



July 30, 2015

Mr. Robert Shirey
President
Gallipolis Career College
1176 Jackson Pike
Gallipolis, OH 45631

Certified Mail Return Receipt Requested
Domestic Return Receipt
7012 1640 0000 0215 8696

RE: **Final Program Review Determination**
OPE ID: 03007900
PRCN: 201330528276

Dear Mr. Shirey:

The U.S. Department of Education's (Department's) Chicago/Denver School Participation Team issued a program review report on February 2, 2015 covering Gallipolis Career College's (Gallipolis) 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 2011-2012 and 2012-2013 award years. Gallipolis' final response was received on June 15, 2015. A copy of the program review report (and related attachments) and Gallipolis' response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Gallipolis upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, (4) close the review and (5) notify Gallipolis of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

This FPRD contains one or more findings regarding Gallipolis' failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are \$22,225.22

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

Federal Student

IN OFFICE OF THE ASSISTANT SECRETARY FOR FEDERAL STUDENT AID

U.S. DEPARTMENT OF EDUCATION

1100 L Street, NE Washington, DC 20004-2000

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

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the February 2, 2015 program review report. If Gallipolis wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date Gallipolis receives this FPRD. An original and four copies of the information Gallipolis submits must be attached to the request. The request for an appeal must be sent to:

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

Gallipolis' 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 Gallipolis' appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

If the institution has any questions regarding this letter, please contact Lytashia Davis at 312-730-1484. 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:
Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Jeanette Shirey, Financial Aid Administrator
Ohio State Board of Career Colleges and Schools
Accrediting Council for Independent Colleges and Schools
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Prepared for

**Gallipolis Career
College**

OPE ID 03007900
PRCN 201330528276



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

**Final Program Review Determination
July 30, 2015**

Table of Contents

	Page
A. Institutional Information.....	3
B. Scope of Review.....	4
C. Findings and Final Determinations.....	4
Resolved Findings 3, 4, 5, 6, 7, 8, 9,10, 11.....	4
Findings with Final Determinations.....	4
Finding 1: Inaccurate Enrollment Status: Title IV paid for "test out" credits.....	5
Finding 2: Verification Errors.....	7
Finding 12: Crime Awareness Requirements not met-Multiple Violations.....	11
Finding 13: Required Drug and Alcohol Abuse Prevention Program Requirements not met-Multiple Violations.....	16
Summary of Liabilities.....	21
Payment Instructions.....	22
D. Appendices	
Appendix A: Student Sample.....	25
Appendix B: Student Level Detail for student's with liabilities identified from a file review.....	26
Appendix C: Institution's Written Response- See Attached	
Appendix D: Copy of Program Review- See Attached	
Appendix E: Estimated Actual Loss Calculation.....	27
Appendix F: Estimated Actual Loss Description.....	28
Appendix G: Cost of Funds 2011-2012.....	29
Appendix H: Cost of Funds 2012-2013.....	30

A. Institutional Information

Gallipolis Career College
1176 Jackson Pike
Gallipolis, OH 45631

Type: Proprietary

Highest Level of Offering: Associates Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools (ACICS)

Current Student Enrollment: 136 (Fall 2012)

% of Students Receiving Title IV, HEA funds: 100% (2011-12)

Title IV, HEA Program Participation (PEPS):

Federal Pell Grant	2011-12
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 558,449
William D. Ford Federal Direct Loan Program (Direct Loan)	\$ 22,535
	\$1,241,290

Default Rate FFEL/DL:	2011	21%
	2010	10%
	2009	18.8%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Gallipolis Career College (Gallipolis) from April 22, 2013 to April 25, 2013. The review was conducted by David Musser, Gigi Moore, and Marion Peak.

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

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on February 2, 2015.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Finding (s) # 3, 4, 5,6,7,8 9, 10 and 11

Gallipolis has taken corrective actions necessary to resolve findings 3, 4, 5, 6, 7, 8, 9, 10 and 11 of the program review report. Therefore, these findings may be considered closed.

Please refer to Appendix C for the institutions written response related to the resolved findings. Findings requiring further action by Gallipolis are discussed below.

Findings with Final Determinations

The program review report finding(s) requiring further action are summarized below. At the conclusion of each finding is a summary of Gallipolis' response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on February 2, 2015 is attached as Appendix D.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding #1: Inaccurate Enrollment Status: Title IV paid for "test-out" credits

Citation: Full-time student as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. The student's workload may include any combination of courses, work, research, or special studies that the institution considers sufficient to classify the student as a full-time student including for a term-based program, repeating any coursework previously taken in the program but not including either more than one repetition of a previously passed course, or any repetition of a previously passed course due to the student failing other coursework. 34 C.F.R. 668.2 (b)

Noncompliance: The institution enrolled students in a course, but the student subsequently completed a test and received a "P" (passing) grade for the course with no other work required. In some of these cases, the student did not attend the course at all; in other cases, the student attended a week or two before taking the test and receiving credit. The school is including these "P" grades as part of students' enrollment status for the purposes of Pell and DL disbursement.

Student Details:

Student 4

For summer 2012, the student did not attend; the institution used a "proficiency test with "P" grade. Student received Pell and loans, used "proficiency test" for summer 2012. "P" grades are not eligible for Title IV funding.

Student 16

2012-13, Student enrolled in MOS test (ineligible test). Institution used Title IV funding for ineligible test on July 7, 2012 and winter 2013.

Student 20

2012-13, student tested out of 1 class, Keyboarding I-PM.

Student 21

2011-12, Student received ½ time pell while enrolled in Communication 1 course; however the student did not attend the course but received a "P" after taking the test.

Required Action: Due to an error rate over 10% in the sample reviewed and the fact that the institution has allowed students to use proficiency test to receive title IV, Gallipolis is required to perform a full file review of all students who took the proficiency test and received Title IV funds for award years 2011-12 and 2012-13.

File Review Instructions:

The institution must prove the Department an electronic spreadsheet with the following information:

1. Student Name (Last, First)
2. Student Social Security Number;
3. Title IV Aid Disbursed by Aid Type (Pell, Sub, Unsub, etc.) for the Term that the student received for all "Proficiency Test/Courses";
4. Ineligible amount to be returned;

Gallipolis must also provide the following documentation for each student:

1. Academic Transcript;
2. Account Ledger for the Term

Gallipolis must also update its policy on "test-out" credits and Title IV eligibility.

Institution Response: The institution's response is quoted below; the institution disagrees with the reviewers' findings, and asserts that the finding should be reversed.

"1. Gallipolis Career College respectfully disagrees with finding #1, and has conducted research in regard to the policies of comparable schools, which is as follows:

Finding #1

This finding states that Gallipolis Career College enrolled students in a course, but the students subsequently completed a test and received a "P" (passing) grade for the course with no other work required. In some of these cases, the student did not attend the course at all; in other cases, the student attended a week or two before taking the test and receiving credit. The school is including these "P" grades as part of the students' enrollment for the purposes of Pell and DL disbursement.

The finding references 34 C.F.R. 668.2 (b) in this case. Upon review of the referenced regulation, the institution cannot find where it is stated that successful completion of a class proficiency exam for credit towards the completion of an educational program cannot be used in determining the full-time or half-time status of a student. Specifically the fact that "P" grades are not eligible for Title IV funding is not contained in 34 C.F.R. 668.2.

The proficiency exam is administered by a qualified instructor and developed by a qualified instructor who is compensated for his or her time. The exam measures the student's skills as they relate to the objectives and goals of each class as stated in the class syllabus. If the student can pass the exam with a minimum of 80% then it can be concluded they are proficient in the subject matter and awarded the appropriate credit hours for the class. The student, if successful in passing the exam, is then charged the appropriate tuition and fees for the class. The tuition and fees for each class are included in the student catalog which is in essence the contract between the student and the institution. In addition, the class would count in determining the status of the student whether it be full-time, half-time, or part-time. The institution does not want to deter students from attempting the proficiency exams by not allowing the successful completion of them affect his or her student status. Students are not awarded a "P" for taking the class as stated in the case of Student 21. The student successfully completed the proficiency exam and received a "P" which awards the student four (4) credit hours towards the completion of the student's program.

In the case of Student 16, the MOS test is considered the equivalent of the final exam in the course. The student successfully completed the proficiency (MOS) test and was awarded the appropriate credit hours for the course. Tuition and fees were charged and Title IV was paid using the course as part of the student's status for the term. The same scenario exists for Student 21 with the Communications I course. The student successfully passed the proficiency exam for the course and received the appropriate credit and was charged the appropriate tuition and fees as well. Title IV funding was used to help the student pay for those charges.

In summary, Gallipolis Career College and many other postsecondary institutions utilize proficiency exams as an incentive for students to exhibit their skills in a manner which allows them to forgo spending ten (10) weeks in a classroom learning skills which they have already mastered. In addition, the tuition and fees for these classes are included in the students' cost of attendance and should be allowed to be earned by the institution and appropriately use Title IV funds.

However, in light of the Department of Education's findings, upon their April 2013 visit to the school, the proficiency test-out option is no longer offered."

Final Determination: The Department has determined that Gallipolis is liable for all Title IV aid paid to students who took proficiency tests and were allowed to receive Title IV aid. Gallipolis is liable for \$12,487.25 disbursed to students in ineligible Federal Pell Grant funds during the 2011-2012 award year. The interest costs associated with these disbursements is \$432.00, for a liability amount of \$12,919.25

For the 2012-2013 award year, Gallipolis disbursed \$7,407.00 to students in ineligible Federal Pell Grant funds. The interest costs associated with these disbursements is \$192.31, for a liability amount of \$7599.31.

The total amount of Direct Loan funds (subsidized and unsubsidized) disbursed to students who were enrolled in the ineligible "test out credits" during the 2011/2012 through the 2012/2013 award years is \$39,232.00. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on Gallipolis' most applicable cohort default rate for each award year. As a result, the estimated actual loss that Gallipolis must pay to the Department for the ineligible loans is \$1706.66. A copy of the results of that calculation is included as Appendix E.

Payment instructions are provided at the end of this letter.

Finding #2: Verification Errors

Citation: *An institution shall require each applicant whose application is selected for verification on the basis of edits specified by the Secretary, to verify all of the applicable items specified in 668.56, except that no institution is required to verify the applications of more than 30 percent of its total number of applicants for assistance under the Federal Pell Grant, ACG, National SMART Grant, Federal Direct Stafford/Ford Loan, campus based, and Federal Stafford Loan programs in an award year. 34 C.F.R. § 668.54(a) (2).*

A school is required to verify the adjusted gross income, Federal income tax paid, number of family members in the household, number of family members in college, and specified untaxed income and benefits. Acceptable documentation for verifying information reported on the Free Application for Federal Student Aid and signature requirements required by the Department are provided in Section 668.57. 34 C.F.R § 668.56.

