

Index Sheet

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March 4, 2013

Dr. Wayne D. Watson
President
Chicago State University
9501 South King Drive
Chicago, Illinois 60628-1598

Certified Mail
Return Receipt Requested
7012 1640 0000 0567 5459

RE: **Final Program Review Determination**
OPE ID: 001694 00
PRCN: 2011 405 27751

Dear Dr. Watson:

The U.S. Department of Education's (Department's) Chicago / Denver School Participation Team issued a program review report on January 6, 2012 covering Chicago State University's (Chicago State's) 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 2007/2008 through 2010/2011 award years. Chicago State's final response to the program review report was received on April 18, 2012. A copy of the program review report (and related attachments) and Chicago State's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Chicago State 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 and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are \$311,963.

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

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

Chicago / Denver School Participation Division
500 W. Madison St., Ste. 1576, Chicago, IL 60661
StudentAid.gov

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the January 6, 2012 program review report. If Chicago State wishes to appeal to the Secretary of Education for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date Chicago State receives this FPRD. An original and four copies of the information Chicago State 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

Chicago State'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 Chicago State's appeal will be those provided at 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 William Johnson at (312) 730-1526. 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)

Douglas Parrott
Division Director

Enclosure:
Final Program Review Determination

cc: Cherie Sydney, Financial Aid Administrator
Sylvia Manning, Higher Learning Commission

Prepared for
Chicago State University

Federal Student Aid
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OPE ID 001694 00
PRCN 2011 405 27751

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Chicago / Denver

Final Program Review Determination March 4, 2013

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A. Institutional Information

Chicago State University
9501 South King Drive
Chicago, Illinois 60628-1598

Type: Public

Highest Level of Offering: Doctor's Degree

Accrediting Agency: Higher Learning Commission of the North Central Association of
Colleges and Schools

Current Student Enrollment: 8,927 (2009/10)

% of Students Receiving Title IV: 72% (2009/10)

Title IV Participation (from National Student Loan Data System (NSLDS)):

| | <u>2010/2011</u> |
|--|------------------|
| Federal Family Education Loan (FFEL) | \$ 3,750 |
| William D. Ford Federal Direct Loan (Direct Loan) | \$59,530,890 |
| Federal Pell Grant | \$20,722,526 |
| Federal Supplemental Education Opportunity Grant (FSEOG) | \$ 457,118 |
| Federal Work Study | \$ 371,654 |
| Federal Perkins Loan | \$ 68,495 |

Default Rate FFEL/Direct Loan: 2010: 10.0%
(cohort year) 2009: 10.3%
2008: 9.8%

Default Rate Perkins: 06/30/2011: 18.0%
(as of date) 06/30/2010: 17.1%
06/30/2009: 13.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted an off-site program review at Chicago State University (Chicago State) beginning October 31, 2011. The review was conducted by William Johnson.

Because of allegations that Chicago State failed to enforce its policy of terminating students with grade-point averages below 1.8 “for poor scholarship”, the Department required Chicago State to re-examine its institutional records and identify the students who should have been terminated under Chicago State’s academic policy. The focus of the review was to determine the consequences of the alleged failure to take recourse when a student’s academic performance warranted institutional action.

Pursuant to the Department’s instructions, Chicago State reported the defined student cohort, by year, for the four year period 2007/08 through 2010/11 and the amounts of Federal Student Aid (FSA) that each of those students received after the point that they should have been terminated under Chicago State’s academic policy.

The reported student detail is displayed in the Appendices A, B, C, and D. The program review consisted of an examination of that information. A program review report was issued on January 6, 2012.

Disclaimer:

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

C. Findings and Final Determinations

The program review report finding is shown below. At the conclusion of the finding is a summary of Chicago State’s response to the finding and the Department’s final determination for the finding. A copy of the program review report issued on January 6, 2012 is attached as Appendix PRR. A copy of the March 29, 2012 Requirement to Resubmit Program Review Response letter is also attached and follows the program review report in Appendix PRR.

Finding 1 Ineligible Students: Not Making Satisfactory Academic Progress

Citation: An otherwise eligible student may receive Title IV HEA program assistance if the student maintains satisfactory academic progress in his or her course of study according to the institution’s published standards. [34 C.F.R. § 668.34 of the Student Assistance General Provisions]

An institution's published standards of satisfactory academic progress must meet specific requirements, including the requirement that those standards are at least as strict as the policy that the institution applies to a student who is not receiving assistance under the Title IV HEA programs. In addition, for a student enrolled in an educational program of more than two academic years, the policy must specify that at the end of the second academic year, the student must have a grade point average (GPA) of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation. [34 C.F.R. § 668.34 of the Student Assistance General Provisions as of 07/01/2011; 34 C.F.R. §§ 668.16(e) and 668.34 of the Student Assistance General Provisions prior to 07/01/2011]

Prior to 07/01/2011, an institution could find that a student is making satisfactory academic progress even though the student did not have a GPA of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation at the end of the second academic year. However, the institution could make that finding only if the institution determined that the student's failure to meet that requirement was based upon the death of a relative of a student, an illness or injury of the student, or other special circumstances. [34 C.F.R. § 668.34 of the Student Assistance General Provisions prior to 07/01/2011]

Noncompliance: *Over the four-year period, academic year 2007/08 through academic year 2010/11, the institution disbursed FSA funds in the aggregate amount of \$613,616 to one hundred twenty-nine (129) students who were not in compliance with the institution's Academic Standing Policy. Those 129 students should have been withdrawn from the institution for a GPA under 1.8 according to that policy.*

A student who is subject to termination under the institution's academic policies cannot be eligible for FSA funds under the institution's satisfactory academic progress policy since the satisfactory academic progress standards cannot be the less strict of the two. That is to say, a student cannot be deemed eligible for FSA funds under the institution's satisfactory academic progress standards if or when the student is subject to expulsion from the institution for poor grades.

Apparently, the institution's Academic Standing Policy was not enforced consistently. And by failing to take the recourse that is dictated by its academic policies, the institution may have failed to recognize that those students were not making satisfactory academic progress and withhold the FSA funds for which they were not eligible to receive.

As noted above, after a student's second academic year, the student must have a GPA greater than 1.8 ("C" or its equivalent, minimum) in order to be making satisfactory academic progress unless there is a documented determination of specific circumstances. Thus, notwithstanding any probation periods that the institution's policy may provide, after the student's second academic year, the probation, of itself, cannot provide for a satisfactory progress evaluation.

It is important to note that the Department does not prescribe institutional academic policies and no issue is taken with the Academic Standing Policy or with its enforcement / non-enforcement except where it is referenced in or associated with the institution's published standards of satisfactory academic progress.

Required Action: *Recently, the auditors conducting the annual A133 audit of Chicago State, contacted this office to report that additional information has become known that may have a bearing on this finding.*

If Chicago State can demonstrate that any of the 129 students were making satisfactory academic progress and thus, eligible for an amount that was previously reported to us (see appendices), please provide specific documentation of that student's determination of satisfactory academic progress and the eligible amount(s) associated with that student.

Instructions for repayment of any liability resulting from ineligible FSA expenditures will be provided in the Final Program Review Determination letter.

Chicago State's Response: The initial response acknowledged that the 129 students cited in the program review report were not in compliance with the institution's Academic Standing Policy and should have been withdrawn from the institution for a GPA under 1.8. The response asserts that documentation was discovered in December 2011 that indicates Chicago State's Academic Standing Policy was suspended during the four years under examination.

The initial response also asserts that, because the Academic Standing Policy had been suspended, only twenty (20) of the 129 students cited in the program review report were ineligible for the Title IV program funds. Those students received Title IV program funds in the aggregate amount of \$122,852.

On March 29, 2012, the Chicago / Denver School Participation Division issued a Requirement to Resubmit Program Review Response letter to Chicago State noting that the response to the program review report did not include documentation of satisfactory academic progress determinations of the 109 students that the initial response asserted to be eligible for the Title IV program funds that they had received. The letter also noted that documentation of the suspension of the Academic Standing Policy was also not included with Chicago State's initial response.

The March 29, 2012 letter required Chicago State to submit the information specified in the program review report. In addition, Chicago State was required to submit documentation that demonstrated that the suspension of the Academic Standing Policy was authorized through established policies and procedures and properly approved.

In response, Chicago State submitted documentation (Undergraduate Petition for Reinstatement of Financial Aid Eligibility) of 109 students' satisfactory academic progress appeals, each of which had been approved. In addition, copies of three pieces of

correspondence from the Registrar were included as evidence of the suspension of the Academic Standing Policy.

A copy of the institution's initial response to the program review report and a copy of the institution's response to the Requirement to Resubmit Program Review Response letter, including copies of the three pieces of correspondence from the Registrar are attached as Appendix RESP.

Final Determination:

Chicago State University improperly disbursed Title IV program funds to 129 ineligible recipients in the aggregate amount of \$613,616. Those students were not in compliance with the institution's Academic Standing Policy and should have been withdrawn from the institution for a GPA under 1.8 according to that policy. Consequently, Chicago State University is liable for the financial loss to Title IV programs that has or will result from the improper disbursements.

Chicago State's argument that the Academic Standing Policy had been suspended is not substantiated by any indication that such an action was authorized through established procedures and properly approved. There were no revisions to Chicago State's published policies. Further, there is no indication that the institution's governing board had considered and approved the suspension of the Academic Standing Policy.

The total amount of grant funds (Federal Pell Grant and FSEOG) disbursed to ineligible students during the four year period, award year 2007/2008 through award year 2010/2011, is \$293,449. Chicago State is liable for these funds, as well as the cost of these funds (imputed interest) in the amount of \$6,695. Refer to Appendix G for the cost of funds calculations.

The total amount of FFEL and Direct Loan funds (subsidized and unsubsidized) disbursed to ineligible students during the four year period, award year 2007/2008 through award year 2010/2011, is \$320,167. Chicago State is liable for the estimated loss to the Department that has resulted or will result from those ineligible loans. That loss is based on Chicago State's most recent cohort default rate available. As a result, the estimated loss that Chicago State must pay to the Department for the ineligible loans is \$11,819. A copy of the results of the estimated loss calculation is included as Appendix F.

