3 for \$5,500; it should have been originated at grade level 2 for no more than \$4,500. The Unsubsidized Loan was originated at grade level 3 for \$7,000; it should have been originated at grade level 2 for no more than \$6,000. The student did not continue after the Spring 2011 term; leaving at grade level 2 with 54 hours earned.

Required Action: Calvary must revise its procedure for awarding loans to ensure students are being awarded at the proper grade level. A copy of these revised procedures must accompany Calvary's response to this report, along with its assurances this finding will not be repeated.

Instructions for repayment of any liabilities will be provided in the FPRD letter

Finding 15. Return Policy Not Adequate

Citation: An institution must disclose to enrolled and prospective students specific items related to withdrawing and the Return to Title IV (R2T4) calculation:

- 1) Any refund policy with which the institution is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the institution;
- 2) The requirements and procedures for officially withdrawing from the institution; and
- 3) A summary of the requirements under § 668.22 for the return of Title IV grant or loan assistance.
 - a. Requirement that the institution must determine the amount of Title IV, HEA aid the student earned as of his/her withdrawal date;
 - b. Determining the withdrawal date;
 - c. Determining unofficial withdrawals (*Dear Colleague Letter GEN-04-12*);
 - d. Approved leave of absence (if applicable);
 - e. Calculation of the amount of Title IV, HEA aid earned by the student and;
 - f. Percentage of payment period or period of enrollment completed;
 - g. Return of unearned aid, responsibility of the institution;
 - h. Return of unearned aid, responsibility of the student;
 - i. Order of return of Title IV, HEA funds.
 - j. Time frame for return of Title IV, HEA funds. 34 C.F.R. §668.22(k)

The information should be sufficient for a student to understand:

- The financial consequences of withdrawing;
- An estimate of the amount of aid he/she may earn and an estimate of the amount he/she may have to return;
- That federal funds may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.

Noncompliance: The consequences listed in Calvary's "Withdrawal and Return to Title IV Aid Policy" available in the Financial Aid Office are not in compliance with the R2T4 policy requirements. Calvary's policy states: "If you withdraw from Calvary and receive a refund, full or partial, you will be considered ineligible for all federal, external, and/or institutional aid. You will be billed for all federal, external, and/or institutional aid you were awarded and that was paid to your account for the withdrawn semester." A

withdrawn student remains eligible for federal aid, to the extent determined by the R2T4 calculation, regardless of any refund received from the institution.

Calvary's catalog states that students are allowed to take a "leave of absence", however it does not appear that Calvary has a formal leave of absence policy in writing and publicized to students as required in 668.22(d)(iii). Therefore, Calvary students cannot be on an approved leave of absence in regards to Title IV, HEA funds and the R2T4 calculation.

Required Action: Calvary must review its withdrawal and leave of absence policies and procedures to ensure compliance with federal regulations and, if necessary revise them. A copy of the updated policies and procedures must accompany Calvary's response to this report.

Finding 16. 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 or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days—
 - (a) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis;
 - (b) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended;
 - (c) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or
 - (d) If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address. 34 C.F.R § 682.610(c)

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. *2010-2011 Federal Student Aid Handbook, Volume 2 Chapter 10*

Noncompliance: In 21 of the 29 student files considered, Calvary has neither accurately reported student enrollment status to NSLDS, nor done it in a timely manner. This appears to be a systemic issue.

This issue was also reported in Calvary's A-133 audit (FYE 6/30/10); the institution failed to implement its corrective action plan.

Required Action: Calvary must review the enrollment status of all students who were enrolled at the institution in the 2010-2011 and 2011-2012 award years and either verify that the listed enrollment status is current, or update the enrollment status to bring it current. Calvary is also required to review its procedures for reporting enrollment status changes to NSLDS to ensure accurate and timely reporting and, as necessary, revise them. A discussion of the results of Calvary's review of its 2010-2011 and 2011-2012 enrollment status reporting and its NSLDS reporting procedures should accompany its response to this report.

Finding 17. Exit Counseling Not Completed Timely

Citation: Federal regulations require a school to ensure that exit counseling is conducted with each Direct Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that this counseling is conducted shortly before the student borrower ceases at least half-time study at the school, and that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program that the home institution approves for credit, written counseling materials may be provided by mail within 30 days after the student borrower completes the program.