If the number of family members in the applicant's household or the number of those household members attending postsecondary educational institutions changes for a reason other than a change in the applicant's marital status, an applicant who is selected for verification shall update the information contained in his or her application regarding those factors so that the information is correct as of the day the applicant verifies the information. 34 C.F.R. § 668.55(b).

An institution shall require an applicant selected for verification to submit acceptable documentation described in § 668.57 that will verify or update the following information used to determine the applicant's expected family contribution:

- (1) Adjusted gross income (AGI) for the base year if base year data was used in determining eligibility, or income earned from work, for a non-tax filer.
- (2) U.S. income tax paid for the base year if base year data was used in determining eligibility.
- (3) For an applicant who is a dependent student, the aggregate number of family members in the household or households of the applicant's parents and for an applicant who is an independent student, the number of family members in the household of the applicant.
- (4) The number of family members in the household who are enrolled as at least half-time students in postsecondary educational institutions if that number is greater than one.
- (5) The following untaxed income and benefits for the base year if base year data was used in determining eligibility—
 - (i) Social Security benefits if the institution has reason to believe that those benefits were received and were not reported or were incorrectly reported;
 - (i) Child support if the institution has reason to believe that child support was received;
 - (ii) U.S. income tax deduction for a payment made to an individual retirement account (IRA) or Keogh account;
 - (iii) Interest on tax-free bonds;
 - (iv) Foreign income excluded from U.S. income taxation if the institution has reason to believe that foreign income was received;
 - (v) The earned income credit taken on the applicant's tax return; and
 - (vi) All other untaxed income subject to U.S. income tax reporting requirements in the base year which is included on the tax return form, excluding
 - (vii) Information contained on schedules appended to such forms. 34 C.F.R. § 668.56(a).

An institution shall require an applicant selected for verification to verify the number of family members in the household by submitting to it a statement signed by both the applicant and one of the applicant's parents if the applicant is a dependent student, or only the applicant if the applicant is an independent student, listing the name and age of each family member in the household and the relationship of that household member to the applicant. 34 C.F.R. § 668.57(b).

An institution must require an applicant selected for verification of the number of household members in the applicant's family enrolled on at least a half-time basis in eligible postsecondary institutions to submit a statement signed by both the applicant and one of the applicant's parents, if the applicant is a dependent student, or by only the applicant if the applicant is an independent student, listing—

- 1) The name of each family member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the award year;
- 2) The age of each student; and
- 3) The name of the institution that each student is or will be attending. 34 C.F.R. § 668.57(c) (1).

If the institution has reason to believe that an applicant's FAFSA information or the statement provided under paragraph (c)(1) of this section regarding the number of family household

members enrolled in eligible postsecondary institutions is inaccurate, the institution must obtain a statement from each institution named by the applicant in response to the requirement of paragraph (c)(1)(iii) of this section that the household member in question is or will be attending the institution on at least a half-time basis, unless—

- (i) The institution the student is attending determines that such a statement is not available because the household member in question has not yet registered at the institution he or she plans to attend; or
- (ii) The institution has information indicating that the student will be attending the same institution as the applicant. 34 C.F.R. § 668.57(c) (2).

Noncompliance: The reviewers sample contained 5 files with verification errors.

Student Details:

Student 20

2012-13, student's ISIR showed 2 people in college, the verification worksheet shows only 1 person in college. Student's file included an IRS transcript and amended tax forms, the student's income and tax information both forms do not match the information submitted on the student's ISIR.

Student 29

2012-13, student was selected for verification, tax return was not signed.

Required Action An institution which disburses or delivers Title IV FSA funds without properly completing required verification exposes such funds to an unacceptable risk of loss by the disbursement or delivery of those funds to ineligible students or in amounts which exceed the amounts to which recipients are properly entitled thereby causing financial loss to the Department.

Gallipolis is liable for any ineligible funds disbursed to the students listed above if verification result in a change to the student's Expected Family Contribution (EFC). If Gallipolis is unable to complete the verification process it will be liable for all Title IV, HEA funds disbursed to the student for the award year in which the student was selected for verification.

It is necessary to fully determine the impact of Gallipolis' failure to complete verification. Accordingly, due to the number of errors in the 2012-2013 award year, Gallipolis Career College must review the files of all Title IV, HEA recipients who were selected for verification for the 2012-2013 award year (AY) and complete verification for each student for whom verification was not completed. File review instructions are presented below.

Payment instructions for the liabilities associated with this finding will be provided in the Department's Final Program Review Determination letter.

A. Needs Analysis Instructions

*The 2012/2013 award year is closed; as such, changes to the ISIR cannot be made. Therefore, Gallipolis must go to the following website and complete a needs analysis calculation for each student selected for verification:

<http://www.finaid.org/calculators/finaidestimate.phtml>

Scroll down and selected the most recent award year available. Enter all of the correct ISIR data and then selected "calculate" at the bottom of the page – you do not need to complete the estimated school costs section. Print the final calculation and write the student's name at the top of each page.

File Review Instructions:

Gallipolis Career College must create a spreadsheet for the 2012-2013 award year and identify all students selected for verification for the award year and the total amount of ineligible Title IV, HEA funds disbursed.

The spreadsheet must include the following detail with a separate column for each of the items noted below: (A sample spreadsheet in the required format will be provided upon request.)

- 1. Student's Name*
- 2. Student's SSN*
- 3. Original EFC*
- 4. Revised EFC*
- 5. Original Pell Award*
- 6. Revised Pell Award*
- 7. Award difference for Pell*
- 8. Original Subsidized Direct Loan Award*
- 9. Revised Subsidized Direct Loan Award*
- 10. Award difference for Direct Loan Subsidized*
- 11. Original Unsubsidized Direct Loan Award*
- 12. Revised Unsubsidized Direct Loan Award*
- 13. Award difference for Direct Loan Unsubsidized*

Students should be listed alphabetically. All loan amounts should reflect the certified amounts, not the disbursed/net amount.

Gallipolis must collect any missing documentation, as determined by it file review, and perform all required verification and needs analyses to confirm each student's eligibility if data was revised as a result of verification. When collecting any additional documentation as a result of the file review, the institution must ensure that the documents collected from students contain the most up-to-date address and telephone number where the student can be contacted. In cases where information on verification worksheets is revised, the changes must be initialed and each required person(s) must sign the worksheets again. The results of the file review are subject to verification by the Department.*

The completed spreadsheets must be submitted in an electronic format as part of Gallipolis Career College's response to this program review report. The spreadsheets must be emailed to lytashia.davis@ed.gov. In addition, copies of the following documents must be submitted for each student selected for verification:

- 1. FAFSA*
- 2. Original ISIR*
- 3. Revised ISIR*

4. *Needs Analysis printout (provide the entire printout and write the student's name at the top of each page)*
5. *Verification Worksheet*
6. *Income Tax Return and/or W-2's*
7. *Other documents collected as a result of verification (letters, citizenship documents, selective service, etc.)*

Institutions Response: Gallipolis response is quoted below.

"1. Gallipolis Career College agrees with the Dept. of Education on Finding #2, and acknowledges that errors were present; that is, verification errors were noted during the F.A. application process. In one instance, (Student #20), the student's spouse started attending college and proof of enrollment was received and filed. In one other instance, (Student 29), the student filed amended tax forms and upon receipt of these tax forms the appropriate changes were made by the FA. Tax forms were imported from the IRS website, and have since been signed. Please see the submitted documentation. In addition, all students from 2012-2013 who were selected for verification were reviewed, and the appropriate documentation was submitted in a spreadsheet, along with hard copies of appropriate documentation (tax forms, etc.).

To prevent further errors in the verification process, transcripts or IRS data tool documentation is required for all students selected for verification. If any changes need to be made during the year, appropriate documentation must be submitted before the change can be made."

Final Determination:

The Department has determined that Gallipolis resolved the findings for student #29. No further action necessary for student #29.

Upon review of the supporting documentation for the file review that Gallipolis performed of the 2012-2013 students who were selected for verification. The Department determined that the institution underawarded 3 students and is liable for a total of \$1000 in Federal Pell Grants payable to student #20 in the amount of \$400, student #31 in the amount of \$500, and student #32 in the amount of \$100.

The Department is conditionally closing this finding under the condition that the institution must make a good faith effort to resolve the under awards for each of the 3 students listed above. Gallipolis must make a good faith effort to pay the amount listed above to the student(s) listed in Appendix B.

Gallipolis must provide proof of payment to the student by submitting a copy of the front and back of the canceled checks to Lytashia Davis within 45 days of the date of this letter. Upon receipt of documents showing that payment was made and/or good faith effort was made, this finding will be considered closed.

Finding # 12: Crime Awareness Requirements Not Met – Multiple Violations

Citation: *The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. §668.46(b).*

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If the institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability, its exact electronic address, a description of its contents, and an advisement that a paper copy will be provided upon request. 34 C.F.R. §668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. §668.41(e)(4).

The ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes, as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons, also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. §668.46(c)(1).

Additionally, the ASR must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies on the issuance of timely warnings, emergency notifications, and evacuation procedures. All required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. § 485(f) of the HEA; 34 C.F.R. §668.46(b).

Finally, each institution must also submit campus crime statistics for inclusion in the Department's "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. §668.41(e)(5).

Noncompliance: Gallipolis violated multiple provisions of the Clery Act. Specifically, the College failed to prepare and publish accurate and complete 2012 ASR as single comprehensive document and as a result, also failed to actively distribute this mandatory report to all current students and employees in the required manner. Numerous substantive issues were identified regarding the College's campus safety policy, procedural, programmatic, and statistical disclosures. Many required areas of disclosure were omitted or were included but did not provide sufficient detail in an area of mandatory disclosure. The Department's analysis of Gallipolis' 2012 ASR indicated that the following required information disclosures were omitted or were inadequate:

- Inaccurate and incomplete campus crime statistics. Specifically, hate crimes statistics are not disclosed on separate statistical grids. In addition, criminal offenses were not differentiated from arrests and student and employee disciplinary actions. In this context, the College is reminded that the Clery Act requires the disclosure of crime statistics and

therefore, "0" should be entered into the statistical grid if no incidents of crime in a particular category were reported in any given calendar year;

- Information regarding Gallipolis' policies for preparing the annual disclosure of crime statistics including the steps that the College will take to contact appropriate law enforcement agencies to request campus crime statistics;
- A statement of current campus policies regarding security of and access to campus facilities and security considerations used in the maintenance of campus facilities;
- Policies for making timely warning reports to members of the campus community regarding the occurrence of crimes;
- A statement advising the campus community where law enforcement agency information provided by a state under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. §14071(j)), concerning registered sex offenders may be obtained; and,
- Detailed information about the College's drug and alcohol abuse prevention programs as required by the Drug-Free Schools and Communities Act and/or a conspicuous cross-reference to another publication containing this information. (This is the only Clery Act disclosure requirement that can be met by cross-referencing another publication).