The total liability associated with this finding is \$311,963 ($293,449 + 6,695 + 11,819 = 311,963$).

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

| Established Liabilities | | | | | |
|--------------------------------|-----------|----------|------------|--------------|---------------|
| | Pell | FSEOG | EALF DL | EALF FFEL | |
| Finding 1 | \$276,449 | \$17,000 | | | |
| Finding | | | | | |
| Finding | | | | | |
| Finding | | | | | |
| Subtotal 1 | \$276,449 | \$17,000 | \$11,819 | \$0 | |
| Cost of Funds | \$6,084 | \$611 | | | |
| Excess Cash | | | | | |
| Subtotal 2 | \$6,084 | \$611 | | | |
| TOTAL | \$282,533 | \$17,611 | \$11,819 | \$0 | |
| Payable To: | | | | | Totals |
| Department | \$282,533 | \$17,611 | \$11,819 | \$0 | \$311,963 |
| Students | | | | | \$ |
| Lenders | | | | | \$ |
| Inst Accounts | | | | | \$ |

Estimated Actual Loss (EAL):

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

The total amount of FFEL and Direct Loan that Chicago State improperly disbursed during the four year period, award year 2007/2008 through award year 2010/2011, is \$320,167. The total estimated loss that Chicago State must pay to the Department for the ineligible loans is \$311,963. Copies of the results of those calculations are included in Appendix F.

E. Payment Instructions

1. Liabilities Owed to the Department

Chicago State owes to the Department **\$311,963**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Chicago State 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 Chicago State'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.

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 the Department's G5 system will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in the Department's Common Origination and Disbursement system known as "COD", as required by the this finding 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. Chicago State is also responsible for repaying any interest that accrues. If Chicago State has any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to Chicago State's account representative.

If full payment cannot be made within **45 days** of the date of this letter, please contact the Department's Accounts Receivable Group at the address below to apply for a payment plan. Interest charges and other conditions apply.

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, Chicago State 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 Chicago State from the Federal Government. **Chicago State may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Chicago State must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

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

Federal Pell Grant – Closed Award Years

Included in the total liability amount owed to the Department (\$311,963) is the Federal Pell Grant liability that Chicago State must repay:

| Pell ACG SMART or TEACH Closed Award Year | | | |
|---|-----------------------|--------------------|-------------------|
| Amount (Principal) | Amount (Interest) | Title IV Grant | Award Year |
| \$5,388 | \$899 | Federal Pell Grant | 2007/2008 (App A) |
| \$51,274 | \$3,595 | Federal Pell Grant | 2008/2009 (App B) |
| \$84,951 | \$1,136 | Federal Pell Grant | 2009/2010 (App C) |
| \$134,836 | \$454 | Federal Pell Grant | 2010/2011 (App D) |
| Total Principal | Total Interest | | |
| \$276,449 | \$3,084 | | |

The disbursement record for each Federal Pell Grant recipient identified in Appendix A, B, C, and D must be adjusted (reduced) in the COD system based on the amounts identified in the appendices.

Adjustments in COD must be completed prior to remitting payment to the Department. As previously stated, 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 William Johnson within 45 days of the date of this letter.

F. Appendices

Appendix A: 2007/08 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> |
|----------------------|-----------------------|-------------|--------------|----------------------|------------------------|
| (b)(6); (b)(7)(C) | | 2,155.00 | 1,250.00 | | |
| | | 1,616.50 | | 1,750.00 | 2,462.50 |
| | | | | 1,723.75 | 1,970.00 |
| | | 1,616.50 | 1,000.00 | | |

Appendix B: 2008/09 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> |
|-------------------|-------------------|-------------|--------------|------------------|--------------------|
| (b)(6); (b)(7)(C) | | 2,365.50 | | | |
| | | 2,365.50 | | 1,715.00 | |
| | | | | | 6,125.00 |
| | | 2,365.50 | 300.00 | | |
| | | 1,183.00 | | | |
| | | 2,365.50 | | | |
| | | 890.50 | | 2,205.00 | |
| | | 1,774.00 | | | |
| | | 1,940.50 | | | |
| | | 887.25 | | | |
| | | 2,365.50 | | | |
| | | 2,340.50 | | | |
| | | 1,774.00 | | | |
| | | 2,365.50 | | | |
| | | 1,774.00 | | | |
| | | 84.73 | | | |
| | | 2,365.50 | | | |
| | | 2,365.50 | | | |
| | | 772.31 | | | |
| | | 596.11 | | | |
| | | 2,365.50 | | | |
| | | 2,365.50 | 300.00 | 1,715.00 | 2,261.84 |
| | | 2,365.50 | | | |
| | | 2,365.50 | 2,000.00 | | |
| | | 1,774.00 | | | |
| | | 1,183.00 | | | |
| | | 2,365.50 | 2,000.00 | 1,715.00 | |
| | | 1,183.00 | 150.00 | | |
| | 2,365.50 | | | | |

Appendix C: 2009/10 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> | |
|----------------------|-----------------------|-------------|--------------|----------------------|------------------------|----------|
| (b)(6); (b)(7(C)) | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 1,650.00 | | | | |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | 1,741.25 | 2,985.00 |
| | | 2,675.00 | | | 1,741.25 | |
| | | | | | 1,741.24 | 3,482.50 |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 2,006.50 | | 2,000.00 | | |
| | | 2,675.00 | | 2,000.00 | | |
| | | 668.50 | | | 2,738.00 | 2,526.00 |
| | | | | | 2,238.75 | 995.00 |
| | | 2,675.00 | | | 1,741.24 | 2,985.00 |
| | | 2,006.50 | | | 2,238.75 | 2,985.00 |
| | | 2,675.00 | | | 2,736.25 | 995.00 |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | 2,238.75 | 995.00 |
| | | 2,675.00 | | | | |
| | | | | | 2,736.25 | 995.00 |
| | | | | | 2,736.25 | 995.00 |
| | | 2,675.00 | | | | |
| | | 2,006.25 | | | 1,742.00 | 2,190.00 |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 1,337.50 | | | | |
| | | 2,150.00 | | | | |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 1,337.50 | | | | |
| 2,006.50 | | | 1,723.75 | 2,955.00 | | |
| 1,350.00 | | | | | | |
| 2,675.00 | | 300.00 | | | | |
| 2,675.00 | | | | | | |
| 2,675.00 | | 1,000.00 | | | | |
| 2,675.00 | | 2,000.00 | | | | |

| | | | |
|-------------------|----------|----------|----------|
| (b)(6); (b)(7)(C) | 2,675.00 | | |
| | 2,450.00 | 621.87 | 2,985.00 |
| | 2,450.00 | 621.87 | 2,985.00 |
| | 2,006.50 | 2,736.25 | 1,990.00 |

Appendix D: 2010/11 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> |
|----------------------|-----------------------|-------------|--------------|----------------------|------------------------|
| (b)(6); (b)(7)(C) | | 1,250.00 | | 2,239.00 | |
| | | 1,250.00 | | 2,239.00 | |
| | | 2,081.50 | | | |
| | | 2,775.00 | 600.00 | 1,742.00 | 995.00 |
| | | 2,675.00 | 300.00 | | |
| | | 2,775.00 | | 1,742.00 | 2,985.00 |
| | | 2,775.00 | | 1,742.00 | 995.00 |
| | | 2,150.00 | | 2,239.00 | 995.00 |
| | | 2,775.00 | | 1,742.00 | 2,985.00 |
| | | 2,775.00 | | 2,239.00 | 2,985.00 |
| | | 1,400.00 | | | |
| | | 2,775.00 | | 2,737.00 | 3,483.00 |
| | | 2,775.00 | 600.00 | 1,742.00 | 2,985.00 |
| | | 2,775.00 | | 1,742.00 | 995.00 |
| | | 1,387.50 | | 1,742.00 | 2,985.00 |
| | | 2,081.50 | | 2,737.00 | 3,483.00 |
| | | 2,775.00 | | 2,737.00 | 3,483.00 |
| | | 2,081.50 | | 1,742.00 | 2,986.00 |
| | | 2,775.00 | 600.00 | 1,742.00 | |
| | | 277.50 | | 2,737.00 | |
| | | 2,775.00 | | 1,742.00 | |
| | | 2,081.50 | | 2,737.00 | 3,162.00 |
| | | | | 1,742.00 | 995.00 |
| | | 1,387.50 | | 2,239.00 | 2,985.00 |
| | | 2,081.50 | | 2,737.00 | |
| | | 2,775.00 | | 2,737.00 | |
| | | 2,775.00 | | 1,742.00 | 2,985.00 |
| | | 2,081.50 | | | |
| | | 2,775.00 | | 2,240.00 | 2,986.00 |
| | | 2,775.00 | | 871.00 | 2,985.00 |
| | | 2,775.00 | | 2,239.00 | 2,985.00 |
| 2,775.00 | | | | | |
| 2,775.00 | | 871.00 | 5,349.00 | | |
| 2,081.50 | | 1,742.00 | 2,985.00 | | |
| 1,387.50 | | 2,239.00 | 2,985.00 | | |
| 2,775.00 | | | 5,502.00 | | |

| | | | |
|-------------------|----------|----------|----------|
| (b)(6); (b)(7)(C) | 2,775.00 | | |
| | 2,775.00 | 2,239.00 | 2,985.00 |
| | 1,375.00 | 2,737.00 | 3,483.00 |
| | | 996.00 | 996.00 |
| | 2,775.00 | | |
| | | 1,742.00 | 2,985.00 |
| | 2,775.00 | 1,742.00 | 2,985.00 |
| | 2,775.00 | | |
| | 2,775.00 | 600.00 | 1,742.00 |
| | | | 2,985.00 |
| | 2,775.00 | | 2,239.00 |
| | | | 995.00 |
| | 2,775.00 | | 2,239.00 |
| | | | 995.00 |
| | 1,800.00 | | 1,742.00 |
| | | | 995.00 |
| | 2,150.00 | | 2,737.00 |
| | | | 3,483.00 |
| | 2,775.00 | | 2,737.00 |
| | | | 3,483.00 |
| | 2,775.00 | | 2,737.00 |
| | | | 3,483.00 |
| | | | 6,219.00 |
| | 1,650.00 | | 1,742.00 |
| | | | 995.00 |
| | | | 1,742.00 |
| 2,081.50 | | 1,742.00 | |
| | | 2,985.00 | |
| 2,775.00 | | 1,742.00 | |
| | | 2,985.00 | |
| 2,775.00 | | 2,737.00 | |
| | | 3,483.00 | |
| 1,387.50 | | 1,742.00 | |
| | | 995.00 | |
| 2,775.00 | | 1,742.00 | |
| | | 2,986.00 | |
| 950.00 | | 2,738.00 | |
| | | 1,684.00 | |
| 2,775.00 | | | |
| 2,081.50 | | 2,239.00 | |
| | | 2,985.00 | |
| 2,050.00 | | 1,742.00 | |
| | | 996.00 | |

$$\begin{aligned} &+ \$60,000/2 \times (730 \times (.0155/365)) \\ &+ \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36 \end{aligned}$$

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.