If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must ensure that exit counseling is provided through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after learning that the student borrower has withdrawn from school or failed to complete the exit counseling as required. 34 C.F.R. § 685.304(b)

Noncompliance: In 5 instances, Calvary failed to provide exit counseling to a borrower within 30 days. Exit counseling is meant to notify the student of the repayment responsibilities and allow time for the borrower to add the new loan payment into a monthly budget, to learn about loan repayment options, and to contact the school or loan servicer with questions. Waiting until June to notify a student whose late date of

attendance was in December effectively notifies the student of their responsibilities at the same time repayment begins.

Student #1 This student did not return after the fall 2010 term. Calvary should have provided him with exit counseling information within 30 days after the determination that the student would not return for the spring 2011 term.

Student #2 This student did not return after the fall 2010 term. Calvary provided her with exit counseling materials by e-mail on June 9, 2011, more than 30 days after Calvary was able to determine she would not return for the spring 2011 term.

Student #23 This student did not return after the fall 2010 term. Calvary provided him with exit counseling materials by e-mail on June 9, 2011, more than 30 days after Calvary was able to determine he would not return for the spring 2011 term.

Student #27 This student did not return after the fall 2010 term. Calvary provided him with exit counseling materials by e-mail on June 9, 2011, more than 30 days after Calvary was able to determine he would not return for the spring 2011 term.

Student #28 This student did not return after the fall 2010 term. Calvary provided her with exit counseling materials by e-mail on June 9, 2011, more than 30 days after Calvary was able to determine she would not return for the spring 2011 term.

This issue was also reported in Calvary's A-133 audits (FYE 6/30/10, FYE 06/30/09, FYE 06/30/08); the institution has continuously failed to implement its corrective action plans.

Required Action: Calvary must revise its policy and procedures to ensure that a procedure is in place to notify students that do not return for the next semester of all exit counseling requirements within 30 days, as well as a procedure to notify all other official and unofficial withdrawals. A copy of the revised policy and procedures must accompany Calvary's response to this report.

Finding 18. Verification Policy Not Adequate

Citation: An institution shall establish and use written policies and procedures for verifying information contained in a student aid application in accordance with the provisions of this subpart. These policies and procedures must include—

- (1) The time period within which an applicant shall provide the documentation;
- (2) The consequences of an applicant's failure to provide required documentation within the specified time period;

- (3) The method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's EFC changes and results in a change in the applicant's award or loan;
- (4) The procedures the institution requires an applicant to follow to correct application information determined to be in error; and
- (5) The procedures for referring overpayment cases to the Department.

The institution's procedures must provide that it shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of—

- (1) The documentation needed to satisfy the verification requirements; and
- (2) The applicant's responsibilities with respect to the verification of application information, including the deadlines for completing any actions required and the consequences of failing to complete any required action. 34 C.F.R. § 668.53, *2010-11 Federal Student Aid Handbook, Application and Verification Guide*

Noncompliance: Calvary's internal policy and procedures manual does not address any of the elements required to verify information contained in a student aid application.

Required Action: Calvary must update their policies and procedures manual to include each required element to verify information contained in a student aid application. A copy of the verification policy and procedure must accompany Calvary's response to this report.

Finding 19. Institution Did Not Meet Disclosure Requirements for Preferred Lender List

Citation: A school may, at its option, make available a list of recommended or suggested lenders, in print or any other medium or form, for use by the school's students or their parents provided that such list complies with the requirements in 34 CFR 601.10 and 668.14(a)(28). 34 C.F.R. § 682.212(h)

On the institution's website and in all informational materials that describe or discuss private education loans, the institution must disclose the information that the Board of Governors of the Federal Reserve System requires to be disclosed under section 128(e)(11) of the Truth in Lending Act (15 U.S.C. 1638(e)(11)), for each type of private education loan offered pursuant to a preferred lender arrangement of the institution to students of the institution or the families of such students; and

- Not less than the information required to be disclosed under section 153(a)(2)(A) of the HEA;
- Why the institution participates in a preferred lender arrangement with each lender on the preferred lender list, particularly with respect to terms and conditions or provisions favorable to the borrower; and

- That the students attending the institution, or the families of such students, do not have to borrow from a lender on the preferred lender list.