Of special note, Gallipolis' 2012 ASR did not contain the following required information regarding the College's emergency and evacuation procedures:

- Procedures to immediately notify the campus community upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees;
- A statement that the College will, without delay, determine the content of the notification and initiate the notification in such an emergency;
- A description of the process the College will use to confirm there is a significant emergency, determine who to notify, determine the content of the notification, and initiate the notification system;
- The positions and titles of the individuals who will confirm that there is a significant emergency, determine the content of the notification to students, who will send the notification, and initiate the notification; and,
- Plans to conduct tests of the emergency response and evacuation procedures, and documentation of such tests.

In fact, no information regarding emergency procedures were published in the College's ASR. All participating institutions are required to develop and implement a substantive emergency response and evacuation plan as part of an overall campus safety program. Serious risks to student and employee safety and property security exist in every institutional environment regardless of size. A proper program need not be expensive or overly-complex but must be reasonably approximated to mitigate risks and to provide the safest possible environment.

Failure to publish an accurate and complete ASR deprives the campus community of important security information that can empower its members to be informed and to play a more active role in their own safety and security.

Required Action: As a result of the above violations, Gallipolis must develop and implement new policies and procedures that will govern the preparation, publication, and distribution of a modified 2013 ASR and all future reports to ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specially articulate how prospective students and employees will be notified of the report's availability. Using its new policies as a guide, Gallipolis must prepare and publish an accurate and complete a modified 2013 ASR (in draft form) that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. §668.46(b).

A copy of the College's new policies and procedures and its draft ASR must accompany Gallipolis' response to this program review report. Once the new ASR is evaluated by the review team for accuracy and completeness, Gallipolis must actively distribute it to all current students and employees in accordance with 34 C.F.R. §668.41(e) (1). Finally, Gallipolis must provide documentation to the Department evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that Gallipolis understands its Clery Act obligations and that it will take all necessary corrective actions to ensure that this violation does not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. Gallipolis will be given an opportunity to develop and distribute an accurate and complete ASR, and in so doing, will finally begin to bring its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement (PPA). However, the Institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

Gallipolis' officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the Clery Act can be found at 34 C.F.R. §§668.14, 668.41, 668.46, and 668.49.

Based on an evaluation of all available information including Gallipolis' response, the Department will determine if additional actions will be required and will advise the College accordingly in the FPRD.

Gallipolis Response:

In its official response, Gallipolis Career College (GCC) concurred with the finding and stated that remedial action was taken as directed in the program review report. Specifically, GCC officials conceded that required policy statements, and crime statistic notations were not included in the 2012 ASR. In addition, GCC acknowledged that a material-complete ASR was not distributed to required recipients, prospective students and employees. GCC also forwarded minutes of its safety committee meeting indicating a discussion referencing aspects of the finding, provided evidence of its new procedures, and remedial policy inclusions identified in the noncompliance portion of this report, to bring campus safety programs in compliance with the Clery Act.

Final Determination:

Finding #12 of the program review report cited GCC for multiple violations of the Clery Act. Specifically, finding #12 of the program review report cited GCC for its failure to prepare and actively distribute an accurate and complete 2012 ASR as a single comprehensive report to all current and prospective students and employees in the required manner. In addition, the Department's review identified numerous issues regarding the College's campus safety, policy,

procedural, programmatic, and statistical disclosures. As a result, GCC was required to review and develop new policies and procedures for preparing and distributing the ASR to ensure that these violations do not recur. In its official response, GCC concurred with finding and submitted a report detailing revised policies and procedures and statistical inclusions for future ASRs.

The Department carefully reviewed all information including GCC's narrative response. Based on the review, each of the violations identified in the noncompliance section of the initial finding are sustained. The review team's examination also determined that GCC's new policies and procedures partially addressed the identified violations. For these reasons, the Department has accepted the institution's response and considers this finding closed for purposes of this program review. Nevertheless, the directors and officials of GCC are put on notice that they must take any additional actions that may be needed to address the deficiencies identified by the Department, as well as any other deficiencies or weaknesses that were detected by the institution during the preparation of its response, and/or as may otherwise be needed to ensure that these violations do not recur.

Although the finding is closed, GCC is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. GCC asserted that it has taken adequate remedial actions and that by doing so, that it is now in compliance with the *Clery Act* as required by its PPA. Nevertheless, GCC's management must understand that the violations documented by the program review deprived students and employees of important campus safety and crime prevention information to which they are entitled. For these reasons, GCC is advised that its remedial actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Furthermore, additional, significant concerns remain. Firstly, GCC did not prepare and forward a material-complete draft ASR for departmental review. GCC did provide a document merely showing crime statistics and policies for sexual assault on campus. Currently, this information resides on the institution's website under a link titled "crime statistics". Notwithstanding, this reproduction fails to contain all mandated policies and procedures prescribed by federal regulations. In fact, fourteen federal requirements are currently missing from GCC's representative ASR. Based on GCC' failure to develop a singular comprehensive ASR, this matter is referred to the Clery Act Compliance Team (CACT) for additional review.

GCC must submit all materials specified above to the Department's Clery Act Compliance Division at: clery@ed.gov within 30 days of GCC' receipt of this FPRD. GCC's submission must reference the Program Review Control Number (PRCN) noted on the cover letter of this FPRD in the subject line of its e-mail message. Failure to respond to this request for production may result in the imposition of additional adverse administrative actions.

Although this finding is now conditionally closed, GCC is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. GCC was required to initiate all necessary remedial measures, and in doing so, has begun to address the conditions that led to these violations. GCC has stated that it has brought its overall campus security program into compliance with the *Clery Act* as required by its PPA. Nevertheless, GCC is advised that such actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

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

Finally, Gallipolis management is also reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the *Clery Act* to require institutions to compile and disclose statistics for incidents of domestic violence, dating violence, sexual assault, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention and response in their ASRs. All institutions are currently obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and were required to include all new required content in the 2014 ASR. The Department issued Final Rules on the VAWA amendments on October 20, 2014 and therefore, these regulations will go into effect on July 1, 2015, per the Department's Master Calendar. Institution officials may access the text of the Final Rule at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

**Finding # 13: Required Drug and Alcohol Abuse Prevention Program Requirements
Not Met – Multiple Violations**

Citation: The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

The DAAPP disclosure must include all of the following elements:

- *A written statement about an institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;*
- *A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;*
- *A description of the health risks associated with the use of illicit drugs and alcohol abuse;*
- *A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,*
- *A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.*

The DAAPP disclosure must be actively distributed to all employees and students enrolled for academic credit (except for continuing education credits) on an annual basis. The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The IHE must

also produce a report of findings, maintain its supporting materials, and provide them to the Department upon request. 34 C.F.R. §§86.3, 86.100, and 86.103.

Noncompliance: Gallipolis violated multiple provisions of the DFSCA. Specifically, the institution failed to develop and implement a comprehensive DAAPP and also failed to publish a materially-complete DAAPP disclosure that summarizes the program. For example, Gallipolis' DAAPP did not address the following required areas:

- A written description of legal sanctions imposed under Federal, state, and/or local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol; and
- A written description of health risks associated with the use of illicit drugs and the abuse of alcohol.

As a result of these violations, Gallipolis also failed to actively distribute a materially-complete annual DAAPP disclosure to all current employees and students enrolled for academic credit, as required. In fact, Gallipolis officials were unable to produce any documentation or provide any assurances that the Institution has ever complied with these requirements.

In addition, Gallipolis has persistently failed to conduct biennial reviews to: 1) assess the effectiveness of its DAAPP; 2) evaluate the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct related to drugs and alcohol; and, 3) identify areas requiring improvement or modification. Finally, as a consequence of the failure to conduct a biennial review, Gallipolis also failed to produce a report of biennial review findings.

Based on these violations, the Department finds that Gallipolis has substantially failed to implement the DFSCA during its participation in the Title IV, FSA programs.

Failure to comply with the DFSCA's DAAPP requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the biennial review requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime.

Required Action: Gallipolis is required to take all necessary corrective actions to address the violations identified above and all others identified during the preparation of its response to this program review report. In addition, Gallipolis must, at a minimum, take the following actions:

- Develop and implement a substantive drug and alcohol abuse prevention program and publish a materially-complete DAPP disclosure that includes all of the required elements and summarizes the program. A copy of this draft document must accompany the institution's response to this program review report;
- Develop procedures for ensuring that the DAAPP disclosure is distributed to every current student who is enrolled for academic credit as well as every employee of Gallipolis on an annual basis. Gallipolis must submit a copy of its new and revised DAAPP policies with its response to this program review report. Once the new DAAPP disclosure is evaluated by the review team for accuracy and completeness, Gallipolis will be required to actively distribute the document in the manner set forth in the "Citation" section above and its own policy. Once the new DAAPP disclosure is distributed, Gallipolis will be required to provide documentation to the Department evidencing the distribution along with a certification statement attesting to the fact that the materials were

distributed in accordance with the DFSCA. This certification must also affirm that Gallipolis understands its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur;

- *Conduct a biennial review to measure the effectiveness of its existing drug and alcohol programs and its new DAAPP. Gallipolis must describe the research methods and data analysis tools that will be used to determine the effectiveness of the program. In addition, the report must identify the responsible official(s) who conducted the review. Finally, the report must be approved by the institution's chief executive and/or its Board;*
- *Gallipolis must also submit copies of the two most-recent biennial review reports that the Institution has produced (if any) with its response to this program review report. If no such reports were ever produced, Institution officials must clearly state that fact. In this context, Gallipolis officials are specifically advised that no new documents are to be created for the purpose of demonstrating compliance with the biennial review report requirement for past periods; and,*
- *Gallipolis must establish policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented and to take all other necessary action to ensure that this violation does not recur. A copy of these policies and procedures must accompany the institution's submission of its biennial review report.*

Because the DFSCA went into effect in 1990, longstanding practice dictates that the biennial review is normally conducted in even-numbered years. However, given Gallipolis' longstanding failures in this regard, the Department must require that a biennial review be initiated immediately. Therefore, Gallipolis' biennial review must commence immediately upon receipt of this program review report and be completed by December 31, 2013. The Institution must submit its biennial review report of findings to the review team by January 15, 2014.

As noted above, the exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. Gallipolis will be given an opportunity to develop and implement a comprehensive DAAPP, to design and distribute an accurate and complete DAAPP disclosure, and to conduct a substantive biennial review and in so doing, will finally bring its overall drug and alcohol programs into compliance with the DFSCA as required by its PPA. However, Gallipolis is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or additional corrective measures as a result.