Estimated Loss Formula

Enter Institution Name

Chicago State University

Select Institution Type

4 Yr

| | Type of Loan | Award Year | Ineligible Loan Amount | School CDR | Total Subsidy Costs | Estimated Loss Liability |
|---|--------------------|------------|------------------------|-----------------------------|---------------------|--------------------------|
| 1 | FFEL Subsidized | 2007-2008 | \$ 3,473.75 | 10.00% | -1.56% | \$ - |
| 2 | FFEL Subsidized | 2008-2009 | \$ 7,350.00 | 10.00% | -1.10% | \$ - |
| 3 | FFEL Subsidized | 2009-2010 | \$ 32,073.22 | 10.00% | -0.83% | \$ - |
| | Description | | \$ 42,896.97 | | | \$ - |
| 4 | FFEL Unsubsidized | 2007-2008 | \$ 4,432.50 | 10.00% | -19.11% | \$ - |
| 5 | FFEL Unsubsidized | 2008-2009 | \$ 8,386.84 | 10.00% | -11.07% | \$ - |
| 6 | FFEL Unsubsidized | 2009-2010 | \$ 33,043.50 | 10.00% | -7.49% | \$ - |
| | Description | | \$ 45,862.84 | | | \$ - |
| 7 | DL Subsidized | 2010-2011 | \$ 106,997.00 | 10.00% | 11.05% | \$ 11,818.99 |
| 8 | DL Unsubsidized | 2010-2011 | \$ 124,410.00 | 10.00% | -18.67% | \$ - |
| 9 | | | | | | |
| | Description | | \$ 231,407.00 | | | \$ 11,818.99 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| | Description | | \$ - | | | \$ - |
| Original Ineligible Loan Liability | | | \$ 320,166.81 | Total Estimated Loss | | \$ 11,818.99 |

To calculate estimated loss for a given ineligible loan amount, that amount is multiplied by the total subsidy rates calculated for the ineligible loans. Consolidation Loans will be obtained in the future to prepay some of the ineligible loans; the amount of Consolidation Loans divided by the ineligible Stafford/PLUS loans equals the "Consolidation prepayment rate" (H) for those loans. The Department's Budget Office calculates, on an annual basis, the rate per dollar of loan of default subsidies (DSRs) and all other subsidies (OSRs) (D & F) for Stafford and PLUS Loans, by cohort year, program, loan type, and risk group (note that 2008-2010 FFEL loan costs are calculated only by cohort

| | A | B | C | D | E | F | G | H | I | J |
|----|------------|-------------|----------|---------|--------------|---------|---------------|---------------|--------------|-------------|
| | School CDR | Sector CDR* | Ratio ** | DSR *** | Adjusted DSR | OSR *** | Avg Cons Year | Cons Prepay % | Cons DSR *** | Cons OS *** |
| 1 | 10.00% | 7.30% | 1.37 | 0.28% | 0.38% | -0.78% | 2013 | 22.2% | 2.28% | -7.49% |
| 2 | 10.00% | 7.30% | 1.37 | 0.08% | 0.11% | -0.10% | 2014 | 21.2% | 2.28% | -7.49% |
| 3 | 10.00% | 7.30% | 1.37 | 0.02% | 0.03% | 0.15% | 2015 | 19.3% | 2.28% | -7.49% |
| 4 | 10.00% | 7.30% | 1.37 | 0.19% | 0.26% | -15.85% | 2014 | 32.8% | 2.37% | -13.11% |
| 5 | 10.00% | 7.30% | 1.37 | 0.09% | 0.12% | -7.83% | 2015 | 31.3% | 2.37% | -13.11% |
| 6 | 10.00% | 7.30% | 1.37 | 0.11% | 0.15% | -4.56% | 2015 | 28.7% | 2.37% | -13.11% |
| 7 | 10.00% | 7.30% | 1.37 | 1.69% | 2.32% | 8.10% | 2017 | 31.8% | 2.99% | -1.02% |
| 8 | 10.00% | 7.30% | 1.37 | 2.34% | 3.21% | -21.73% | 2017 | 40.1% | 3.16% | -3.54% |
| 9 | | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 | | | | | | | | | | |
| 12 | | | | | | | | | | |

Federal Student Aid (FSA) calculates the cohort default rates (CDRs) of the institution (A), and the average CDR for the sector for that institution (B). FSA applies the CDR comparison ratio (C), $[A/B = C]$ against the Budget Office's cohort loan DSR (D) to determine the default subsidy rate for the institution (E). The Budget Office estimates the default subsidy rate and other subsidy rate for the Consolidation Loans that will prepay some of these Stafford and PLUS Loans (I & J). The total subsidy rate for the ineligible Stafford and PLUS Loans is $((E+F) + ((I+J) \times H))$. The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.

Ineligible Disbursements (Non-Loan) - Cost of Funds

Name of Institution: Chicago State University

| Student No. and Appendix Reference | Ineligible Disbrsmnt | Program | Disbursement Date | Return Paid Date | No. of Days | Imputed CVFR | Federal Share | To ED |
|------------------------------------|----------------------|------------|-------------------|------------------|-------------|--------------|---------------|-----------|
| 1 App. A: 2007/08 | \$2,155.00 | Pell Grant | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 2,155.00 | \$ 359.57 |
| 1 App. A: 2007/2008 | \$1,250.00 | FSEOG | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 937.50 | \$ 156.43 |
| 2 App. A: 2007/2008 | \$1,616.50 | Pell Grant | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 1,616.50 | \$ 269.72 |
| 5 App. A: 2007/2008 | \$1,616.50 | Pell Grant | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 1,616.50 | \$ 269.72 |
| 5 App. A: 2007/2008 | \$1,000.00 | FSEOG | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 750.00 | \$ 125.14 |
| 6 App. B: 2008/09 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 7 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 9 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 9 App. B: 2008/2009 | \$300.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 225.00 | \$ 15.77 |
| 10 App. B: 2008/2009 | \$1,183.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,183.00 | \$ 82.94 |
| 11 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 12 App. B: 2008/2009 | \$890.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 890.50 | \$ 62.43 |
| 13 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 14 App. B: 2008/2009 | \$1,940.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,940.50 | \$ 136.04 |
| 15 App. B: 2008/2009 | \$887.25 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 887.25 | \$ 62.20 |
| 16 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 17 App. B: 2008/2009 | \$2,340.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,340.50 | \$ 164.09 |
| 18 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 19 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 20 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 21 App. B: 2008/2009 | \$84.73 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 84.73 | \$ 5.94 |
| 22 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 23 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 24 App. B: 2008/2009 | \$772.31 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 772.31 | \$ 54.15 |
| 25 App. B: 2008/2009 | \$596.11 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 596.11 | \$ 41.79 |
| 26 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 27 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 27 App. B: 2008/2009 | \$300.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 225.00 | \$ 15.77 |
| 28 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 29 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 29 App. B: 2008/2009 | \$2,000.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,500.00 | \$ 105.16 |
| 30 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 31 App. B: 2008/2009 | \$1,183.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,183.00 | \$ 82.94 |
| 32 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 32 App. B: 2008/2009 | \$2,000.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,500.00 | \$ 105.16 |
| 33 App. B: 2008/2009 | \$1,183.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,183.00 | \$ 82.94 |
| 33 App. B: 2008/2009 | \$150.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 112.50 | \$ 7.89 |
| 34 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 35 App. C: 2009/10 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 36 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 37 App. C: 2009/2010 | \$1,650.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,650.00 | \$ 22.06 |
| 38 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 39 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 40 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 42 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 43 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 44 App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 44 App. C: 2009/2010 | \$2,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,500.00 | \$ 20.06 |

Appendix G
 Cost of Funds

| | | | | | | | | | |
|----|-------------------|------------|------------|-----------|------------|-----|-------|-------------|----------|
| 44 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 44 | App. C: 2009/2010 | \$2,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,500.00 | \$ 20.06 |
| 44 | App. C: 2009/2010 | \$668.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 668.50 | \$ 8.94 |
| 46 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 47 | App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 48 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 49 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 50 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 51 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 54 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 55 | App. C: 2009/2010 | \$2,006.25 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.25 | \$ 26.83 |
| 56 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 57 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 58 | App. C: 2009/2010 | \$1,337.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,337.50 | \$ 17.88 |
| 59 | App. C: 2009/2010 | \$2,150.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,150.00 | \$ 28.75 |
| 60 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 61 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 62 | App. C: 2009/2010 | \$1,337.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,337.50 | \$ 17.88 |
| 63 | App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 64 | App. C: 2009/2010 | \$1,350.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,350.00 | \$ 18.05 |
| 65 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 65 | App. C: 2009/2010 | \$300.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 225.00 | \$ 3.01 |
| 66 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 67 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 67 | App. C: 2009/2010 | \$1,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 750.00 | \$ 10.03 |
| 68 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 68 | App. C: 2009/2010 | \$2,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,500.00 | \$ 20.06 |
| 69 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 70 | App. C: 2009/2010 | \$2,450.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,450.00 | \$ 32.76 |
| 70 | App. C: 2009/2010 | \$2,450.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,450.00 | \$ 32.76 |
| 71 | App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 72 | App. D: 2010/11 | \$1,250.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,250.00 | \$ 4.21 |
| 72 | App. D: 2010/2011 | \$1,250.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,250.00 | \$ 4.21 |
| 73 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 74 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 74 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 75 | App. D: 2010/2011 | \$2,675.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,675.00 | \$ 9.02 |
| 75 | App. D: 2010/2011 | \$300.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 225.00 | \$ 0.76 |
| 76 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 77 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 78 | App. D: 2010/2011 | \$2,150.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,150.00 | \$ 7.25 |
| 79 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 80 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 81 | App. D: 2010/2011 | \$1,400.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,400.00 | \$ 4.72 |
| 82 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 83 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 83 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 84 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 85 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 86 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 86 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 87 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 88 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 88 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 89 | App. D: 2010/2011 | \$277.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 277.50 | \$ 0.94 |