The institution must ensure that there are not less than two lenders of private education loans that are not affiliates of each other included on the preferred lender list. The institution must prominently disclose the method and criteria used by the institution in selecting lenders with which to participate in preferred lender arrangements to ensure that such lenders are selected on the basis of the best interests of the borrowers, including—

- Payment of origination or other fees on behalf of the borrower;
- Highly competitive interest rates, or other terms and conditions or provisions of private education loans;
- High-quality servicing for such loans; or
- Additional benefits beyond the standard terms and conditions or provisions for such loans.

The institution must exercise a duty of care and a duty of loyalty to compile the preferred lender list without prejudice and for the sole benefit of the students attending the institution, or the families of such students. 34 C.F.R. § 601.10

Noncompliance: Calvary's Financial Aid Administrator regularly gives out brochures for three private education lenders when students inquire about private loans. After the review team explained the preferred lender list requirements to the Financial Aid Administrator, he removed the brochures from his desk and stated he would not use them nor recommend lenders in the future.

Required Action: No further action is required. The Financial Aid Administrator's corrective action taken while the reviewers were on-site satisfactorily addresses this finding.

Finding 20. Consumer Information Requirements Not Met

Citation: For each Title IV, HEA eligible program that prepares students for gainful employment in a recognized occupation, the following disclosures must be made:

1. Occupation that the program prepares students to enter
2. On-time graduation rate for students who complete
3. Tuition and fees and typical costs for books, supplies, and room and board charged to students who complete the program within a normal time frame
4. Placement rate for students completing the program
5. Median loan debt incurred by students who complete
6. The preceding information must be included in promotional materials to prospective students, and posted on the institution's website; the program's website, and with a link to it from any other page about the program. 34 C.F.R. § 668.6(b)

Noncompliance: Calvary does not have any Gainful Employment disclosures available on the website or in printed promotional materials for the approved certificate program.

Required Action: Calvary is required to update the website and the certificate's webpage with the disclosures required under §668.6. A copy of the updated webpages and printed promotional materials, along with a procedure to update the disclosures annually must accompany Calvary's response to this report.

Finding 21. Failure to Comply with the Drug and Alcohol Prevention Regulations

Citation: The purpose of the Drug and Alcohol Abuse Prevention regulations is to implement section 22 of the Drug-Free Schools and Communities Act Amendments of 1989, which added section 1213 to the Higher Education Act. These amendments require that, as a condition of receiving funds or any other form of financial assistance under any Federal program, an institution of higher education must certify that it has adopted and implemented a drug prevention program as described in 34 C.F.R. § 86.

The Department's regulations and the Drug Free Schools and Campus Act require participating institutions of higher education to conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the program if they are needed; and (2) ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced. 34 C.F.R. §86.100 (b)(1)(2).

In addition, an institution's drug prevention program must include an annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit. 34 C.F.R. § 86.100 (a).

Noncompliance: Calvary does not have a published policy in its consumer information which discusses disciplinary sanctions for drug and/or alcohol offenses for students. Students are directed in the university catalog to contact the College Student Deans Office for details. Calvary does have a Drug-Free Workplace policy which staff and faculty are required to sign; however, the Policy agreements do not discuss health risks associated with illicit use of drugs and alcohol. Additionally, Calvary does not do the required Biennial Review of its policies to ensure their effectiveness. As an institution, Calvary does no review of disciplinary sanctions prescribed to ensure consistent enforcement is done for all affected parties on campus (staff and students). Calvary's policy references potential consequences in the event violations occur; however, the consequences appear to be subjective and open to potentially being unenforced. Finally, Calvary does not distribute information annually to staff which discusses the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.

Required Action: Calvary must immediately begin reviewing its drug and alcohol prevention program to ensure it includes all regulatory components. Additionally,

Calvary must distribute these policies to all staff and students, even those who are taking reduced coursework to ensure the entire campus body is aware of the policies and consequences which follow breaches. Calvary must conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations. As part of the response to the program review report, Calvary must provide evidence of distribution of the drug and alcohol policies to all applicable parties.