Based on an evaluation of all available information including Gallipolis' response, the Department will determine if additional actions will be required and will advise the institution accordingly in the FPRD.

Institutional Response: In its official response, Gallipolis concurred with the finding and stated that remedial action was taken as directed in the program review report. In summary, Gallipolis officials asserted that the DAAPP disclosure was revised to include the legal sanctions imposed under Federal, state, and local law for the unlawful possession or distribution of illicit drugs and alcohol as well as the health risks that are associated with the illicit use of drugs and alcohol abuse. Gallipolis further stated it would provide certification affirming that it understands all of its DFSCA obligations and that corrective action were taken to ensure the violations in this finding do not recur following final approval of the revised DAAPP disclosure.

Final Determinations: Finding #13 of the program review report cited Gallipolis for multiple violations of the *DFSCA* and the Part 86 Regulations. Specifically, Gallipolis failed to develop and implement a drug and alcohol abuse prevention program (DAAPP) that addressed all required subject areas. Gallipolis' DAAPP did not address all the required areas as detailed in the noncompliance section above. Gallipolis also did not produce a DAAPP disclosure statement that summarized its program and as a result, was not able to actively distribute required program materials to enrolled students and current employees. Finally, the review team also confirmed that Gallipolis persistently failed to conduct biennial reviews to regularly assess the effectiveness of its DAAPP and consequently, was unable to produce the required report of findings, recommendations, and supporting documentation.

These separate and distinct violations necessarily follow from each other because the biennial review is primarily a study of the DAAPP's effectiveness. Therefore, an institution cannot conduct a proper biennial review until it has a fully functional DAAPP in place and program requirements and standards of conduct are communicated clearly to all members of the campus community. As a result of these violations, Gallipolis was required to develop and implement a complete DAAPP, produce and distribute an annual disclosure, and conduct a substantive biennial review as soon as initial program data was available. In its response, Gallipolis concurred with the finding, described the remedial actions taken so far, and submitted documents in support of its claims.

The Department carefully examined all available information including Gallipolis' narrative response and supporting documentation. Based on the Department's review and the College's admissions, each of the violations identified in the noncompliance section of the initial finding are sustained. The review team's examination also showed that the identified violations were, for the most part, satisfactorily addressed by Gallipolis' new DAAPP, new annual disclosure, 1 biennial review plan, and new internal policies and procedures. As such, the Department determined that Gallipolis' remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of Gallipolis are put on notice that the institution must take all other action that may be necessary to address the deficiencies identified by the Department as well as any additional deficiencies and weaknesses those that were detected during the preparation of Gallipolis' response, and/or as may be needed to otherwise ensure that these violations do not recur.

In this regard, Gallipolis is advised that it must continue to develop its DAAPP. The institution must make sure that all information in its DAAPP is accurate, complete, and can be easily understood by members of the campus community. Gallipolis must also ensure that it distributes accurate and complete DAAPP materials to all students and employees in accordance with the Department's regulations and the institution's new procedures. The draft disclosure is adequate and must be disseminated immediately, if the College has not already done so. The College must also continue to enhance its planned biennial review process and must immediately conduct a full review in accordance with its plan if it has not already done so. The review team attributed the lack of sufficient detail in the first report to the fact that the DAAPP has only been in place for a relatively short time. Going forward, Gallipolis must take specific steps to conduct substantive biennial reviews and ensure that it produces a detailed report of findings and recommendations after each review. The College is reminded that the review process must be a probative inquiry into the actual effectiveness of the program and not merely be a conclusory ratification of existing policy.

Although this finding is now closed for the purposes of this program review, Gallipolis is reminded that the exceptions identified above constitute serious and persistent violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they

occur. Gallipolis asserted that it has taken adequate remedial actions and is now in compliance with the *DFSCA* as required by its PPA. Nevertheless, Gallipolis officials must understand that the Department considers compliance with the *DFSCA* to be essential to maintaining a safe and healthy learning environment. This is true for all institutions regardless of their size, location, or organizational structure. Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. *DFSCA* violations deprive students and employees of important information regarding the educational, financial, health, and legal consequences of illicit drug use and alcohol abuse and may also deprive institutions of important information about the effectiveness of any drug and alcohol programs that may have been in place during the program review period. For these reasons, Gallipolis is advised that its remedial measures cannot and do not diminish the seriousness of these violations nor do these actions eliminate the possibility that the Department will impose an adverse administrative action and/or additional remedial measures as a result.

Finally, the Department strongly recommends that Gallipolis re-examine its drug and alcohol abuse prevention policies, procedures and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of Gallipolis' new policies and procedures.

D. Summary of Liabilities

Established Liabilities			
Liabilities	Pell (Closed Award Year)	EALF DL	
Finding 1	\$19,894.25		
Subtotal 1	\$19,894.25	\$1706.66	
Interest/SA	\$624.31		
Subtotal 2	\$624.31	\$1706.66	
TOTAL	\$ 20,518.56	\$1706.66	
Payable To:			Totals
Department	\$20,518.56	\$1706.66	\$ 22,225.22

Estimated Actual Loss (EAL):

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

The total amount of Direct Loan that Gallipolis improperly disbursed during the 2011-2012 and 2012 - 2013 award year(s) for finding 1 is \$39,232.00. The total estimated actual loss that Gallipolis must pay to the Department for the ineligible loans is \$1706.66. Copies of the results of those calculations are included in Appendix E.

E. Payment Instructions

1. Liabilities Owed to the Department

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

Gallipolis owes to the Department \$22,225.22. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

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

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

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

The following identification data must be provided with the payment:

Amount: \$1706.66
DUNS: 609193891
TIN: 311249616
Program Review Control Number: 201330528276

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. Gallipolis is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to Gallipolis' account representative.

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

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

If within 45 days of the date of this letter, Gallipolis 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 Gallipolis from the Federal Government. Gallipolis may object to the collection by offset only by challenging the existence or amount of the debt. To challenge the debt, Gallipolis 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 Students

Finding(s): 1
 Appendix: B

Student(s)	
Amount	Award Year
\$1000.00	2012-2013
Total	
\$1000	

Gallipolis must make a good faith effort to pay the amount listed above to the student(s) listed in the above Appendix B.

If Gallipolis cannot locate a student, payment must be made to the account of the program from which the award was made. If that cannot be determined, the funds must be paid in the order required for the return of funds specified in 34 C.F.R. § 668.22(i):

- Unsubsidized Federal Stafford loans
- Subsidized Federal Stafford loans
- Unsubsidized Federal Direct Stafford loans
- Subsidized Federal Direct Stafford loans
- Federal Perkins Loans
- Federal PLUS loans received on behalf of the student
- Federal Direct PLUS received on behalf of the student
- Federal Pell Grants
- Academic Competitiveness Grants
- National SMART Grants
- FSEOG Program aid
- TEACH Grants

Gallipolis must provide proof of payment to the student by submitting a copy of the front and back of the canceled check to Lytashia Davis within 45 days of the date of this letter.

In the event the student cannot be located, does not cash a check that has been mailed, and the institution is unable to initiate an EFT to the student's or parent's bank account, Gallipolis must return the funds to the appropriate Title IV program account via G5 and make the corresponding

downward adjustments to the applicable disbursements in COD. Gallipolis must document its attempts to contact the student and provide proof of payment and COD adjustments to the applicable Title IV program to Lytashia Davis. The Department will not consider this program review closed until the information requested has been received.

Direct Loan Estimated Actual Loss

Finding: 1
 Appendix: E

DL Estimated Actual Loss	
Amount	Award Year
\$1168.00	2011 – 2012
\$ 538.66	2012 – 2013
Total	
\$1706.66	

Gallipolis must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Pell– Closed Award Year

Finding: 1
 Appendices: G & H

Gallipolis must repay:

Pell Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$12,487.25	\$432.00	Pell Grant	2011 – 2012
\$ 7,407.00	\$192.31	Pell Grant	2012 - 2013
Total Principal	Total Interest		
\$19,894.25	\$624.31		

The disbursement record for each student identified in appendices G & H to the applicable finding must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendices G & H.

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

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

Prepared for
**Gallipolis Career
College**

Federal Student
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND

**OPE ID 03007900
PRCN 201330528276**

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

Appendix D
Program Review Report
February 2, 2015

Table of Contents

	Page
A. Institutional Information.....	3
B. Scope of Review.....	4
C. Findings	4
Finding #1 Inaccurate Enrollment Status: Title IV paid for “test out” Credits.....	4
Finding #2 Verification Errors.....	6
Finding #3 Pell Underawards.....	10
Finding #4 Return of Title IV (R2T4) Not Made.....	11
Finding #5 Overaward-Financial Need Exceeded.....	12
Finding #6 Ineligible Disbursement/Failure to Perform Credit Checks- Direct Plus Loan.....	13
Finding #7 Exit Counseling Not Provided.....	14
Finding #8 Inadequate Policies and Procedures-Academic Calendar, Federal Supplemental Educational Opportunity Grant (FSEOG), R2T4 and Exit Counseling.....	15
Finding #9 Lack of Administrative Capability.....	17
Finding #10 Non-Programmatic Use of Federal Funds	18
Finding #11 Consumer Information Requirements not Met.....	18
Finding #12 Crime Awareness Requirements Not Met-Multiple Violations.....	22
Finding #13 Required Drug and Alcohol Abuse Prevention Programs Requirements Not Met-Multiple Violations.....	26
Appendix A: Student Sample	29

Gallipolis Career College
1176 Jackson Pike
Gallipolis, OH 45631

Type: Proprietary

Highest Level of Offering: Associates Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools (ACICS)

Current Student Enrollment: 136 (Fall 2012)

% of Students Receiving Title IV: 100% (2011-12)

Title IV Participation (PEPS):

Federal Pell Grant	2011-12
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 558,449
William D. Ford Federal Direct Loan Program (Direct Loan)	\$ 22,535
	\$1,241,290

Default Rate FFEL/DL:	2011	21%
	2010	10%
	2009	18.8%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Gallipolis Career College (Gallipolis) from April 22, 2013 to April 25, 2013. The review was conducted by David Musser, Gigi Moore and Marion Peak.

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

A sample of 30 files was identified for review from the 2011- 2012 and 2012-2013 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

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

C. Findings

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

Finding #1: Inaccurate Enrollment Status: Title IV paid for "test-out" credits

Citation: Full-time student as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. The student's workload may include any combination of courses, work, research, or special studies that the institution considers sufficient to classify the

student as a full-time student including for a term-based program, repeating any coursework previously taken in the program but not including either more than one repetition of a previously passed course, or any repetition of a previously passed course due to the student failing other coursework. *34 C.F.R. 668.2 (b)*

Noncompliance: The institution enrolled students in a course, but the student subsequently completed a test and received a "P" (passing) grade for the course with no other work required. In some of these cases, the student did not attend the course at all; in other cases, the student attended a week or two before taking the test and receiving credit. The school is including these "P" grades as part of students' enrollment status for the purposes of Pell and DL disbursement.