Appendix G
 Cost of Funds

| | | | | | | | | | |
|-----|-------------------|------------|------------|-----------|------------|-----|-------|-------------|---------|
| 90 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 91 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 93 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 94 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 94 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 95 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 96 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 97 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 98 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 99 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 100 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 101 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 102 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 103 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 104 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 105 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 106 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 107 | App. D: 2010/2011 | \$1,375.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,375.00 | \$ 4.63 |
| 109 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 111 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 112 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 113 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 113 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 114 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 114 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 115 | App. D: 2010/2011 | \$1,800.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,800.00 | \$ 6.07 |
| 116 | App. D: 2010/2011 | \$2,150.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,150.00 | \$ 7.25 |
| 117 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 117 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 119 | App. D: 2010/2011 | \$1,650.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,650.00 | \$ 5.56 |
| 121 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 122 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 123 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 124 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 125 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 126 | App. D: 2010/2011 | \$950.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 950.00 | \$ 3.20 |
| 127 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 128 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 129 | App. D: 2010/2011 | \$2,050.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,050.00 | \$ 6.91 |

Total Ineligible \$293,448.65

Total Cost of Funds \$ 6,695.45

Pell \$276,448.65
 FSEOG \$ 17,000.00

Interest Breakdown
 Pell Grants \$ 6,084.07
 FSEOG \$ 611.38

Appendix PRR

Program Review Report

Prepared for
Chicago State University

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

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the AMERICAN MIND™

OPE ID 001694 00
PRCN 2011 405 27751

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Chicago / Denver

Final Program Review Determination

March 4, 2013

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B. Scope of Review

The U.S. Department of Education (the Department) conducted an off-site program review at Chicago State University (Chicago State) beginning October 31, 2011. The review was conducted by William Johnson.

Because of allegations that Chicago State failed to enforce its policy of terminating students with grade-point averages below 1.8 "for poor scholarship", the Department required Chicago State to re-examine its institutional records and identify the students who should have been terminated under Chicago State's academic policy. The focus of the review was to determine the consequences of the alleged failure to take recourse when a student's academic performance warranted institutional action.

Pursuant to the Department's instructions, Chicago State reported the defined student cohort, by year, for the four year period 2007/08 through 2010/11 and the amounts of Federal Student Aid (FSA) that each of those students received after the point that they should have been terminated under Chicago State's academic policy.

The reported student detail is displayed in the Appendices A, B, C, and D. The program review consisted of an examination of that information. A program review report was issued on January 6, 2012.

Disclaimer:

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

C. Findings and Final Determinations

The program review report finding is shown below. At the conclusion of the finding is a summary of Chicago State's response to the finding and the Department's final determination for the finding. A copy of the program review report issued on January 6, 2012 is attached as Appendix PRR. A copy of the March 29, 2012 Requirement to Resubmit Program Review Response letter is also attached and follows the program review report in Appendix PRR.

Finding 1 Ineligible Students: Not Making Satisfactory Academic Progress

Citation: An otherwise eligible student may receive Title IV HEA program assistance if the student maintains satisfactory academic progress in his or her course of study according to the institution's published standards. [34 C.F.R. § 668.34 of the Student Assistance General Provisions]

An institution's published standards of satisfactory academic progress must meet specific requirements, including the requirement that those standards are at least as strict as the policy that the institution applies to a student who is not receiving assistance under the Title IV HEA programs. In addition, for a student enrolled in an educational program of more than two academic years, the policy must specify that at the end of the second academic year, the student must have a grade point average (GPA) of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation. [34 C.F.R. § 668.34 of the Student Assistance General Provisions as of 07/01/2011; 34 C.F.R. §§ 668.16(e) and 668.34 of the Student Assistance General Provisions prior to 07/01/2011]

Prior to 07/01/2011, an institution could find that a student is making satisfactory academic progress even though the student did not have a GPA of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation at the end of the second academic year. However, the institution could make that finding only if the institution determined that the student's failure to meet that requirement was based upon the death of a relative of a student, an illness or injury of the student, or other special circumstances. [34 C.F.R. § 668.34 of the Student Assistance General Provisions prior to 07/01/2011]

Noncompliance: *Over the four-year period, academic year 2007/08 through academic year 2010/11, the institution disbursed FSA funds in the aggregate amount of \$613,616 to one hundred twenty-nine (129) students who were not in compliance with the institution's Academic Standing Policy. Those 129 students should have been withdrawn from the institution for a GPA under 1.8 according to that policy.*

A student who is subject to termination under the institution's academic policies cannot be eligible for FSA funds under the institution's satisfactory academic progress policy since the satisfactory academic progress standards cannot be the less strict of the two. That is to say, a student cannot be deemed eligible for FSA funds under the institution's satisfactory academic progress standards if or when the student is subject to expulsion from the institution for poor grades.

Apparently, the institution's Academic Standing Policy was not enforced consistently. And by failing to take the recourse that is dictated by its academic policies, the institution may have failed to recognize that those students were not making satisfactory academic progress and withhold the FSA funds for which they were not eligible to receive.

As noted above, after a student's second academic year, the student must have a GPA greater than 1.8 ("C" or its equivalent, minimum) in order to be making satisfactory academic progress unless there is a documented determination of specific circumstances. Thus, notwithstanding any probation periods that the institution's policy may provide, after the student's second academic year, the probation, of itself, cannot provide for a satisfactory progress evaluation.

It is important to note that the Department does not prescribe institutional academic policies and no issue is taken with the Academic Standing Policy or with its enforcement / non-enforcement except where it is referenced in or associated with the institution's published standards of satisfactory academic progress.

Required Action: *Recently, the auditors conducting the annual A133 audit of Chicago State, contacted this office to report that additional information has become known that may have a bearing on this finding.*

If Chicago State can demonstrate that any of the 129 students were making satisfactory academic progress and thus, eligible for an amount that was previously reported to us (see appendices), please provide specific documentation of that student's determination of satisfactory academic progress and the eligible amount(s) associated with that student.

Instructions for repayment of any liability resulting from ineligible FSA expenditures will be provided in the Final Program Review Determination letter.

Chicago State's Response: The initial response acknowledged that the 129 students cited in the program review report were not in compliance with the institution's Academic Standing Policy and should have been withdrawn from the institution for a GPA under 1.8. The response asserts that documentation was discovered in December 2011 that indicates Chicago State's Academic Standing Policy was suspended during the four years under examination.

The initial response also asserts that, because the Academic Standing Policy had been suspended, only twenty (20) of the 129 students cited in the program review report were ineligible for the Title IV program funds. Those students received Title IV program funds in the aggregate amount of \$122,852.

On March 29, 2012, the Chicago / Denver School Participation Division issued a Requirement to Resubmit Program Review Response letter to Chicago State noting that the response to the program review report did not include documentation of satisfactory academic progress determinations of the 109 students that the initial response asserted to be eligible for the Title IV program funds that they had received. The letter also noted that documentation of the suspension of the Academic Standing Policy was also not included with Chicago State's initial response.

The March 29, 2012 letter required Chicago State to submit the information specified in the program review report. In addition, Chicago State was required to submit documentation that demonstrated that the suspension of the Academic Standing Policy was authorized through established policies and procedures and properly approved.

In response, Chicago State submitted documentation (Undergraduate Petition for Reinstatement of Financial Aid Eligibility) of 109 students' satisfactory academic progress appeals, each of which had been approved. In addition, copies of three pieces of

correspondence from the Registrar were included as evidence of the suspension of the Academic Standing Policy.

A copy of the institution's initial response to the program review report and a copy of the institution's response to the Requirement to Resubmit Program Review Response letter, including copies of the three pieces of correspondence from the Registrar are attached as Appendix RESP.

Final Determination:

Chicago State University improperly disbursed Title IV program funds to 129 ineligible recipients in the aggregate amount of \$613,616. Those students were not in compliance with the institution's Academic Standing Policy and should have been withdrawn from the institution for a GPA under 1.8 according to that policy. Consequently, Chicago State University is liable for the financial loss to Title IV programs that has or will result from the improper disbursements.

Chicago State's argument that the Academic Standing Policy had been suspended is not substantiated by any indication that such an action was authorized through established procedures and properly approved. There were no revisions to Chicago State's published policies. Further, there is no indication that the institution's governing board had considered and approved the suspension of the Academic Standing Policy.

The total amount of grant funds (Federal Pell Grant and FSEOG) disbursed to ineligible students during the four year period, award year 2007/2008 through award year 2010/2011, is \$293,449. Chicago State is liable for these funds, as well as the cost of these funds (imputed interest) in the amount of \$6,695. Refer to Appendix G for the cost of funds calculations.