Finding 22. Crime Awareness Requirements Not Met

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) and the Department's regulations require that institutions receiving Title IV, HEA funds publish and disseminate an annual security report that describes policies and statistics relating to campus crime. 34 C.F.R. § 668.46

The Annual Security Report (ASR) must be distributed to all enrolled students and current employees by October 1 of each year. 34 C.F.R. § 668.41(e)(1)

At a minimum, the following information must be included in the annual security report:

- A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include the institution's policies concerning its response to these reports, including
 - Policies for making timely warnings to members of the campus community regarding the occurrence of those crimes required to be reported in the crime statistics section of the annual report. 34 C.F.R. § 668.46(b)(2)(i);
 - Policies for preparing the annual disclosure of crime statistics. 34 C.F.R. § 668.46(b)(2)(ii);
 - A list of the titles of each person or organization to which students and employees should report the criminal offenses described below for the purpose of making timely warning reports and the annual statistical disclosure. This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics, and, if so, a description of those policies and procedures. 34 C.F.R. §668.46(b)(2)(iii)
- A statement of current policies concerning security of and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities. 34 C.F.R. § 668.46(3)
- A statement of current policies concerning campus law enforcement that—

- Addresses the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals;
- Encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies; and
- Describes procedures, if any that encourages pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics. 34 C.F.R. § 668.46(4)
- A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others. 34 C.F.R. § 668.46(b)(5);
- A description of programs designed to inform students and employees about the prevention of crimes. 34 C.F.R. § 668.46(b)(6);
- A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities. 34 C.F.R. § 668.46(b)(7);
- A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws. 34 C.F.R. § 668.46(b)(8);
- A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws. 34 C.F.R. § 668.46(b)(9);
- A description of any drug or alcohol-abuse education programs. 34 C.F.R. § 668.46(b)(10);
- A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include:
 - A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses;
 - Procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported;
 - Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel;
 - Notification to students of existing on-and off-campus counseling, mental health, or other student services for victims of sex offenses;

- Procedures for campus disciplinary action in cases of an alleged sexual offense, including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary hearing and that both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense; and
- Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses. 34 C.F.R. §668.46(b)(11);
- A statement advising the campus community where law enforcement agency information concerning registered sex offenders may be obtained, such as a local law enforcement agency with jurisdiction for the campus or a computer network address. 34 C.F.R. § 668.46 (b)(12);
- A statement of policy regarding emergency response and evacuation procedures. 34 C.F.R. § 668.46(g)
- A statement of policy regarding missing student notification procedures. 34 C.F.R. § 668.46(h)
- Statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority:
 - Criminal homicide
 - Murder and non-negligent manslaughter
 - Negligent manslaughter
 - Sex offenses:
 - Forcible sex offenses
 - Non-forcible sex offenses
 - Robbery
 - Aggravated assault
 - Burglary
 - Motor vehicle theft
 - Arson
 - Arrests for liquor law violations, drug law violations, and illegal weapons possession.
 - Persons not included in the category “Arrests for liquor law violations, drug law violations, and illegal weapons possession” who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession. 34 C.F.R. § 668.46(c)(1)
- The institution must report, by category of prejudice, crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim’s actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability. 34 C.F.R. § 668.46(c)(3);

- The institution must provide a geographic breakdown of the statistics reported under paragraphs (c)(1) and (3) of 34 C.F.R. § 668.46 by crimes that occur (1) on campus; (2) residential facilities for students that are located on campus; (3) non-campus buildings or property; and (4) public property. 34 C.F.R. § 668.46(c)(4)

Noncompliance: Although Calvary compiled the statistics required in §668.46(c)(1) annually, the information was not distributed to all enrolled students and current employees for at least the 2010 and 2011 calendar years.

Calvary reported statistics regarding hate crimes, but specific reporting categories required in §668.46(c)(3)(ii) were missing from the report: larceny-theft, simple assault, intimidation, and destruction/damage/vandalism of property.

Calvary failed to properly disclose crime statistics for the 2008 and 2009 calendar years as follows:

- Burglary (Non-Campus): Calvary reported a total of 0 burglaries on non-campus property for the 2009 calendar year to the Department; however, in reviewing Calvary's ASR housed on its own website, Calvary indicated 2 burglaries occurred on non-campus property.
- Burglary (Public Property): Calvary reported a total of 0 burglaries on public property for the 2008 and 2009 calendar years to the Department; however, in reviewing Calvary's ASR housed on its own website, Calvary indicated 2 burglaries had occurred **each calendar year** on public property.
- Motor Vehicle Theft (Public Property): Calvary reported a total of 0 motor vehicle thefts during the 2009 calendar year to the Department; however, in reviewing Calvary's ASR housed on its own website, Calvary indicated 2 motor vehicle thefts had occurred on public property.