Student Details:

Student 4

For summer 2012, the student did not attend; the institution used a "proficiency test with "P" grade. Student received Pell and loans, used "proficiency test" for summer 2012. "P" grades are not eligible for Title IV funding.

Student 16

2012-13, Student enrolled in MOS test (ineligible test). Institution used Title IV funding for ineligible test on July 7, 2012 and winter 2013.

Student 20

2012-13, student tested out of 1 class, Keyboarding I-PM.

Student 21

2011-12, Student received ½ time pell while enrolled in Communication 1 course; however the student did not attend the course but received a "P" after taking the test.

Required Action: Due to an error rate over 10% in the sample reviewed and the fact that the institution has allowed students to use proficiency test to receive title IV, Gallipolis is required to perform a full file review of all students who took the proficiency test and received Title IV funds for award years 2011-12 and 2012-13.

File Review Instructions:

The institution must prove the Department an electronic spreadsheet with the following information:

1. Student Name (Last, First)
2. Student Social Security Number;
3. Title IV Aid Disbursed by Aid Type (Pell, Sub, Unsub, etc.) for the Term that the student received for all "Proficiency Test/Courses";
4. Ineligible amount to be returned;

Gallipolis must also provide the following documentation for each student:

1. Academic Transcript;
2. Account Ledger for the Term

Gallipolis must also update its policy on “test-out” credits and Title IV eligibility.

Finding #2: Verification Errors

Citation: An institution shall require each applicant whose application is selected for verification on the basis of edits specified by the Secretary, to verify all of the applicable items specified in 668.56, except that no institution is required to verify the applications of more than 30 percent of its total number of applicants for assistance under the Federal Pell Grant, ACG, National SMART Grant, Federal Direct Stafford/Ford Loan, campus based, and Federal Stafford Loan programs in an award year. *34 C.F.R. § 668.54(a) (2).*

A school is required to verify the adjusted gross income, Federal income tax paid, number of family members in the household, number of family members in college, and specified untaxed income and benefits. Acceptable documentation for verifying information reported on the Free Application for Federal Student Aid and signature requirements required by the Department are provided in Section 668.57. *34 C.F.R. § 668.56.*

If the number of family members in the applicant's household or the number of those household members attending postsecondary educational institutions changes for a reason other than a change in the applicant's marital status, an applicant who is selected for verification shall update the information contained in his or her application regarding those factors so that the information is correct as of the day the applicant verifies the information. *34 C.F.R. § 668.55(b).*

An institution shall require an applicant selected for verification to submit acceptable documentation described in § 668.57 that will verify or update the following information used to determine the applicant's expected family contribution:

- (1) Adjusted gross income (AGI) for the base year if base year data was used in determining eligibility, or income earned from work, for a non-tax filer.
- (2) U.S. income tax paid for the base year if base year data was used in determining eligibility.
- (3) For an applicant who is a dependent student, the aggregate number of family members in the household or households of the applicant's parents and for an applicant who is an independent student, the number of family members in the household of the applicant.
- (4) The number of family members in the household who are enrolled as at least half-time students in postsecondary educational institutions if that number is greater than one.

- (5) The following untaxed income and benefits for the base year if base year data was used in determining eligibility—
- (i) Social Security benefits if the institution has reason to believe that those benefits were received and were not reported or were incorrectly reported;
 - (i) Child support if the institution has reason to believe that child support was received;
 - (ii) U.S. income tax deduction for a payment made to an individual retirement account (IRA) or Keogh account;
 - (iii) Interest on tax-free bonds;
 - (iv) Foreign income excluded from U.S. income taxation if the institution has reason to believe that foreign income was received;
 - (v) The earned income credit taken on the applicant's tax return; and
 - (vi) All other untaxed income subject to U.S. income tax reporting requirements in the base year which is included on the tax return form, excluding
 - (vii) Information contained on schedules appended to such forms. *34 C.F.R. § 668.56(a).*

An institution shall require an applicant selected for verification to verify the number of family members in the household by submitting to it a statement signed by both the applicant and one of the applicant's parents if the applicant is a dependent student, or only the applicant if the applicant is an independent student, listing the name and age of each family member in the household and the relationship of that household member to the applicant. *34 C.F.R. § 668.57(b).*

An institution must require an applicant selected for verification of the number of household members in the applicant's family enrolled on at least a half-time basis in eligible postsecondary institutions to submit a statement signed by both the applicant and one of the applicant's parents, if the applicant is a dependent student, or by only the applicant if the applicant is an independent student, listing—

- 1) The name of each family member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the award year;
- 2) The age of each student; and
- 3) The name of the institution that each student is or will be attending. *34 C.F.R. § 668.57(c) (1).*

If the institution has reason to believe that an applicant's FAFSA information or the statement provided under paragraph (c)(1) of this section regarding the number of family household members enrolled in eligible postsecondary institutions is inaccurate, the institution must obtain a statement from each institution named by the applicant in response to the requirement of paragraph (c)(1)(iii) of this section that the household member in question is or will be attending the institution on at least a half-time basis, unless—

- (i) The institution the student is attending determines that such a statement is not available because the household member in question has not yet registered at the institution he or she plans to attend; or
- (ii) The institution has information indicating that the student will be attending the same institution as the applicant. *34 C.F.R. § 668.57(c) (2)*.

Noncompliance: The reviewers sample contained 5 files with verification errors.

Student Details:

Student 20

2012-13, student's ISIR showed 2 people in college, the verification worksheet shows only 1 person in college. Student's file included an IRS transcript and amended tax forms, the student's income and tax information both forms do not match the information submitted on the student's ISIR.

Student 29

2012-13, student was selected for verification, tax return was not signed.

Required Action An institution which disburses or delivers Title IV FSA funds without properly completing required verification exposes such funds to an unacceptable risk of loss by the disbursement or delivery of those funds to ineligible students or in amounts which exceed the amounts to which recipients are properly entitled thereby causing financial loss to the Department.

Gallipolis is liable for any ineligible funds disbursed to the students listed above if verification result in a change to the student's Expected Family Contribution (EFC). If Gallipolis is unable to complete the verification process it will be liable for all Title IV, HEA funds disbursed to the student for the award year in which the student was selected for verification.

It is necessary to fully determine the impact of Gallipolis's failure to complete verification. Accordingly, due to the number of errors in the 2012-2013 award year, Gallipolis Career College must review the files of all Title IV, HEA recipients who were selected for verification for the 2012-2013 award year (AY) and complete verification for each student for whom verification was not completed. File review instructions are presented below.

Payment instructions for the liabilities associated with this finding will be provided in the Department's Final Program Review Determination letter.

A. Needs Analysis Instructions

*The 2012/2013 award year is closed; as such, changes to the ISIR cannot be made. Therefore, Gallipolis must go to the following website and complete a needs analysis calculation for each student selected for verification:

<http://www.finaid.org/calculators/finaidestimate.phtml>

Scroll down and selected the most recent award year available. Enter all of the correct ISIR data and then selected "calculate" at the bottom of the page – you do not need to complete the estimated school costs section. Print the final calculation and write the student's name at the top of each page.

File Review Instructions:

Gallipolis Career College must create a spreadsheet for the 2012-2013 award year and identify all students selected for verification for the award year and the total amount of ineligible Title IV, HEA funds disbursed.

The spreadsheet must include the following detail with a separate column for each of the items noted below: (A sample spreadsheet in the required format will be provided upon request.)

1. Student's Name
2. Student's SSN
3. Original EFC
4. Revised EFC
5. Original Pell Award
6. Revised Pell Award
7. Award difference for Pell
8. Original Subsidized Direct Loan Award
9. Revised Subsidized Direct Loan Award
10. Award difference for Direct Loan Subsidized
11. Original Unsubsidized Direct Loan Award
12. Revised Unsubsidized Direct Loan Award
13. Award difference for Direct Loan Unsubsidized

Students should be listed alphabetically. All loan amounts should reflect the certified amounts, not the disbursed/net amount.

Gallipolis must collect any missing documentation, as determined by its file review, and perform all required verification and needs analyses* to confirm each student's eligibility if data was revised as a result of verification. When collecting any additional documentation as a result of the file review, the institution must ensure that the documents collected from students contain the most up-to-date address and telephone number where the student can be contacted. In cases where information on verification worksheets is revised, the changes must be initialed and each required person(s) must sign the worksheets again. The results of the file review are subject to verification by the Department.

The completed spreadsheets must be submitted in an electronic format as part of Gallipolis Career College's response to this program review report. The spreadsheets must be emailed to lytashia.davis@ed.gov. In addition, copies of the following documents must be submitted for each student selected for verification:

1. FAFSA
2. Original ISIR
3. Revised **ISIR**
4. Needs Analysis **printout** (provide the entire printout and write the student's name at the top of each page)
5. Verification Worksheet
6. Income Tax Return and/or W-2's
7. Other documents collected as a result of verification (letters, citizenship documents, selective service, etc.)

Finding #3: Pell Underawards

Citation: states: "Except as provided in paragraph (a)(2) of this section, an institution must disburse a Federal Pell Grant to an eligible student who is otherwise qualified to receive that disbursement and electronically transmit Federal Pell Grant disbursement data to the Secretary for that student if:

- (i) The student submits a valid SAR to the institution; or
- (ii) The institution obtains a valid ISIR for the student." *34 C.F.R. § 690.61(a) (1)*

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

"If a student enrolls in a payment period that is scheduled to occur in two award years—
(a) The entire payment period must be considered to occur within one award year;

(b)(1) An institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time that the student's Federal Pell Grant is initially calculated;" *34 C.F.R. § 690.64(a) & (b)(1)*

If a school's defined academic year is 900 hours, then a student is entitled to a prorated portion of Pell funds after the student has completed the first 1,800 hours of his/her program. A student is entitled to the lesser of: hours remaining / hours in academic year or weeks remaining / weeks in academic year. *34 C.F.R. § 690.63(e)*

Noncompliance: Gallipolis failed to properly calculate/disburse Federal Pell Grants for the 2011-2012 and 2012-2013 award years for all Pell recipients. Full time Pell is 1387.50 and half-time Pell is \$693.75, Gallipolis awarded all students receiving Pell incorrect amounts of Pell grant funds. Students were awarded \$1387 for full time and \$693.50, which resulted in most cases an underaward of \$1.25 if the student received all disbursements of Pell.

Required Action: Gallipolis is directed to review the applicable regulatory citations and bring your current procedures into compliance. No further action is needed.