The total amount of FFEL and Direct Loan funds (subsidized and unsubsidized) disbursed to ineligible students during the four year period, award year 2007/2008 through award year 2010/2011, is \$320,167. Chicago State is liable for the estimated loss to the Department that has resulted or will result from those ineligible loans. That loss is based on Chicago State's most recent cohort default rate available. As a result, the estimated loss that Chicago State must pay to the Department for the ineligible loans is \$11,819. A copy of the results of the estimated loss calculation is included as Appendix F.

The total liability associated with this finding is \$311,963 ($293,449 + 6,695 + 11,819 = 311,963$).

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

| Established Liabilities | | | | | |
|--------------------------------|-----------|----------|----------|-----------|---------------|
| | Pell | FSEOG | EALF DL | EALF FFEL | |
| Finding 1 | \$276,449 | \$17,000 | | | |
| Finding | | | | | |
| Finding | | | | | |
| Finding | | | | | |
| Subtotal 1 | \$276,449 | \$17,000 | \$11,819 | \$0 | |
| Cost of Funds | \$6,084 | \$611 | | | |
| Excess Cash | | | | | |
| Subtotal 2 | \$6,084 | \$611 | | | |
| TOTAL | \$282,533 | \$17,611 | \$11,819 | \$0 | |
| Payable To: | | | | | Totals |
| Department | \$282,533 | \$17,611 | \$11,819 | \$0 | \$311,963 |
| Students | | | | | \$ |
| Lenders | | | | | \$ |
| Inst Accounts | | | | | \$ |

Estimated Actual Loss (EAL):

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

The total amount of FFEL and Direct Loan that Chicago State improperly disbursed during the four year period, award year 2007/2008 through award year 2010/2011, is \$320,167. The total estimated loss that Chicago State must pay to the Department for the ineligible loans is \$311,963. Copies of the results of those calculations are included in Appendix F.

E. Payment Instructions

1. Liabilities Owed to the Department

Chicago State owes to the Department **\$311,963**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Chicago State 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 Chicago State'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.

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 the Department's G5 system will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in the Department's Common Origination and Disbursement system known as "COD", as required by the this finding 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. Chicago State is also responsible for repaying any interest that accrues. If Chicago State has any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to Chicago State's account representative.

If full payment cannot be made within **45 days** of the date of this letter, please contact the Department's Accounts Receivable Group at the address below to apply for a payment plan. Interest charges and other conditions apply.

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, Chicago State 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 Chicago State from the Federal Government. **Chicago State may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Chicago State must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

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

Federal Pell Grant – Closed Award Years

Included in the total liability amount owed to the Department (\$311,963) is the Federal Pell Grant liability that Chicago State must repay:

| Pell ACG SMART or TEACH Closed Award Year | | | |
|---|-----------------------|--------------------|-------------------|
| Amount (Principal) | Amount (Interest) | Title IV Grant | Award Year |
| \$5,388 | \$899 | Federal Pell Grant | 2007/2008 (App A) |
| \$51,274 | \$3,595 | Federal Pell Grant | 2008/2009 (App B) |
| \$84,951 | \$1,136 | Federal Pell Grant | 2009/2010 (App C) |
| \$134,836 | \$454 | Federal Pell Grant | 2010/2011 (App D) |
| Total Principal | Total Interest | | |
| \$276,449 | \$3,084 | | |

The disbursement record for each Federal Pell Grant recipient identified in Appendix A, B, C, and D must be adjusted (reduced) in the COD system based on the amounts identified in the appendices.

Adjustments in COD must be completed prior to remitting payment to the Department. As previously stated, 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 William Johnson within 45 days of the date of this letter.

F. Appendices

Appendix A: 2007/08 Students

| <u>LAST</u> <u>NAME</u> | <u>FIRST</u> <u>NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB</u> <u>LOANS</u> | <u>UNSUB</u> <u>LOANS</u> | |
|----------------------------|-----------------------------|-------------|--------------|----------------------------|------------------------------|----------|
| (b)(6); (b)(7)(C) | | 2,155.00 | 1,250.00 | | | |
| | | 1,616.50 | | 1,750.00 | | |
| | | | | | 1,723.75 | 2,462.50 |
| | | 1,616.50 | 1,000.00 | | | 1,970.00 |

Appendix B: 2008/09 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> | |
|-------------------|-------------------|-------------|--------------|------------------|--------------------|----------|
| (b)(6); (b)(7)(C) | | 2,365.50 | | | | |
| | | 2,365.50 | | 1,715.00 | | |
| | | | | | | 6,125.00 |
| | | 2,365.50 | 300.00 | | | |
| | | 1,183.00 | | | | |
| | | 2,365.50 | | | | |
| | | 890.50 | | | 2,205.00 | |
| | | 1,774.00 | | | | |
| | | 1,940.50 | | | | |
| | | 887.25 | | | | |
| | | 2,365.50 | | | | |
| | | 2,340.50 | | | | |
| | | 1,774.00 | | | | |
| | | 2,365.50 | | | | |
| | | 1,774.00 | | | | |
| | | 84.73 | | | | |
| | | 2,365.50 | | | | |
| | | 2,365.50 | | | | |
| | | 772.31 | | | | |
| | | | | 596.11 | | |
| | | 2,365.50 | | | | |
| | | 2,365.50 | 300.00 | 1,715.00 | 2,261.84 | |
| | | 2,365.50 | | | | |
| | | 2,365.50 | 2,000.00 | | | |
| | | 1,774.00 | | | | |
| | | 1,183.00 | | | | |
| | | 2,365.50 | 2,000.00 | 1,715.00 | | |
| | | 1,183.00 | 150.00 | | | |
| | | 2,365.50 | | | | |

Appendix C: 2009/10 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> | |
|----------------------|-----------------------|-------------|--------------|----------------------|------------------------|----------|
| (b)(6); (b)(7(C)) | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 1,650.00 | | | | |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | 1,741.25 | 2,985.00 |
| | | 2,675.00 | | | 1,741.25 | |
| | | | | | 1,741.24 | 3,482.50 |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 2,006.50 | | 2,000.00 | | |
| | | 2,675.00 | | 2,000.00 | | |
| | | 668.50 | | | 2,738.00 | 2,526.00 |
| | | | | | 2,238.75 | 995.00 |
| | | 2,675.00 | | | 1,741.24 | 2,985.00 |
| | | 2,006.50 | | | 2,238.75 | 2,985.00 |
| | | 2,675.00 | | | 2,736.25 | 995.00 |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | 2,238.75 | 995.00 |
| | | 2,675.00 | | | | |
| | | | | | 2,736.25 | 995.00 |
| | | | | | 2,736.25 | 995.00 |
| | | 2,675.00 | | | | |
| | | 2,006.25 | | | 1,742.00 | 2,190.00 |
| | | 2,675.00 | | | | |
| | | 2,675.00 | | | | |
| | | 1,337.50 | | | | |
| 2,150.00 | | | | | | |
| 2,675.00 | | | | | | |
| 2,675.00 | | | | | | |
| 1,337.50 | | | | | | |
| 2,006.50 | | | 1,723.75 | 2,955.00 | | |
| 1,350.00 | | | | | | |
| 2,675.00 | | 300.00 | | | | |
| 2,675.00 | | | | | | |
| 2,675.00 | | 1,000.00 | | | | |
| 2,675.00 | | 2,000.00 | | | | |

(b)(6); (b)(7(C))

| | | |
|----------|----------|----------|
| 2,675.00 | | |
| 2,450.00 | 621.87 | 2,985.00 |
| 2,450.00 | 621.87 | 2,985.00 |
| 2,006.50 | 2,736.25 | 1,990.00 |

Appendix D: 2010/11 Students

| <u>LAST NAME</u> | <u>FIRST NAME</u> | <u>PELL</u> | <u>FSEOG</u> | <u>SUB LOANS</u> | <u>UNSUB LOANS</u> |
|----------------------|-----------------------|-------------|--------------|----------------------|------------------------|
| (b)(6); (b)(7(C)) | | 1,250.00 | | 2,239.00 | |
| | | 1,250.00 | | 2,239.00 | |
| | | 2,081.50 | | | |
| | | 2,775.00 | 600.00 | 1,742.00 | 995.00 |
| | | 2,675.00 | 300.00 | | |
| | | 2,775.00 | | 1,742.00 | 2,985.00 |
| | | 2,775.00 | | 1,742.00 | 995.00 |
| | | 2,150.00 | | 2,239.00 | 995.00 |
| | | 2,775.00 | | 1,742.00 | 2,985.00 |
| | | 2,775.00 | | 2,239.00 | 2,985.00 |
| | | 1,400.00 | | | |
| | | 2,775.00 | | 2,737.00 | 3,483.00 |
| | | 2,775.00 | 600.00 | 1,742.00 | 2,985.00 |
| | | 2,775.00 | | 1,742.00 | 995.00 |
| | | 1,387.50 | | 1,742.00 | 2,985.00 |
| | | 2,081.50 | | 2,737.00 | 3,483.00 |
| | | 2,775.00 | | 2,737.00 | 3,483.00 |
| | | 2,081.50 | | 1,742.00 | 2,986.00 |
| | | 2,775.00 | 600.00 | 1,742.00 | |
| | | 277.50 | | 2,737.00 | |
| | | 2,775.00 | | 1,742.00 | |
| | | 2,081.50 | | 2,737.00 | 3,162.00 |
| | | | | 1,742.00 | 995.00 |
| | | 1,387.50 | | 2,239.00 | 2,985.00 |
| | | 2,081.50 | | 2,737.00 | |
| | | 2,775.00 | | 2,737.00 | |
| | | 2,775.00 | | 1,742.00 | 2,985.00 |
| | | 2,081.50 | | | |
| | | 2,775.00 | | 2,240.00 | 2,986.00 |
| | | 2,775.00 | | 871.00 | 2,985.00 |
| | | 2,775.00 | | 2,239.00 | 2,985.00 |
| 2,775.00 | | | | | |
| 2,775.00 | | 871.00 | 5,349.00 | | |
| 2,081.50 | | 1,742.00 | 2,985.00 | | |
| 1,387.50 | | 2,239.00 | 2,985.00 | | |
| 2,775.00 | | | 5,502.00 | | |