Calvary is missing three items required in the 2009 ASR:

1. A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.
2. A description of programs designed to inform students and employees about the prevention of crimes.
3. A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.

The 2009 ASR fails to address the following in regards to Emergency Response and Evacuation Procedures:

1. A description of the process the institution will use to confirm that there is a significant emergency or dangerous situation, determine the appropriate segment or segments of the campus community to receive a notification, determine the content of the notification, and initiate the notification system;
2. A statement that the institution will, without delay, and taking into account the safety of the community, determine the content of the notification and initiate the notification system, unless issuing a notification will, in the professional judgment of responsible authorities, compromise efforts to assist a victim or to contain, respond to, or otherwise mitigate the emergency;
3. The institution's procedures for disseminating emergency information to the larger community; and
4. The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including tests that may be announced or unannounced, publicizing its emergency response and evacuation procedures in conjunction with at least one test per calendar year, and documenting, for each test, a description of the exercise, the date, time, and whether it was announced or unannounced.

Required Action: Calvary must review its policies and procedures regarding Clery Act reporting to ensure all categories are appropriately reported and disclosed. Additionally, Calvary must ensure notification is done yearly to all enrolled students and employees and that a notice is provided for prospective students and prospective employees. In its response, Calvary must provide copies of updated policies and procedures to the Department to ensure compliance in all areas, including the categories mentioned, and describe its mechanism for complying with the notification requirement of the ASR's availability. In addition, Calvary must provide a copy of the 2011 ASR, submitted October 1, 2011, as well as copies of the notification materials provided to enrolled students and current employees.

Calvary must review the ASR to ensure the correct information is reported. Calvary must also review its policies and procedures related to annual reporting to ensure its process is sufficient to ensure correct statistics are reported to the Department as well as to the public at large. If during the review of policies Calvary determines there are required revisions, Calvary must provide copies of its updated policies and procedures to the Department. Additionally, Calvary must provide copies of any revised reports to the Department as part of its response to this finding.

To assist Calvary, the Handbook for Campus Safety and Security Reporting is available from the Department of Education at this address:

<http://www2.ed.gov/admins/lead/safety/campus.html#handbook>. Additionally, the Department offers a campus security self-assessment activity on the Information for

Financial Aid Professionals (IFAP) website:
<http://ifap.ed.gov/qahome/qaassessments/consumerinformation.html>

Finding 23. Contractual Agreements Inadequate

Citation: If an eligible institution enters into a written arrangement with another eligible institution under which the other eligible institution or consortium provides all or part of the educational program of students enrolled in the former institution, the Secretary considers that educational program to be an eligible program (if it otherwise satisfies the requirements of § 668.8). 34 C.F.R. § 668.5(a)

If an institution enters into a written arrangement with another eligible institution, the institution at which the student is enrolled as a regular student must determine the student's eligibility for Title IV, HEA program funds, and must calculate and disburse those funds to that student. In the case of a written arrangement between eligible institutions, the institutions may agree in writing to have any eligible institution in the written arrangement make those calculations and disbursements. The institution that calculates and disburses a student's Title IV, HEA program assistance must take into account all the hours in which the student enrolls at each institution that apply to the student's degree or certificate when determining the student's enrollment status and cost of attendance; and maintain all records regarding the student's eligibility for and receipt of Title IV, HEA program funds. 34 C.F.R. § 668.5(d)

The Department does not dictate the format of the or where the agreement is kept. However, the following information should be included in all agreements:

- the school that will grant the degree or certificate;
- the student's tuition, fees, and room and board costs at each school;
- the student's enrollment status at each school;
- the school that will be responsible for disbursing aid and monitoring student eligibility; and
- the procedures for calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and returning funds in the event the student withdraws. *2010-11 Federal Student Aid Handbook, Volume 2 chapter 7*

Noncompliance: The institution's student-by-student consortium agreements do not include the following information, as required by the Department's regulations and guidance:

- the student's tuition, fees, and room and board costs at each school;
- the school that will be responsible for disbursing aid and monitoring student eligibility; and

- the procedures for calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and returning funds in the event the student withdraws.