Finding 4: Return to Title IV (R2T4) Not Made

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

If the total amount of Title IV, HEA funds earned exceeds the amount of funds disbursed to the student, the institution must make the difference between these amounts available to the student as a post-withdrawal disbursement (PWD). 34 C.F.R. § 668.22 (a)(5)

Noncompliance: The institution failed to complete R2T4 calculation for 1 student who withdrew.

Student 8

2011-2012, the student withdrew on November 22, 2011 and no return of title IV calculation was completed. Student earned 100%

Required Action: The institution must complete an R2T4 calculation worksheet and PWD worksheet (if applicable) for the student who withdrew from the institution either officially or unofficially. Withdrawn students who earn a portion of their Title IV, HEA funds must be offered a post-withdrawal disbursement to help cover expenses incurred while attending. Therefore, the institution must immediately enact written procedures to ensure that R2T4 and PWD worksheets are completed for every student that withdraws and that all required PWDs are actually offered and disbursed. These procedures must define the R2T4 and PWD process, clearly delineating who is responsible for specific functions in the R2T4 and PWD process and the timeframes in which the functions will be accomplished. A copy of the written procedures must be submitted as part of Gallipoli's response to this program review report.

Finding #5 – Overaward – Financial Need Exceeded

Citation: The amount of need of any student for financial assistance is equal to (1) the cost of attendance of such student, minus (2) the Estimated Family Contribution (EFC) for such student, minus estimated financial assistance not received under Title IV.

The term “cost of attendance” means:

1. Tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;
2. An allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a half-time basis;
3. An allowance for room and board costs incurred by the student which:
 - (A) Shall be an allowance for a student without dependents residing at home with parents;
 - (B) For students without dependents residing in institutionally owned or operated housing, shall be a standard allowance based on the amount normally assessed most of its residents for room and board; and
 - (C) For all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
4. For less than half-time students tuition and fees and an allowance for only books, supplies, and transportation and dependent care expenses. *Higher Education Act as amended, Section 472.*

For an undergraduate student who has not successfully completed the first year of a program of undergraduate education, the total amount the student may borrow for any academic year of study under the Federal Direct Subsidized Loan Program may not exceed \$3,500.00. *34 C.F.R. § 685.203(a).*

For an independent undergraduate student, the total amount the student may borrow for any period of enrollment under the Federal Direct Unsubsidized Loan program may not exceed the amounts determined 685.203(a) less any amount received under the Federal Direct Subsidized Loan Program. *34 C.F.R. § 685.203(b).*

An independent undergraduate student may borrow additional amounts under the Federal Direct Unsubsidized Loan Program in addition to any amount borrowed under 685.203 (a) and (b).

The additional amount that a student may borrow for any academic year of study may not exceed \$6,000.00. *34 C.F.R. § 685.203(c).*

Noncompliance: Gallipolis improperly certified and disbursed loans for one student during the 2010-2011 award year. The student’s EFC exceeded the cost of attendance for the award year.

Student 11

Loans were originated and disbursed in the amount of \$875.00 in subsidized loan and \$1500.00 in unsubsidized loan funds for a loan period from April, 2, 2012 to June 15, 2012. The student was not eligible for subsidized loan funds based on a \$4,716.00 EFC with a Cost of Attendance (COA) of \$4,687.00 for 2011-2012 award year.

In no case may a student loan amount exceed the student's estimated COA for the period of enrollment for which the loan is intended, less (1) the student's estimated financial assistance for that period; and (2) the borrower's EFC for that period, in the case of a loan that is eligible for interest benefits.

Required Action: Gallipolis must reclassify the \$875.00 subsidized loan funds to unsubsidized for the 2011-2012 award year. Documentation must be presented as a response to this finding.

The institution must develop and implement written procedures and control mechanisms that will ensure that, in the future, FDLs are certified correctly. A copy of those procedures must be submitted in response to this report.

Finding #6: Ineligible Disbursement/Failure to Perform Credit Checks-Direct Plus Loan

Citation: The Direct Loan Program regulations authorize a school to award additional Direct Unsubsidized Loan funds to a dependent student (up to the amounts normally available only to independent undergraduate students) if the financial aid administrator determines that the student's parent is unable to borrow a Direct PLUS Loan due to exceptional circumstances. The school must make this determination on a case-by-case basis, and must maintain documentation of the determination. In addition to circumstances in which the credit check shows that a parent has an adverse credit history, exceptional circumstances include, but are not limited to, circumstances in which the student's parent receives only public assistance or disability benefits, the parent is incarcerated, or the parent's whereabouts are unknown.
34 CFR 685.203(c)(1)(ii)(iii)

Noncompliance: Gallipolis improperly paid a Direct Loan Unsubsidized Disbursement for a dependent student without processing a parent plus and receiving a plus denial.

Student 2

For 2011-2012 award years, the student received additional unsubsidized loans without a parent plus denial in the students file.

Required Action: The institution must use federal regulations to modify their policies and procedures that follow the federal regulations regarding dependent student access to unsubsidized loans. A copy of the updated policy and procedure should be included in Gallipolis's program review response.

Finding #7: Exit Counseling Not Provided

Citation: An institution must conduct initial loan counseling with each loan borrower, either in person, by audiovisual presentation, or by interactive electronic means prior to its release of the first loan disbursement, unless the borrower has received a prior loan. *34 C.F.R. § 685.304(b)*. The institution must also conduct an exit interview with each loan recipient shortly before the student ceases enrollment on at least a half-time basis, in order to emphasize the obligation and consequences of default. *34 C.F.R. § 685.304(b)*.

General information such as repayment options, consolidation, and debt management strategies must be provided to the borrower at this time. If the borrower withdraws/graduates without the institution's prior knowledge and did not attend an exit interview, the institution must mail written counseling materials to the borrower within 30 days after learning that the borrower has withdrawn/graduated. An institution must maintain documentation substantiating its compliance with these loan counseling requirements. *34 C.F.R. § 685.304(b)(3)*.

Noncompliance: Gallipolis did not provide exit counseling to 10 students who withdrew or graduated.

Student 3:

The student withdrew October 10 2011; no proof that exit counseling was sent and/or completed was in the students file.

Student 4:

Student withdrew at the July 10, 2012; no proof of exit counseling sent and/or completed in students file.

Student 6:

Student withdrew on December 16, 2011, no proof of exit counseling sent and/or completed in the students file.

Student 8

Student withdrew on November 22, 2011, no proof of exit counseling sent and/or completed in the students file.

Student 9

Student graduated on September 14, 2012, no proof of exit counseling sent and/or completed in the students file.

Student 10

Student withdrew on March 21, 2013, no proof of exit counseling sent and/or completed in the students file.

Student 14

Student withdrew September 14, 2012, no proof of exit counseling sent and/or completed in the student's file.

Student 19

Student withdrew October 23, 2012, no proof of exit counseling sent and/or completed in the student's file.

Student 24

Student withdrew August 9, 2012, no proof of exit counseling sent and/or completed in the student's file.

Student 27

Student graduated September 14, 2012, no proof of exit counseling sent and/or completed in the student's file.

Student 29

Student graduated September 14, 2012, no proof of exit counseling sent and/or completed in the student's file.

Student 30

Student withdrew November 19, 2012, no proof of exit counseling sent and/or completed in the student's file.

Required Action: Gallipolis must perform exit counseling for all borrowers within 30 days as required by the regulations. Documentation that exit counseling has been completed or sent to the student must be retained in the student file. The institution must immediately establish written policies and procedures to ensure that it provides all required exit counseling to all Direct Loan Recipients. Gallipolis Career College must perform exit counseling with all students noted and provide proof in the response to this report. A copy of those policies and procedures must also be submitted in response to this report.

Finding #8: Inadequate Policies and Procedures- Academic Calendar, Federal Supplemental Educational Opportunity Grant (FSEOG) R2T4, and Exit Counseling

Citation:

Academic Calendar:

An Institution should create an academic year using the following guidelines :(a) *General.* Except as provided in paragraph (c) of this section, an academic year for a program of study must include—(1)(i) For a program offered in credit hours, a minimum of 30 weeks of instructional time; or (ii) For a program offered in clock hours, a minimum of 26 weeks of instructional time; and (2) For an undergraduate educational program, an amount of instructional

time whereby a full-time student is expected to complete at least—(i) Twenty-four semester or trimester credit hours or 36 quarter credit hours for a program measured in credit hours; or (ii) 900 clock hours for a program measured in clock hours. *C.F.R. §668.3*

It is defined as : (b) *Definitions.* For purposes of paragraph (a) of this section— (1) A week is a consecutive seven-day period; (2) A week of instructional time is any week in which at least one day of regularly scheduled instruction or examinations occurs or, after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations occurs; and (3) Instructional time does not include any vacation periods, homework, or periods of orientation or counseling.

(c) *Reduction in the length of an academic year.* (1) Upon the written request of an institution, the Secretary may approve, for good cause, an academic year of 26 through 29 weeks of instructional time for educational programs offered by the institution if the institution offers a two-year program leading to an associate degree or a four-year program leading to a baccalaureate degree. (2) An institution's written request must— (i) Identify each educational program for which the institution requests a reduction, and the requested number of weeks of instructional time for that program; (ii) Demonstrate good cause for the requested reductions; and (iii) Include any other information that the Secretary may require to determine whether to grant the request. (3)(i) The Secretary approves the request of an eligible institution for a reduction in the length of its academic year if the institution has demonstrated good cause for granting the request and the institution's accrediting agency and State licensing agency have approved the request. (ii) If the Secretary approves the request, the approval terminates when the institution's program participation agreement expires. The institution may request an extension of that approval as part of the recertification process.

Fiscal procedures and records. 34 C.F.R. § 676.19

When administering FSEOG program institution should ensure that: (a) *Fiscal Procedures.* (1) In administering its FSEOG program, an institution shall establish and maintain an internal control system of checks and balances that insures that no office can both authorize payments and disburse funds to students.(2) An institution shall maintain funds received under this part in accordance with the requirements in 34 C.F.R. §668.163.

(b) *Records and reporting.* (1) An institution shall follow the record retention and examination provisions in this part and in 34 CFR 668.24. (2) An institution shall establish and maintain program and fiscal records that are reconciled at least monthly. (3) Each year an institution shall submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.34 C.F.R. §676.19

Return of Title IV

An institution must make readily available upon request to enrolled and prospective students a summary of the requirements under 34 C.F.R. § 668.22 for the return of Title IV grant or loan assistance. 34 C.F.R. § 668.43(a)(4).