| | | | |
|-------------------|----------|----------|----------|
| (b)(6); (b)(7(C)) | 2,775.00 | | |
| | 2,775.00 | 2,239.00 | 2,985.00 |
| | 1,375.00 | 2,737.00 | 3,483.00 |
| | | 996.00 | 996.00 |
| | 2,775.00 | | |
| | | 1,742.00 | 2,985.00 |
| | 2,775.00 | 1,742.00 | 2,985.00 |
| | 2,775.00 | | |
| | 2,775.00 | 600.00 | 1,742.00 |
| | 2,775.00 | | 2,985.00 |
| | 2,775.00 | 2,239.00 | 995.00 |
| | 2,775.00 | 2,239.00 | 995.00 |
| | 1,800.00 | 1,742.00 | 995.00 |
| | 2,150.00 | 2,737.00 | 3,483.00 |
| | 2,775.00 | 2,737.00 | 3,483.00 |
| | 2,775.00 | 2,737.00 | 3,483.00 |
| | | | 6,219.00 |
| | 1,650.00 | 1,742.00 | 995.00 |
| | | 1,742.00 | |
| | 2,081.50 | 1,742.00 | 2,985.00 |
| | 2,775.00 | 1,742.00 | 2,985.00 |
| | 2,775.00 | 2,737.00 | 3,483.00 |
| | 1,387.50 | 1,742.00 | 995.00 |
| | 2,775.00 | 1,742.00 | 2,986.00 |
| | 950.00 | 2,738.00 | 1,684.00 |
| | 2,775.00 | | |
| | 2,081.50 | 2,239.00 | 2,985.00 |
| | 2,050.00 | 1,742.00 | 996.00 |

$$\begin{aligned} &+ \$60,000/2 \times (730 \times (.0155/365)) \\ &+ \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36 \end{aligned}$$

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.

Estimated Loss Formula

Enter Institution Name

Chicago State University

Select Institution Type

4 Yr

| | Type of Loan | Award Year | Ineligible Loan Amount | School CDR | Total Subsidy Costs | Estimated Loss Liability |
|---|--------------------|------------|------------------------|-----------------------------|---------------------|--------------------------|
| 1 | FFEL Subsidized | 2007-2008 | \$ 3,473.75 | 10.00% | -1.56% | \$ - |
| 2 | FFEL Subsidized | 2008-2009 | \$ 7,350.00 | 10.00% | -1.10% | \$ - |
| 3 | FFEL Subsidized | 2009-2010 | \$ 32,073.22 | 10.00% | -0.83% | \$ - |
| | Description | | \$ 42,896.97 | | | \$ - |
| 4 | FFEL Unsubsidized | 2007-2008 | \$ 4,432.50 | 10.00% | -19.11% | \$ - |
| 5 | FFEL Unsubsidized | 2008-2009 | \$ 8,386.84 | 10.00% | -11.07% | \$ - |
| 6 | FFEL Unsubsidized | 2009-2010 | \$ 33,043.50 | 10.00% | -7.49% | \$ - |
| | Description | | \$ 45,862.84 | | | \$ - |
| 7 | DL Subsidized | 2010-2011 | \$ 106,997.00 | 10.00% | 11.05% | \$ 11,818.99 |
| 8 | DL Unsubsidized | 2010-2011 | \$ 124,410.00 | 10.00% | -18.67% | \$ - |
| 9 | | | | | | |
| | Description | | \$ 231,407.00 | | | \$ 11,818.99 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| | Description | | \$ - | | | \$ - |
| Original Ineligible Loan Liability | | | \$ 320,166.81 | Total Estimated Loss | | \$ 11,818.99 |

To calculate estimated loss for a given ineligible loan amount, that amount is multiplied by the total subsidy rates calculated for the ineligible loans. Consolidation Loans will be obtained in the future to prepay some of the ineligible loans; the amount of Consolidation Loans divided by the ineligible Stafford/PLUS loans equals the "Consolidation prepayment rate" (H) for those loans. The Department's Budget Office calculates, on an annual basis, the rate per dollar of loan of default subsidies (DSRs) and all other subsidies (OSRs) (D & F) for Stafford and PLUS Loans, by cohort year, program, loan type, and risk group (note that 2008-2010 FFEL loan costs are calculated only by cohort

| | A | B | C | D | E | F | G | H | I | J |
|----|------------|-------------|----------|------------------|--------------|---------|---------------|---------------|--------------|-------------|
| | School CDR | Sector CDR* | Ratio ** | Adjusted DSR *** | Adjusted DSR | OSR *** | Avg Cons Year | Cons Prepay % | Cons DSR *** | Cons OS *** |
| 1 | 10.00% | 7.30% | 1.37 | 0.28% | 0.38% | -0.78% | 2013 | 22.2% | 2.28% | -7.49% |
| 2 | 10.00% | 7.30% | 1.37 | 0.08% | 0.11% | -0.10% | 2014 | 21.2% | 2.28% | -7.49% |
| 3 | 10.00% | 7.30% | 1.37 | 0.02% | 0.03% | 0.15% | 2015 | 19.3% | 2.28% | -7.49% |
| 4 | 10.00% | 7.30% | 1.37 | 0.19% | 0.26% | -15.85% | 2014 | 32.8% | 2.37% | -13.11% |
| 5 | 10.00% | 7.30% | 1.37 | 0.09% | 0.12% | -7.83% | 2015 | 31.3% | 2.37% | -13.11% |
| 6 | 10.00% | 7.30% | 1.37 | 0.11% | 0.15% | -4.56% | 2015 | 28.7% | 2.37% | -13.11% |
| 7 | 10.00% | 7.30% | 1.37 | 1.69% | 2.32% | 8.10% | 2017 | 31.8% | 2.99% | -1.02% |
| 8 | 10.00% | 7.30% | 1.37 | 2.34% | 3.21% | -21.73% | 2017 | 40.1% | 3.16% | -3.54% |
| 9 | | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 | | | | | | | | | | |
| 12 | | | | | | | | | | |

Federal Student Aid (FSA) calculates the cohort default rates (CDRs) of the institution (A), and the average CDR for the sector for that institution (B). FSA applies the CDR comparison ratio (C), $[A/B = C]$ against the Budget Office's cohort loan DSR (D) to determine the default subsidy rate for the institution (E). The Budget Office estimates the default subsidy rate and other subsidy rate for the Consolidation Loans that will prepay some of these Stafford and PLUS Loans (I & J). The total subsidy rate for the ineligible Stafford and PLUS Loans is $((E+F) + ((I+J) \times H))$. The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.

Ineligible Disbursements (Non-Loan) - Cost of Funds

Name of Institution: Chicago State University

| Student No. and Appendix Reference | Ineligible Disbrsmnt | Program | Disbursement Date | Return Paid Date | No. of Days | Imputed CVFR | Federal Share | To ED |
|------------------------------------|----------------------|------------|-------------------|------------------|-------------|--------------|---------------|-----------|
| 1 App. A: 2007/08 | \$2,155.00 | Pell Grant | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 2,155.00 | \$ 359.57 |
| 1 App. A: 2007/2008 | \$1,250.00 | FSEOG | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 937.50 | \$ 156.43 |
| 2 App. A: 2007/2008 | \$1,616.50 | Pell Grant | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 1,616.50 | \$ 269.72 |
| 5 App. A: 2007/2008 | \$1,616.50 | Pell Grant | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 1,616.50 | \$ 269.72 |
| 5 App. A: 2007/2008 | \$1,000.00 | FSEOG | 6/30/2008 | 10/31/2011 | 1218 | 5.00% | \$ 750.00 | \$ 125.14 |
| 6 App. B: 2008/09 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 7 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 9 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 9 App. B: 2008/2009 | \$300.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 225.00 | \$ 15.77 |
| 10 App. B: 2008/2009 | \$1,183.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,183.00 | \$ 82.94 |
| 11 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 12 App. B: 2008/2009 | \$890.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 890.50 | \$ 62.43 |
| 13 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 14 App. B: 2008/2009 | \$1,940.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,940.50 | \$ 136.04 |
| 15 App. B: 2008/2009 | \$887.25 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 887.25 | \$ 62.20 |
| 16 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 17 App. B: 2008/2009 | \$2,340.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,340.50 | \$ 164.09 |
| 18 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 19 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 20 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 21 App. B: 2008/2009 | \$84.73 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 84.73 | \$ 5.94 |
| 22 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 23 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 24 App. B: 2008/2009 | \$772.31 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 772.31 | \$ 54.15 |
| 25 App. B: 2008/2009 | \$596.11 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 596.11 | \$ 41.79 |
| 26 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 27 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 27 App. B: 2008/2009 | \$300.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 225.00 | \$ 15.77 |
| 28 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 29 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 29 App. B: 2008/2009 | \$2,000.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,500.00 | \$ 105.16 |
| 30 App. B: 2008/2009 | \$1,774.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,774.00 | \$ 124.37 |
| 31 App. B: 2008/2009 | \$1,183.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,183.00 | \$ 82.94 |
| 32 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 32 App. B: 2008/2009 | \$2,000.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,500.00 | \$ 105.16 |
| 33 App. B: 2008/2009 | \$1,183.00 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 1,183.00 | \$ 82.94 |
| 33 App. B: 2008/2009 | \$150.00 | FSEOG | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 112.50 | \$ 7.89 |
| 34 App. B: 2008/2009 | \$2,365.50 | Pell Grant | 6/30/2009 | 10/31/2011 | 853 | 3.00% | \$ 2,365.50 | \$ 165.84 |
| 35 App. C: 2009/10 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 36 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 37 App. C: 2009/2010 | \$1,650.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,650.00 | \$ 22.06 |
| 38 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 39 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 40 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 42 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 43 App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 44 App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 44 App. C: 2009/2010 | \$2,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,500.00 | \$ 20.06 |