Required Action: Calvary is required to update the individual consortium agreement to include the five required items. A copy of the updated consortium agreement must accompany Calvary's response to this report.

Finding 24. Inadequate Authorization to Hold Credit Balance

Citation: 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—

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(e)

If an institution holds a credit balance on a student's account, the institution must—

- Identify the amount of funds the institution holds for each student or parent in a subsidiary ledger account designed for that purpose;
- Maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the student; and
- Notwithstanding any authorization obtained by the institution under this paragraph, pay any remaining balance on loan funds by the end of the loan period and any remaining other Title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded. 34 C.F.R. § 668.165 (b)(5)

In creating an authorization, remember that:

- All components of an authorization must be conspicuous to the reader.
- An authorization must clearly provide the student or parent with the information he or she needs to make an informed decision.
- The student or parent must be informed that he or she may refuse to authorize any individual item, and that he or she may withdraw such authorization at any time.
- The authorization must clearly explain how the school will carry out an activity. For example, a credit-balance authorization must provide detail that is sufficient to give the student or parent an idea of how the credit balance will be used.

Noncompliance: Calvary's authorization form, titled "Authorization to Retain Excess of Funds" does not comply with federal regulations. The form does not include a statement indicating that a student or parent borrower has the right to refuse, modify or rescind the authorization at any time.

Required Action: Calvary must revise the authorization to reflect the student and/or parent's right to refuse, modify, or rescind the authorization at any time. In addition, Calvary must devise and implement procedures to ensure that, in the future, appropriate written authorizations are obtained from students or parents prior to holding Title IV, HEA credit balances, and that a student or parent is aware of their right to refuse, modify or rescind any authorization to hold or credit Title IV, HEA funds. A detailed discussion of those procedures and copies of the revised authorization must accompany Calvary's response to this report.

Finding 25. Lack of Administrative Capability – Managing Access to Department Systems

Citation: To continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program. The institution must have written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary. 34 C.F.R. § 668.16(b)(3)

Noncompliance: Calvary has demonstrated a lack of administrative capability in managing access to Department of Education (Department) systems.

Required Action: Calvary must immediately disable access of former employees to all Department systems, including Common Origination and Disbursement, the National Student Loan Database System, FAA Access to CPS Online, the Student Aid Internet Gateway, and any other applicable Department system. Calvary must also develop and implement procedures to remove the access of employees as soon as they terminate employment at Calvary. A copy of these procedures must accompany Calvary's response to this report.

Finding 26. Repeat Finding – Failure to Take Corrective Action

Citation: Failure to take corrective action on prior audit findings constitutes an inability by the institution to properly administer the Title IV, HEA programs.
34 C.F.R. § 668.16(a) and §668.23(a)(b)

Noncompliance: Calvary has failed to take corrective action on the following prior audit findings as of July 11, 2011.

- R2T4 Calculated Incorrectly
- Funds Returned Late after R2T4
- Verification Violations
- Overaward due to Cost of Attendance
- Late NSLDS Enrollment Reporting
- Late Exit Counseling

Required Action: Calvary is required to take the corrective actions as described in this report immediately to resolve the findings. Calvary must provide its assurance that there will be no repeat of the findings cited in this report or in future audits.

D. Recommendations

The following are recommendations based upon observations made by the review team during the program review. Calvary is not required to provide a response to, nor is Calvary required to act upon, these recommendations. However, the review team believes that adoption of these recommendations will assist the institution in its administration of Title IV, HEA program funds.

1. Each new Financial Aid Administrator should attend Fundamentals of Title IV Administration, a free workshop hosted annually at the Department's Kansas City office. Alternatively, a new administrator can take advantage of the Department's web-based introductory course on administering Title IV programs, FSA Coach, located on the Information for Financial Aid Professionals (IFAP) website (www.ifap.ed.gov).
2. Utilize the Training section of IFAP. These institutions can find instructor-led training, online training, and archived training sessions by topic.
3. Make use of the Tools for Schools section of IFAP. These institutions can find FSA Assessments, a tool for schools to assess current compliance and conduct improvement activities with topics such as compiling a policies and procedures manual, SAP, and verification.
4. Improve communication between key offices (financial aid, registrar, business office, academics, admissions) that affect the administration of Title IV, HEA program funds to ensure compliance.