Exit Counseling

Please refer to Finding #8 for additional information regarding exit counseling requirements. *The school must maintain documentation substantiating the school's compliance with this section for each student borrower.* 34 C.F.R. § 685.304 (b)(7)

Finding #9: Lack of Administrative Capability

Citation: As provided by 34 C.F.R. § 668.16(a)(2), to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program. The Secretary considers an institution to have that administrative capability if the institution—

- (a) Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA.
- (2) Divides the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions with respect to any particular student aided under the programs. For example, the functions of authorizing payments and disbursing or delivering funds must be divided so that for any particular student aided under the programs, the two functions are carried out by at least two organizationally independent individuals who are not members of the same family, as defined in §668.15, or who do not together exercise substantial control, as defined in §668.15, over the institution.

Noncompliance: During the program review the program reviewers noted that the Eligibility and Certification Report (ECAR) had an error with the Financial Aid Officer and Chief Financial Officer names were reversed. It was also determined that The FAO and CFO both have access to the financial aid authorizing system.

Required Action: The institution is instructed to provide documentation (e.g. policy and procedures) that identifies which functions and systems each personnel is responsible for completing to ensure that there is a clear separation of duties at the institution. The institution must also update its officers and their positions through the E-APP process. A copy of this policy must accompany the institutions response.

Finding #10: Non-Programmatic Use of Federal Funds

Citation: The Cash Management regulations require that participating institution requests, maintains, disburses, and otherwise manages title IV, HEA program funds. (b) *Federal interest in title IV, HEA program funds.* Except for funds received by an institution for administrative expenses and for funds used for the Job Location and Development Program under the FWS Programs, funds received by an institution under the title IV, HEA programs are held in trust for the intended student beneficiaries, the Secretary, or lender or a guaranty agency under the FFEL programs. The institution, as a trustee of Federal funds, may not use or hypothecate (i.e., use as collateral) title IV, HEA program funds for any other purpose. 34 C.F.R. § 668.161(b)

Noncompliance: Gallipolis fiscal process identified funds being transferred directly from federal account to payroll before student disbursements. Disbursements were made within 3 days, but federal funds were not separate during this period.

Required Action: Gallipolis must review cash management regulations and bring procedures into compliance therewith. Gallipolis must provide supporting documentation to show that fall federal funds will be separated and easily identified. A copy of supporting documentation must be provided in response to this report.

Finding #11: Consumer Information Requirements not Met

Citation: 34 C.F.R. § 668.41 state “(b) Disclosure through Internet or Intranet websites. Subject to paragraphs (c)(2), (e)(2) through (4), or (g)(1)(ii) of this section, as appropriate, an institution may satisfy any requirement to disclose information under paragraph (d), (e), or (g) of this section for—

- (1) Enrolled students or current employees by posting the information on an Internet website or an Intranet website that is reasonably accessible to the individuals to whom the information must be disclosed; and
 - (2) Prospective students or prospective employees by posting the information on an Internet website.
- (c) Notice to enrolled students. (1) An institution annually must distribute to all enrolled students a notice of the availability of the information required to be disclosed pursuant to paragraphs (d), (e), and (g) of this section, and pursuant to 34 CFR 99.7 (§99.7 sets forth the notification requirements of the Family Educational Rights and Privacy Act of 1974). The notice must list and briefly describe the information and tell the student how to obtain the information.
- (2) An institution that discloses information to enrolled students as required under paragraph (d), (e), or (g) of this section by posting the information on an Internet website or an Intranet website must include in the notice described in paragraph (c)(1) of this section—

- (i) The exact electronic address at which the information is posted; and
 - (ii) A statement that the institution will provide a paper copy of the information on request.
- (d) General disclosures for enrolled or prospective students. An institution must make available to any enrolled student or prospective student through appropriate publications, mailings or electronic media, information concerning—
- (1) Financial assistance available to students enrolled in the institution (pursuant to §668.42).
 - (2) The institution (pursuant to §668.43).
 - (3) The institution's retention rate as reported to the Integrated Postsecondary Education Data System (IPEDS). In the case of a request from a prospective student, the information must be made available prior to the student's enrolling or entering into any financial obligation with the institution.
 - (4) The institution's completion or graduation rate and, if applicable, its transfer-out rate (pursuant to §668.45). In the case of a request from a prospective student, the information must be made available prior to the student's enrolling or entering into any financial obligation with the institution.
 - (5) The placement of, and types of employment obtained by, graduates of the institution's degree or certificate programs.
- (i) The information provided in compliance with this paragraph may be gathered from—
- (A) The institution's placement rate for any program, if it calculates such a rate;
 - (B) State data systems;
 - (C) Alumni or student satisfaction surveys; or
 - (D) Other relevant sources.
- (ii) The institution must identify the source of the information provided in compliance with this paragraph, as well as any time frames and methodology associated with it.
- (iii) The institution must disclose any placement rates it calculates.
- (6) The types of graduate and professional education in which graduates of the institution's four-year degree programs enroll.

- (i) The information provided in compliance with this paragraph may be gathered from—
 - (A) State data systems;
 - (B) Alumni or student satisfaction surveys; or
 - (C) Other relevant sources.
 - (ii) The institution must identify the source of the information provided in compliance with this paragraph, as well as any time frames and methodology associated with it.
- (e) Annual security report and annual fire safety report— (1) Enrolled students and current employees—annual security report and annual fire safety report. By October 1 of each year, an institution must distribute to all enrolled students and current employees its annual security report described in §668.46(b), and, if the institution maintains an on-campus student housing facility, its annual fire safety report described in §668.49(b), through appropriate publications and mailings, including—
- (i) Direct mailing to each individual through the U.S. Postal Service, campus mail, or electronic mail;
 - (ii) A publication or publications provided directly to each individual; or
 - (iii) Posting on an Internet Web site or an Intranet Web site, subject to paragraph (e)(2) and (3) of this section.
- (2) Enrolled students—annual security report and annual fire safety report. If an institution chooses to distribute either its annual security report or annual fire safety report to enrolled students by posting the disclosure or disclosures on an Internet Web site or an Intranet Web site, the institution must comply with the requirements of paragraph (c)(2) of this section.
- (3) Current employees—annual security report and annual fire safety report. If an institution chooses to distribute either its annual security report or annual fire safety report to current employees by posting the disclosure or disclosures on an Internet Web site or an Intranet Web site, the institution must, by October 1 of each year, distribute to all current employees a notice that includes a statement of the report's availability, the exact electronic address at which the report is posted, a brief description of the report's contents, and a statement that the institution will provide a paper copy of the report upon request.
- (4) Prospective students and prospective employees—annual security report and annual fire safety report. For each of the reports, the institution must provide a notice to prospective students and prospective employees that includes a statement of the report's availability, a description of its contents, and an opportunity to request a copy. An institution must provide its annual security report and annual fire safety report, upon request, to a prospective student or prospective

employee. If the institution chooses to provide either its annual security report or annual fire safety report to prospective students and prospective employees by posting the disclosure on an Internet Web site, the notice described in this paragraph must include the exact electronic address at which the report is posted, a brief description of the report, and a statement that the institution will provide a paper copy of the report upon request.

(5) Submission to the Secretary—annual security report and annual fire safety report. Each year, by the date and in a form specified by the Secretary, an institution must submit the statistics required by §§668.46(c) and 668.49(c) to the Secretary.

(6) Publication of the annual fire safety report. An institution may publish its annual fire safety report concurrently with its annual security report only if the title of the report clearly states that the report contains both the annual security report and the annual fire safety report. If an institution chooses to publish the annual fire safety report separately from the annual security report, it must include information in each of the two reports about how to directly access the other report.

(f) Prospective student-athletes and their parents, high school coach and guidance counselor—report on completion or graduation rates for student-athletes. (1)(i) Except under the circumstances described in paragraph (f)(1)(ii) of this section, when an institution offers a prospective student-athlete athletically related student aid, it must provide to the prospective student-athlete, and his or her parents, high school coach, and guidance counselor, the report produced pursuant to §668.48(a).

(ii) An institution's responsibility under paragraph (f)(1)(i) of this section with reference to a prospective student athlete's high school coach and guidance counselor is satisfied if—

(A) The institution is a member of a national collegiate athletic association;

(B) The association compiles data on behalf of its member institutions, which data the Secretary determines are substantially comparable to those required by §668.48(a); and

(C) The association distributes the compilation to all secondary schools in the United States.

(2) By July 1 of each year, an institution must submit to the Secretary the report produced pursuant to §668.48.

(g) Enrolled students, prospective students, and the public—report on athletic program participation rates and financial support data. (1)(i) An institution of higher education subject to §668.47 must, not later than October 15 of each year, make available to enrolled students, prospective students, and the public, the report produced pursuant to §668.47(c). The institution must make the report easily accessible to students, prospective students, and the public and must provide the report promptly to anyone who requests it.

(ii) The institution must provide notice to all enrolled students, pursuant to paragraph (c)(1) of this section, and prospective students of their right to request the report described in paragraph (g)(1) of this section. If the institution chooses to make the report available by posting the disclosure on an Internet website or an Intranet website, it must provide in the notice the exact electronic address at which the report is posted, a brief description of the report, and a statement that the institution will provide a paper copy of the report on request. For prospective students, the institution may not use an Intranet website for this purpose.

- (2) An institution must submit the report described in paragraph (g)(1)(i) of this section to the Secretary within 15 days of making it available to students, prospective students, and the public".
34 C.F.R. § 668.41 (b)(c)(d)(e)(f)(g)

Noncompliance:

The institution did not provide consumer information for gainful employment, loan repayment schedule, private loans, copyright info, student body diversity, net price calendar and vaccinations.

Required Action: The institution must create acceptable disclosures to students conforming to the applicable rules and regulations for each area described above, and must provide its plan for distributing those disclosures to current and future students.

Finding # 12: Crime Awareness Requirements Not Met – Multiple Violations

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in *34 C.F.R. § 668.46(b)*.

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If the institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability, its exact electronic address, a description of its contents, and an advisement that a paper copy will be provided upon request. *34 C.F.R. § 668.41(e)(1)*. These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. *34 C.F.R. § 668.41(e)(4)*.

The ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent

manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hates crimes, as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal use of controlled substances, liquor, and weapons, also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. *34 C.F.R. § 668.46(c)(1)*.

Additionally, the ASR must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies on the issuance of timely warnings, emergency notifications, and evacuation procedures. All required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. *§ 485(f) of the HEA; 34 C.F.R. § 668.46(b)*.

Finally, each institution must also submit campus crime statistics for inclusion in the Department's "Campus Safety and Security Data Analysis Cutting Tool." *34 C.F.R. § 668.41(e)(5)*.