Appendix G
 Cost of Funds

| | | | | | | | | | |
|----|-------------------|------------|------------|-----------|------------|-----|-------|-------------|----------|
| 44 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 44 | App. C: 2009/2010 | \$2,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,500.00 | \$ 20.06 |
| 44 | App. C: 2009/2010 | \$668.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 668.50 | \$ 8.94 |
| 46 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 47 | App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 48 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 49 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 50 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 51 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 54 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 55 | App. C: 2009/2010 | \$2,006.25 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.25 | \$ 26.83 |
| 56 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 57 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 58 | App. C: 2009/2010 | \$1,337.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,337.50 | \$ 17.88 |
| 59 | App. C: 2009/2010 | \$2,150.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,150.00 | \$ 28.75 |
| 60 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 61 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 62 | App. C: 2009/2010 | \$1,337.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,337.50 | \$ 17.88 |
| 63 | App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 64 | App. C: 2009/2010 | \$1,350.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,350.00 | \$ 18.05 |
| 65 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 65 | App. C: 2009/2010 | \$300.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 225.00 | \$ 3.01 |
| 66 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 67 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 67 | App. C: 2009/2010 | \$1,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 750.00 | \$ 10.03 |
| 68 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 68 | App. C: 2009/2010 | \$2,000.00 | FSEOG | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 1,500.00 | \$ 20.06 |
| 69 | App. C: 2009/2010 | \$2,675.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,675.00 | \$ 35.77 |
| 70 | App. C: 2009/2010 | \$2,450.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,450.00 | \$ 32.76 |
| 70 | App. C: 2009/2010 | \$2,450.00 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,450.00 | \$ 32.76 |
| 71 | App. C: 2009/2010 | \$2,006.50 | Pell Grant | 6/30/2010 | 10/31/2011 | 488 | 1.00% | \$ 2,006.50 | \$ 26.83 |
| 72 | App. D: 2010/11 | \$1,250.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,250.00 | \$ 4.21 |
| 72 | App. D: 2010/2011 | \$1,250.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,250.00 | \$ 4.21 |
| 73 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 74 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 74 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 75 | App. D: 2010/2011 | \$2,675.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,675.00 | \$ 9.02 |
| 75 | App. D: 2010/2011 | \$300.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 225.00 | \$ 0.76 |
| 76 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 77 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 78 | App. D: 2010/2011 | \$2,150.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,150.00 | \$ 7.25 |
| 79 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 80 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 81 | App. D: 2010/2011 | \$1,400.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,400.00 | \$ 4.72 |
| 82 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 83 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 83 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 84 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 85 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 86 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 86 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 87 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 88 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 88 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 89 | App. D: 2010/2011 | \$277.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 277.50 | \$ 0.94 |

Appendix G
 Cost of Funds

| | | | | | | | | | |
|-----|-------------------|------------|------------|-----------|------------|-----|-------|-------------|---------|
| 90 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 91 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 93 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 94 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 94 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 95 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 96 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 97 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 98 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 99 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 100 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 101 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 102 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 103 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 104 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 105 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 106 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 107 | App. D: 2010/2011 | \$1,375.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,375.00 | \$ 4.63 |
| 109 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 111 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 112 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 113 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 113 | App. D: 2010/2011 | \$600.00 | FSEOG | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 450.00 | \$ 1.52 |
| 114 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 114 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 115 | App. D: 2010/2011 | \$1,800.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,800.00 | \$ 6.07 |
| 116 | App. D: 2010/2011 | \$2,150.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,150.00 | \$ 7.25 |
| 117 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 117 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 119 | App. D: 2010/2011 | \$1,650.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,650.00 | \$ 5.56 |
| 121 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 122 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 123 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 124 | App. D: 2010/2011 | \$1,387.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 1,387.50 | \$ 4.68 |
| 125 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 126 | App. D: 2010/2011 | \$950.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 950.00 | \$ 3.20 |
| 127 | App. D: 2010/2011 | \$2,775.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,775.00 | \$ 9.35 |
| 128 | App. D: 2010/2011 | \$2,081.50 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,081.50 | \$ 7.02 |
| 129 | App. D: 2010/2011 | \$2,050.00 | Pell Grant | 6/30/2011 | 10/31/2011 | 123 | 1.00% | \$ 2,050.00 | \$ 6.91 |

Total Ineligible **\$293,448.65**

Total Cost of Funds **\$ 6,695.45**

Pell **\$276,448.65**
 FSEOG **\$ 17,000.00**

Interest Breakdown
 Pell Grants **\$ 6,084.07**
 FSEOG **\$ 611.38**

Appendix PRR

Program Review Report



START HERE
GO FURTHER
FEDERAL STUDENT AID

Prepared for

Chicago State University

OPE ID 001694 00

PRCN 2011 405 27751

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Team – Chicago/Denver

Program Review Report

January 6, 2012

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Chicago State University
OPE ID 001694 00
PRCN 2011 405 27751
Page 2

A. Institutional Information

Chicago State University
9501 South King Drive
Chicago, Illinois 60628-1598

Type: Public

Highest Level of Offering: Doctor's Degree

Accrediting Agency: Higher Learning Commission of the North Central Association of
Colleges and Schools

Current Student Enrollment: 8,927 (2009/10)

% of Students Receiving Title IV: 72% (2009/10)

Title IV Participation (from National Student Loan Data System (NSLDS)):

| | <u>2009/2010</u> |
|--|------------------|
| Federal Family Education Loan (FFEL) | \$44,241,289 |
| William D. Ford Federal Direct Loan (Direct Loan) | \$ 1,459,188 |
| Federal Pell Grant | \$17,465,161 |
| Federal Supplemental Education Opportunity Grant (FSEOG) | \$ 328,298 |
| Federal Work Study | \$ 440,863 |
| Federal Perkins Loan | \$ 74,432 |

Default Rate FFEL/Direct Loan: 2009: 10.3%
2008: 9.8%
2007: 11.3%

Default Rate Perkins: 06/30/2010: 17.1%
06/30/2009: 13.5%
06/30/2008: 13.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted an off-site program review at Chicago State University (Chicago State) beginning October 31, 2011. The review was conducted by William Johnson.

Because of allegations that Chicago State failed to enforce its policy of terminating students with grade-point averages below 1.8 "for poor scholarship", the Department required Chicago State to re-examine the institutional records and identify the students who should have been terminated under Chicago State's academic policy. The focus of the review was to determine the consequences of the alleged failure to take recourse when a student's academic performance warranted institutional action.

Pursuant to the Department's instructions, Chicago State reported the defined student cohort, by year, for the four year period 2007/08 through 2010/11 and the amounts of Federal Student Aid (FSA) that each of those students received after the point that they should have been terminated under Chicago State's academic policy.

The reported student detail is displayed in the appendices. The program review consisted of an examination of that information.

Disclaimer:

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

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

C. Findings

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

Finding 1. Ineligible Student, Not Making Satisfactory Progress

Citation: An otherwise eligible student may receive Title IV HEA program assistance if the student maintains satisfactory academic progress in his or her course of study according to the institution's published standards. [34 C.F.R. § 668.34 of the Student Assistance General Provisions]

An institution's published standards of satisfactory academic progress must meet specific requirements, including the requirement that those standards are at least as strict as the policy that the institution applies to a student who is not receiving assistance under the Title IV HEA programs. In addition, for a student enrolled in an educational program of more than two academic years, the policy must specify that at the end of the second academic year, the student must have a grade point average (GPA) of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation. [34 C.F.R. § 668.34 of the Student Assistance General Provisions as of 07/01/2011; 34 C.F.R. §§ 668.16(e) and 668.34 of the Student Assistance General Provisions prior to 07/01/2011]

Prior to 07/01/2011, an institution could find that a student is making satisfactory academic progress even though the student did not have a GPA of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation at the end of the second academic year. However, the institution could make that finding only if the institution determined that the student's failure to meet that requirement was based upon the death of a relative of a student, an illness or injury of the student, or other special circumstances. [34 C.F.R. § 668.34 of the Student Assistance General Provisions prior to 07/01/2011]

Noncompliance: Over the four-year period, academic year 2007/08 through academic year 2010/11, the institution disbursed FSA funds in the aggregate amount of \$613,616 to one hundred twenty-nine (129) students who were not in compliance with the institution's Academic Standing Policy. Those 129 students should have been withdrawn from the institution for a GPA under 1.8 according to that policy.

A student who is subject to termination under the institution's academic policies cannot be eligible for FSA funds under the institution's satisfactory academic progress policy since the satisfactory academic progress standards cannot be the less strict of the two.

That is to say, a student cannot be deemed eligible for FSA funds under the institution's satisfactory academic progress standards if or when the student is subject to expulsion from the institution for poor grades.

Apparently, the institution's Academic Standing Policy was not enforced consistently. And by failing to take the recourse that is dictated by its academic policies, the institution may have failed to recognize that those students were not making satisfactory academic progress and withhold the FSA funds for which they were not eligible to receive.

As noted above, after a student's second academic year, the student must have a GPA greater than 1.8 ("C" or its equivalent, minimum) in order to be making satisfactory academic progress unless there is a documented determination of specific circumstances. Thus, notwithstanding any probation periods that the institution's policy may provide, after the student's second academic year, the probation, of itself, cannot provide for a satisfactory progress evaluation.

It is important to note that the Department does not prescribe institutional academic policies and no issue is taken with the Academic Standing Policy or with its enforcement / non-enforcement except where it is referenced in or associated with the institution's published standards of satisfactory academic progress.

Required Action: Recently, the auditors conducting the annual A133 audit of Chicago State, contacted this office to report that additional information has become known that may have a bearing on this finding.

If Chicago State can demonstrate that any of the 129 students were making satisfactory academic progress and thus, eligible for an amount that was previously reported to us (see appendices), please provide specific documentation of that student's determination of satisfactory academic progress and the eligible amount(s) associated with that student.

Instructions for repayment of any liability resulting from ineligible FSA expenditures will be provided in the Final Program Review Determination letter.



