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September 30, 2013

Timothy Lannon, SJ
Creighton University
2500 California Plaza
Omaha, NE 68178

UPS Tracking Number
1ZA5467Y2491715080

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 00254200
PRCN: 201340728375

Dear Father Lannon:

From August 26, 2013 through August 27, 2013, Jenny Hendrickson conducted a review of Creighton University's (Creighton) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was an ineligible location in Phoenix, Arizona. The review consisted of an examination of all Title IV, HEA program fund recipients at that location.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

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

The School Participation Division – Kansas City has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

School Participation Division – Kansas City

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

StudentAid.gov

Program Findings and Final Program Review Determination:

Finding 1. Failure to Obtain State Authorization for Additional Location

Citation: In order to be considered an institution eligible to offer Title IV, HEA program funds to students, an institution must be established by name as an educational institution by a state through a charter, statute, constitutional provision, or other action issued by an appropriate state agency or state entity and be authorized to operate educational programs beyond secondary education. The institution must comply with any applicable state approval or licensure requirements. 34 C.F.R. § 600.9

Noncompliance: Creighton's main campus is located in Omaha, Nebraska. The college opened an additional location in Phoenix, Arizona in 2012. Creighton failed to apply to the state of Arizona to be recognized as an educational institution authorized to offer post-secondary programs before offering Title IV, HEA program funds to students at the Phoenix campus.

Creighton disbursed Direct Loan funds to 40 students attending the Phoenix location when the location was not authorized by the state of Arizona to offer post-secondary education.

Institutional Action Taken to Resolve Noncompliance: Creighton has applied for, and received, licensure from the Arizona State Board for Private Postsecondary Education effective August 22, 2013 to September 30, 2014. Creighton provided a copy of the approval documentation to this office on September 16, 2013.

Final Program Review Determination: When an institution makes an ineligible loan, the United States Department of Education (ED) incurs both an interest subsidy cost and the risk of loss from default by the borrower. In lieu of requiring the institution to bear the risk of default, ED asserts a liability for the potential loss ED incurs with respect to the ineligible loans. To calculate this liability, ED uses the Estimated Loss Formula, which takes into account Creighton's most recent official cohort default rate (1.6%) and the amount and type of the ineligible disbursements (\$1,851,692.00). The result of this formula is a liability of zero. See Estimated Loss Formula on page 4.

Creighton has taken the corrective actions necessary to resolve this finding. Therefore, Creighton may consider this finding closed, with no further action required.

Record Retention:

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Jenny Hendrickson at (816) 268-0411.

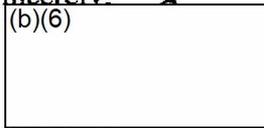
Creighton University

00254200

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Sincerely,

(b)(6)

A rectangular box with a black border, used to redact the signature of the sender.

Ralph LoBosco
Division Director

Enclosure: Estimated Loss Formula Results

cc: Mr. Robert Walker, Financial Aid Administrator
Higher Learning Commission
Nebraska's Coordinating Commission for Postsecondary Education
Arizona State Board of Private Postsecondary Education

Enclosure: Estimated Loss Formula Results

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 year).

Estimated Loss Formula
6/29/2017

Enter Institution Name
Creighton University

Select Institution Type
4 Yr

Select Type of Loan	Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability	A B C D E F G H I J									
						School CDR	Sector CDR	Rate	DSR	Adjusted DSR	OSR	Avg CDR	Prepay CDR	Cons DSR	Cons OS
1 DL Subsidized	2012-2013	\$ 280,500.00	1.60%	0.00%	\$ -	1.60%	7.30%	0.22	0.00%	0.00%	0.00%	0	0.0%	0.00%	0.00%
2 DL Unsubsidized	2012-2013	\$ 1,080,193.00	1.60%	0.00%	\$ -	1.60%	7.30%	0.22	0.00%	0.00%	0	0.0%	0.00%	0.00%	0.00%
3 DL PLUS	2012-2013	\$ 490,999.00	1.60%	0.00%	\$ -	1.60%	7.30%	0.22	0.00%	0.00%	0	0.0%	0.00%	0.00%	0.00%
4 Finding 1		\$ 1,851,692.00			\$ -										
5															
6															
7															
8															
9															
10															
11															
12															
Original Ineligible Loan Liability						\$ 1,851,692.00	Total Estimated Loss								

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+I) x H). The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.