



August 26, 2014

Dr. Randy Parker
President
Guilford Technical Community College
601 High Point Road
Jamestown, North Carolina 27872-0309

UPS Tracking Number
1ZA879640295463467

RE: **Final Program Review Determination**
OPE ID: 00483800
PRCN: 201420428547

Dear Dr. Parker:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on April 8, 2014 covering Guilford Technical Community College's (GTCC) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2012-2013 and 2013-2014 award years. The institution's final response was received on May 15, 2014.

The School Participation Division - Atlanta has reviewed GTCC's response to the Program Review Report. A copy of the program review report (and related attachments) and GTCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by GTCC 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.

Finding 1 of the Program Review Report - Title IV Aid Paid for Coursework Not Required for Degree/Certificate Program - resulted in one student being credited with ineligible Direct Loans (less than half time). The estimated loss calculation for the ineligible Direct Loans resulted in a negligible loss to the Department. Since the total liability amount owed to the Department is minimal (less than \$1,000), a receivable is not being established with the Department's Accounts Receivable Group.

The Program Review Report included a finding concerning Federal Funds Not Maintained in an Interest Bearing Account (finding number 8). Based on the response submitted by GTCC, the Atlanta School Participation Division has determined that finding number 8 should not have been included in the Program Review Report.

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to notify GTCC of a possible adverse action. Due to

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
School Participation Division - Atlanta
61 Forsyth Street, Room 18140
Atlanta, Georgia 30303-2018
www.FederalStudentAid.gov

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 GTCC's failure to comply with the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. Because this *DFSCA* finding will not result in the assessment of financial liabilities, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about GTCC's appeal rights will be provided under separate cover.

GTCC's response has resolved all findings. In addition, GTCC has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, GTCC may consider the program review closed with no further action required.

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

If you have any questions please call Jon Finkelstein at 404-974-9341.

Sincerely,

(b)(6)

Chris Miller
Division Director

Enclosure: Program Review Report
GTCC Response to the Program Review Report

cc: Ms. Lisa Koretoff, Financial Aid Administrator
North Carolina Community College System
Southern Association of Colleges and Schools Commission on Colleges

Prepared for

**Guilford Technical
Community College**

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

PROUD SPONSOR of
the AMERICAN MIND™

**OPE ID 00483800
PRCN 201420428547**

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

Final Program Review Determination August 26, 2014

Federal Student Aid, Atlanta School Participation Division
611 Forsyth Street Room 18T40
Atlanta, Georgia 30303-8918
www.FederalStudentAid.gov

Table of Contents

	Page
A. Institutional Information	3
B. Scope of Review	4
C. Findings and Final Determinations	4
Resolved Findings	4
Resolved Findings with Comments	5
Finding 7: Failure to Comply with Drug and Alcohol Abuse Prevention Requirements	
D. Appendices	
Appendix A: Student Samples (2013 and 2014)	
Appendix B: Program Review Report	
Appendix C: Program Review Response	

A. Institutional Information

Guilford Technical Community College
601 High Point Road
Jamestown, North Carolina 27872-0309

Type: Public

Highest Level of Offering: Associates Degree

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

Current Student Enrollment: 12,729 (2014)

% of Students Receiving Title IV, HEA funds: 65% (2014)

Title IV, HEA Program Participation – Postsecondary Educational Participants System (PEPS)

	2011-2012
Federal Direct Loan Program (FDLP)	\$ 49,968,956
Federal Pell Grant Program (Pell)	\$ 43,835,412
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 483,875
Federal Work Study Program	\$ 354,559
Total:	\$ 96,642,802

Default Rate FFEL/FDLP:	2011	23.2%
	2010	17.0%
	2009	12.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Guilford Technical Community College (GTCC) from March 17, 2014 to March 21, 2014. The review was conducted by Jon Finkelstein and Vinita Simpson.

The focus of the review was to determine GTCC's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of GTCC'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 2013 and 2014 (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. In addition, 4 files were selected based on a limited number of withdrawn students in the original sample. Appendix A lists the names and student numbers of the students whose files were examined during the program review. A Program Review Report was issued on April 10, 2014.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Findings 1, 2, 3, 4, 5, 6, 8, and 9

FSCJ has taken the corrective actions necessary to resolve findings 1, 2, 3, 4, 5, 6, 8, and 9 of the Program Review Report. Therefore, these findings may be considered closed. Appendix C contains GTCC's response to the Program Review Report. Included in this response is GTCC's corrective action and applicable policy and procedures documents.

Resolved Finding with Comments

The following program review finding has been resolved by the institution, and may be considered closed. This finding is included solely for the purpose of discussing resolution of the finding and possible administrative action.

Finding 7: Failure to Comply with Drug and Alcohol Abuse Prevention Program Requirements

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: GTCC failed to meet multiple requirements of the DFSCA. The review team identified these violations based on an analysis of GTCC's 2012-2013 Student Handbook and Calendar, GTCC website, and interviews conducted with institutional officials. While GTCC's 2012-2013 Student Handbook and Calendar does contain a section entitled "Drug and Alcohol Policy", this information does not sufficiently demonstrate compliance with the DFSCA. Specifically, GTCC's DAAPP disclosure does not include:

- a description of the applicable legal sanctions under local, State, or Federal law for the illegal possession or distribution of illicit drugs and/or alcohol; and
- a description of the health risks associated with the use of illicit drugs and the abuse of alcohol.