March 29, 2012

Wayne D. Watson, President
Chicago State University
9501 South King Drive
Chicago, Illinois 60628-1598

Certified Mail
Return Receipt Requested
7011 1570 0000 7489 9742

RE: Requirement to Resubmit Program Review Response
OPE ID: 001694 00
PRCN: 2011 405 27751

Dear President Watson:

The School Participation Team - Chicago/Denver has reviewed Chicago State University's (Chicago State's) January 27, 2012 response to the January 6, 2012 Program Review Report issued by the Department and has identified errors in the response. Chicago State must correct the errors as described below, and resubmit the response.

The Program Review Report found that one hundred twenty-nine (129) recipients of Federal Student Aid should not have received those funds because they should have been withdrawn from the institution pursuant to the institution's Academic Standing Policy. A student who is subject to termination under the institution's academic policies cannot be eligible for FSA funds under the institution's satisfactory academic progress policy since the satisfactory academic progress standards cannot be less strict than the Academic Standing Policy.

Chicago State was provided the opportunity to submit specific documentation of any student's determination of satisfactory progress if the institution could demonstrate the student was making satisfactory academic progress and thus, eligible for the funds received. The Program Review Report stated the following required action:

If Chicago State can demonstrate that any of the 129 students were making satisfactory academic progress and thus, eligible for an amount that was previously reported to us (see appendices), please provide specific documentation of that student's determination of satisfactory academic progress and the eligible amount(s) associated with that student.

Program Compliance, Chicago / Denver School Participation Team
Citigroup Center, 500 West Madison Street, Suite 1576
Chicago, Illinois 60661

FEDERAL STUDENT AID  START HERE. GO FURTHER.

Chicago State University
OPE ID: 001694 00
PRCN: 2011 405 27751
Page 2 of 2

Chicago State's response asserts that 109 of the 129 students were eligible for the Title IV funds they received. However, no documentation of those students' determinations of satisfactory academic progress was submitted with the response.

The response also states that Chicago State "determined that during the 2007-2010/11 academic years, the University's Academic Standing Policy was suspended, as validated by documentation that was discovered in December 2011". No documentation of the suspension was provided with the response.

Chicago State must submit the information specified in the Required Action section of the Program Review Report, and discussed above, for any student the institution considers to be eligible. In addition, Chicago State must submit documentation of the suspension of the Academic Standing Policy that demonstrates the suspension was authorized through established policies and procedures and properly approved.

The resubmission of Chicago State's response to the finding must be sent directly to William Johnson of this office within 30 calendar days of the date of this letter. If this corrected response is not received by that date, a Final Program Review Determination may be issued based upon information received by that date.

Please see the enclosure Protection of Personally Identifiable Information (PII) for instructions regarding submission of required data / documents containing PII.

If you have any questions concerning this report, please contact me at (312) 730-1526 or william.johnson@ed.gov.

Sincerely,

(b)(6)

William Johnson
Senior Institutional Review Specialist

cc: Brenda J. Hooker, Director of Financial Aid

Enclosure:
Protection of Personally Identifiable Information

Appendix RESP

Chicago State's Response to the Program Review Report

Wayne Watson, Ph.D.
President



Telephone: 773 / 995-2400
Fax: 773 / 995-3849
E-mail: wwatson@csu.edu

9501 S. King Drive / ADM 313
Chicago, Illinois 60628-1598

January 27, 2012

Mr. William Johnson
Program Compliance
U. S. Department of Education
500 W. Madison Street, Suite 1576
Chicago, IL 60661

RE: OPE ID:001694 00
PRCN: 2011 405 27751

Dear Mr. Johnson:

Chicago State University is in receipt of the Department of Education's (Department) Program Review Report (PRR) dated January 6, 2012 regarding the Department's October 31, 2011 off-site review of the University's Title IV program.

The PRR found that for academic year 2007/08 through academic year 2010/11, the institution disbursed Federal Student Aid funds in the aggregated amount of \$613,616 to one hundred twenty-nine (129) students who were not in compliance with the institution's Academic Standing Policy. Those 129 students should have been withdrawn from the institution for a GPA under 1.8 according to that policy. The PRR also noted that the University's annual A133 auditors contacted the Department and indicated that additional information became known that may have a bearing on the Department's finding. Specifically, the University determined that during the 2007-2010/11 academic years, the University's Academic Standing Policy was suspended, as validated by documentation that was discovered in December 2011.

As such, the University reviewed the records of the previously identified 129 students and determined that 20 of the reported 129 students were over-awarded Title IV funds. Accordingly, the University calculated that \$122,852 was distributed to those 20 students.

Attached is relevant supporting documentation. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne D. Watson", written over the word "Sincerely".

Wayne D. Watson
President

Enclosure

cc: Brenda J. Hooker
Director, CSU Financial Aid

Office of Student Financial Aid

9501 S. King Drive / ADM 207
Chicago, Illinois 60628-1598
TEL: 773.995.2304 FAX: 773.995.3574

April 18, 2012

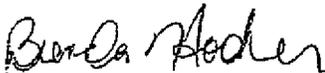
U.S. Department of Education
500 W. Madison Street
Chicago, Illinois 60661

RE: Requirement to Resubmit Program review Response
OPE ID: 001694 00
PRCN: 2011 405 27751

Dear Mr. Johnson,

Enclosed please find the requested documentation which reflects the 109 student Satisfactory Academic Progress petitions and documentation that validates the suspension of Chicago State University's academic standing policy.

Sincerely,



Brenda hooker
Director

Scholarship & Responsibility

MEMORANDUM

To: Dr. Rachael Lindsey, Dean of Arts and Sciences

From: Lois M. Davis, Registrar

Date: June 11, 2010

Re: See Below

Based upon a directive from Andre Bell, Vice President of Enrollment Management, I am sending you two lists, with majors in your discipline. The first list is of the students who are eligible to be dropped for poor scholarship for the Spring 2010 Semester. At this date, I am unsure as to whether they will actually be dropped. However, in order for them to register for the Summer or Fall 2010 semester, they will need to petition your office to continue to enroll. Students will have until August 13th to petition.

Students will get the petition from the Registrar's Office, Adm-128, fill it out and take it to you for permission to register. Once you have made a decision, the petition must be returned to ADM-128 for processing and/or filing. (Please return the petition to me whether you decide to approve the student or not.)

The second list is a list of students in your college who have been placed on probation after the Spring 2010 semester. Although their g.p.a.'s are below 2.0, they are still eligible to enroll.

Feel free to contact me if you have questions.

cc: A. Bell
S. Westbrook
P. George
Staff

MEMORANDUM

To: Dr. Sandra Westbrooks, Provost and V.P. for Student Affairs

From: Lois M. Davis, Registrar

Date: June 17, 2009

Re: See Below

For your information attached are two lists. The first list is of the students who are eligible to be dropped for poor scholarship at the end of the Spring 2009 semester, but have been continued on probation (Enrolled with SA Acad Stand Code for 200901). The second is the list of students who are on probation (Enrolled with PR Acad Stand Code for 200901).

The third attachment is the letter that will be sent to the students on both lists, letting them know they are on probation, but will be allowed to register for the Fall 2009 semester. Please review the letter and let me know if it meets your approval.

Thank you for your attention to this matter.

Your attention is appreciated.

cc: P. Michaels

June 20, 2008

Dear

The Committee on Admissions and Academic Standards has reviewed your academic record as of the end of the Spring 2008 Semester and finds that you are not making satisfactory progress toward a degree. Therefore, you have now been placed on academic probation.

According to University regulations as outlined on page 60 of the 2006-2008 Undergraduate Catalog, a student must maintain a cumulative grade point average of "C" (2.00 grade point average on a 4.00 scale) in order to remain in good academic standing. Students who earn a cumulative grade point average of less than 2.00 or "C" are placed on academic probation. Furthermore, students who are on probation will be permitted to register classes only if they maintain cumulative grade point averages of 1.80 with less than thirty credit hours; 1.90 after enrollment in thirty credit hours; and 2.00 after enrollment in sixty credit hours. Failure to maintain these standards constitutes grounds to be dropped for poor scholarship.

The Committee has decided to allow you to enroll for the Fall 2008 Semester. If you enroll in classes, your academic record will be reviewed again at the end of the academic year in May 2009. If your academic performance is deemed unsatisfactory at that time, based on the criteria stated above, you may be dropped from the university.

Being allowed to enroll does not make you eligible for financial aid. You must meet the requirements of the Satisfactory Academic Progress policy for financial aid in order to qualify for any of the financial assistance programs administered by the financial aid office. Contact the financial aid office (773-995-2304) for more information about the policy.

You must enroll in the mandatory student success program offered by the Office of Academic Support. Ms. Connie Upshaw will contact you about the program to inform you on what is required of you prior to Fall Semester 2008. Also, I strongly urge you to talk with your departmental academic advisor for advice about your major. Dropping from classes, especially the required mathematics, English, and reading courses, could weigh heavily against you at the end of the semester and may also negatively affect your eligibility for financial aid under the existing policy.

Sincerely,

Lois M Davis

Lois M Davis
Registrar

cc: Provost and Vice President for Academic and Student Affairs
Office of Academic Support
Office of Financial Aid
Deans

Appendix W: FEDWIRE Form

| DEPARTMENT OF EDUCATION FED-WIRE EFT MESSAGE FORMAT & INSTRUCTIONS | | |
|---|-----------------|--|
| ABA Number 021030004 | Type/Sub-Type | |
| Sender No.: | Sender Ref. No. | Amount ① |
| Sender Name (Automatically inserted by the Federal Reserve Bank) | | |
| Treasury Department Name/CTR/ TREAS NYC / CTR / | | |
| BNF=ED / AC - 91020001 OBI= | | |
| Name / City / State: ② | | |
| DUNS / TIN: ③ | | |
| FOR: ④ | | |
| INSTRUCTIONS | | |
| A. Complete circled items 1-4 above as follows: | | |
| ① Indicate amount including cents digits. | | |
| ② Indicate Name, City, and State. | | |
| ③ Indicate DUNS Number and Taxpayer Identification Number (TIN). | | |
| ④ Enter the reason for the remittance: Bill Number / Document Number / Other. | | |
| B. Provide the sending bank with a copy of the completed form. This form contains other information the bank will need to transmit the FEDWIRE message. | | |