Noncompliance: Gallipolis violated multiple provisions of the *Clery Act*. Specifically, the College failed to prepare and publish accurate and complete 2012 ASR as single comprehensive document and as a result, also failed to actively distribute this mandatory report to all current students and employees in the required manner. Numerous substantive issues were identified regarding the College's campus safety policy, procedural, programmatic, and statistical disclosures. Many required areas of disclosure were omitted or were included but did not provide sufficient detail in an area of mandatory disclosure. The Department's analysis of Gallipolis' 2012 ASR indicated that the following required information disclosures were omitted or were inadequate:

- Inaccurate and incomplete campus crime statistics. Specifically, hate crimes statistics are not disclosed on separate statistical grids. In addition, criminal offenses were not differentiated from arrests and student and employee disciplinary actions. In this context, the College is reminded that the *Clery Act* requires the disclosure of crime statistics and therefore, "0" should be entered into the statistical grid if no incidents of crime in a particular category were reported in any given calendar year;

- Information regarding Gallipolis' policies for preparing the annual disclosure of crime statistics including the steps that the College will take to contact appropriate law enforcement agencies to request campus crime statistics;
- A statement of current campus policies regarding security of and access to campus facilities and security considerations used in the maintenance of campus facilities;
- Policies for making timely warning reports to members of the campus community regarding the occurrence of crimes;
- A statement advising the campus community where law enforcement agency information provided by a state under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (*42 U.S.C. §14071(j)*), concerning registered sex offenders may be obtained; and,
- Detailed information about the College's drug and alcohol abuse prevention programs as required by the Drug-Free Schools and Communities Act and/or a conspicuous cross-reference to another publication containing this information. (This is the only *Clery Act* disclosure requirement that can be met by cross-referencing another publication).

Of special note, Gallipolis' 2012 ASR did not contain the following required information regarding the College's emergency and evacuation procedures:

- Procedures to immediately notify the campus community upon confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees;
- A statement that the College will, without delay, determine the content of the notification and initiate the notification in such an emergency;
- A description of the process the College will use to confirm there is a significant emergency, determine who to notify, determine the content of the notification, and initiate the notification system;
- The positions and titles of the individuals who will confirm that there is a significant emergency, determine the content of the notification to students, who will send the notification, and initiate the notification; and,
- Plans to conduct tests of the emergency response and evacuation procedures, and documentation of such tests.

In fact, no information regarding emergency procedures were published in the College's ASR. All participating institutions are required to develop and implement a substantive emergency response and evacuation plan as part of an overall campus safety program. Serious risks to student and employee safety and property security exist in every institutional environment regardless of size. A proper program need not be expensive or overly-complex but must be reasonably approximated to mitigate risks and to provide the safest possible environment.

Failure to publish an accurate and complete ASR deprives the campus community of important security information that can empower its members to be informed and to play a more active role in their own safety and security.

Required Action: As a result of the above violations, Gallipolis must develop and implement new policies and procedures that will govern the preparation, publication, and distribution of a modified 2013 ASR and all future reports to ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specially articulate how prospective students and employees will be notified of the report's availability. Using its new policies as a guide, Gallipolis must prepare and publish an accurate and complete a modified 2013 ASR (in draft form) that includes all of the statistical disclosures and policy, procedure and programmatic information required under *34 C.F.R. § 668.46(b)*.

A copy of the College's new policies and procedures and its draft ASR must accompany Gallipolis' response to this program review report. Once the new ASR is evaluated by the review team for accuracy and completeness, Gallipolis must actively distribute it to all current students and employees in accordance with *34 C.F.R. § 668.41(e)(1)*. Finally, Gallipolis must provide documentation to the Department evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the *Clery Act*. This certification must also affirm that Gallipolis understands its *Clery Act* obligations and that it will take all necessary corrective actions to ensure that this violation does not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. Gallipolis will be given an opportunity to develop and distribute an accurate and complete ASR, and in so doing, will finally begin to bring its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). However, the Institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

Gallipolis' officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the *Clery Act* can be found at *34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49*.

Based on an evaluation of all available information including Gallipolis' response, the Department will determine if additional actions will be required and will advise the College accordingly in the FPRD.

**Finding # 13: Required Drug and Alcohol Abuse Prevention Program Requirements
Not Met – Multiple Violations**

Citation: The Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

The DAAPP disclosure must include all of the following elements:

- A written statement about an institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;
- A description of the health risks associated with the use of illicit drugs and alcohol abuse;
- A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,
- A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The DAAPP disclosure must be actively distributed to all employees and students enrolled for academic credit (except for continuing education credits) on an annual basis. The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The IHE must also produce a report of findings, maintain its supporting materials, and provide them to the Department upon request. *34 C.F.R. §§ 86.3 and 86.100.*

Noncompliance: Gallipolis violated multiple provisions of the *DFSCA*. Specifically, the College failed to develop and implement a comprehensive DAAPP and also failed to publish a materially-complete DAAPP disclosure that summarizes the program. For example, Gallipolis' DAAPP did not address the following required areas:

- A written description of legal sanctions imposed under Federal, state, and/or local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol; and
- A written description of health risks associated with the use of illicit drugs and the abuse of alcohol.

As a result of these violations, Gallipolis also failed to actively distribute a materially-complete annual DAAPP disclosure to all current employees and students enrolled for academic credit, as required. In fact, Gallipolis officials were unable to produce any documentation or provide any assurances that the Institution has ever complied with these requirements.

In addition, Gallipolis has persistently failed to conduct biennial reviews to: 1) assess the effectiveness of its DAAPP; 2) evaluate the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct related to drugs and alcohol; and, 3) identify areas requiring improvement or modification. Finally, as a consequence of the failure to conduct a biennial review, Gallipolis also failed to produce a report of biennial review findings.

Based on these violations, the Department finds that Gallipolis has substantially failed to implement the *DFSCA* during its participation in the Title IV, FSA programs.

Failure to comply with the *DFSCA*'s DAAPP requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the biennial review requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime.

Required Action: Gallipolis is required to take all necessary corrective actions to address the violations identified above and all others identified during the preparation of its response to this program review report. In addition, Gallipolis must, at a minimum, take the following actions:

- Develop and implement a substantive drug and alcohol abuse prevention program and publish a materially-complete DAPP disclosure that includes all of the required elements and summarizes the program. A copy of this draft document must accompany the College's response to this program review report;
- Develop procedures for ensuring that the DAAPP disclosure is distributed to every current student who is enrolled for academic credit as well as every employee of Gallipolis on an annual basis. Gallipolis must submit a copy of its new and revised DAAPP policies with its response to this program review report. Once the new DAAPP disclosure is evaluated by the review team for accuracy and completeness, Gallipolis will be required to actively distribute the document in the manner set forth in the "Citation" section above and its own policy. Once the new DAAPP disclosure is distributed, Gallipolis will be required to provide documentation to the Department evidencing the distribution along with a certification statement attesting to the fact that the materials were distributed in accordance with the *DFSCA*. This certification must also affirm that Gallipolis understands its *DFSCA* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur;

- Conduct a biennial review to measure the effectiveness of its existing drug and alcohol programs and its new DAAPP. Gallipolis must describe the research methods and data analysis tools that will be used to determine the effectiveness of the program. In addition, the report must identify the responsible official(s) who conducted the review. Finally, the report must be approved by the College's chief executive and/or its Board;
- Gallipolis must also submit copies of the two most-recent biennial review reports that the Institution has produced (if any) with its response to this program review report. If no such reports were ever produced, Institution officials must clearly state that fact. In this context, Gallipolis officials are specifically advised that no new documents are to be created for the purpose of demonstrating compliance with the biennial review report requirement for past periods; and,
- Gallipolis must establish policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented and to take all other necessary action to ensure that this violation does not recur. A copy of these policies and procedures must accompany the College's submission of its biennial review report.

Because the *DFSCA* went into effect in 1990, longstanding practice dictates that the biennial review is normally conducted in even-numbered years. However, given Gallipolis' longstanding failures in this regard, the Department must require that a biennial review be initiated immediately. Therefore, Gallipolis' biennial review must commence immediately upon receipt of this program review report and be completed by December 31, 2013. The Institution must submit its biennial review report of findings to the review team by January 15, 2014. As noted above, the exceptions identified in this finding constitute serious violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. Gallipolis will be given an opportunity to develop and implement a comprehensive DAAPP, to design and distribute an accurate and complete DAAPP disclosure, and to conduct a substantive biennial review and in so doing, will finally bring its overall drug and alcohol programs into compliance with the *DFSCA* as required by its PPA. However, Gallipolis is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or additional corrective measures as a result.

Based on an evaluation of all available information including Gallipolis' response, the Department will determine if additional actions will be required and will advise the College accordingly in the FPRD.

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

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

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

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

Hard copy and electronic files containing PII must be:

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

PII data cannot be sent via fax.

Appendix E

Finding #1

Enter Institution Name Gallipolis Career College
 Select Institution Type Proprietary 2 Yrs or Less

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	DL Subsidized	2011-2012	\$ 8,836.00	29.30%	13.22%	\$ 1,168.00
2	DL Unsubsidized	2011-2012	\$ 13,438.00	29.30%	-10.56%	\$ -
3						
Finding 1 Sub Total for AY1			\$ 22,274.00			\$ 1,168.00
4	DL Subsidized	2012-2013	\$ 6,563.00	29.30%	8.21%	\$ 538.66
5	DL Unsubsidized	2012-2013	\$ 10,395.00	29.30%	-11.89%	\$ -
6						
Finding 1 Sub Total for AY2			\$ 16,958.00			\$ 538.66
7						
8						
9						
Description			\$ -			\$ -
10						
11						
12						
Description			\$ -			\$ -
Original Ineligible Loan Liability			\$ 39,232.00	Total Estimated Loss		\$ 1,706.66

Appendix F

The Estimated Actual Loss Formula (EALF) is used for only certain types of findings on ineligible FFEL and Direct Loan liabilities. The EALF estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EALF uses an institution's applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution's latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example:

Ineligible Principal Loan Amount	\$100,000
Cohort Default Rate	10.0%
Estimated Default Amount Due	\$ 10,000

The EALF calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

Period	School Type	One-Year	Two-Year	Four-Year	Rate Types
Disbursement to Repayment		584	774	969	Interest & SA
Repayment to Default		418	498	619	
Repayment to Paid In Full		1659	1580	1712	

The EALF uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EALF divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EALF also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-05)
 Variable Rate Ineligible Loans: \$40,000 subsidized and \$60,000 unsubsidized
 Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
 SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)
 $\$40,000/2 \times (451 \times (.0422/365))$
 $+ \$40,000/2 \times (730 \times (.0625/365))$
 $+ \$40,000/2 \times (367 \times (.0707/365)) = \$4,964.61$
 Unsubsidized Loan Amount (Special Allowance Only)
 $\$60,000/2 \times (451 \times (.0145/365))$
 $+ \$60,000/2 \times (730 \times (.0155/365))$
 $+ \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36$

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.