In addition, GTCC failed to actively distribute an accurate and complete DAAPP to all of its employees and students enrolled for academic credit. While drug and alcohol information was included in the institution's publications, a DAAPP was not actively distributed to students and employees.

Furthermore, GTCC has also persistently failed to conduct a biennial review 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; 3) identify areas requiring improvement or modification; and, 4) produce a report of biennial review findings. The Department's review indicates that GTCC has never fully complied with 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 at GTCC.

Required Action: As a result of these violations, GTCC is required to take all necessary corrective action to resolve each instance of noncompliance. At a minimum, GTCC must:

- develop and implement a comprehensive DAAPP that includes all of the required elements enumerated in the DFSCA and the Department's Part 86 regulations;
- develop a policy that will ensure that the DAAPP disclosure is actively distributed on an annual basis to every student who is enrolled for academic credit and to all employees; and
- develop policies and procedures to ensure that all future biennial reviews are substantive in nature, are conducted in a timely manner, and are fully documented.

Specifically, GTCC must submit a copy of its new and revised policies and a draft copy of its DAAPP with its response to this Program Review Report. Once the materials are reviewed and approved by the Department, GTCC will be required to distribute the new DAAPP disclosure in the required manner and provide documentation evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the DFSCA. This certification statement must also affirm that the institution understands its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

Furthermore, GTCC must 1) conduct a biennial review to evaluate the effectiveness of its existing drug and alcohol programs and its draft DAAPP, to identify necessary improvements, and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and 2) prepare a detailed report of its findings. GTCC must incorporate the findings of this review into its new comprehensive DAAPP.

The biennial review report must describe the research methods and data analysis tools that will be used in the assessment. 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. The biennial review must be completed by July 30, 2014 and be submitted to the Department by August 15, 2014. Because the DFSCA went into effect in 1990, longstanding practice dictates that the biennial review is normally conducted in even-numbered years and that the report of findings is also completed in the same year as well; however, GTCC's persistent failure to conduct a biennial review necessitates that a review commence immediately.

As noted above, the exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. GTCC will be given an opportunity to finally develop and implement a comprehensive DAAPP and to conduct a substantive review of its existing drug and alcohol programs and an initial review of its new DAAPP and to otherwise bring operations into compliance with the DFSCA for the first time 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.

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

GTCC's Response: In its response, GTCC concurred with part of the finding. The College claimed that it "has had several components in place that meet the Drug and Alcohol Abuse Prevention Program (DAAPP) requirements." Management also stated; however, that it "accepts that there are additional steps that should be taken to more fully comply with all requirements of the Drug-Free Schools and Communities Act" but asserted that "we do distribute our current DAAPP to students and employees." In addition, GTCC officials requested that "the Department amend this finding to acknowledge that annual distribution of the current DAAPP does occur." Per the response, GTCC also stated that it has "drafted a comprehensive Drug and Alcohol Prevention Program document incorporating the required elements enumerated in the *DFSCA* and the Department's Part 86 regulations." Finally, the College stated that its biennial review will be completed by the end of July 2014 and that its report would be submitted to the Department in August 2014.

Final Determination: Finding #7 of the program review report cited GTCC for multiple violations of the *DFSCA* and Part 86 of the Department's General Administrative Regulations. First, GTCC failed to develop and implement a DAAPP that included all of the required components. More specifically, the College's program did not include required information about legal sanctions and health risks associated with the use of illicit drugs and alcohol abuse. The finding also stated that GTCC had not published an annual disclosure that summarized the program. As a result of these violations, GTCC also was unable to distribute program information to current employees and all students enrolled for academic credit, per the finding. In addition, the Department found that GTCC persistently failed to conduct biennial reviews to assess the plan's effectiveness. These violations necessarily follow from each other because an institution can only conduct a proper biennial review once a fully-functioning DAAPP in place and students and staff know about it.

As a result of these violations, GTCC was required to develop and implement a DAAPP that includes all required elements. The College was also required to produce an annual disclosure and to distribute it in the manner prescribed by Federal regulations. Finally, GTCC was required to conduct an initial biennial review and prepare a report of findings. In its response, GTCC concurred with the majority of the finding while contending that the program materials, albeit with the omissions noted above, were distributed to students and employees. The College also submitted its new DAAPP in draft form and other documents in support of its claims that adequate remedial action was taken. Finally, the College attested that its biennial review report would be submitted to the Department in August 2014.

The Department carefully examined GTCC's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the College's response and draft DAAPP. Based on that review and GTCC's partial admission of noncompliance, the violations identified in the finding are sustained, with the exception of the DAAPP distribution component. Although the College's disclosures did not include all required information, the materials submitted and representations made by GTCC officials in response to the finding indicate that the existing program materials were distributed to enrolled students and current employees during the review period.

The Department also determined that GTCC's 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 GTCC are put on notice that the institution must take any additional action that may be needed to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the response to the Department's report and/or as may otherwise be needed to ensure that these violations do not recur. To that end, the College must ensure that the new DAAPP is actively distributed starting in the fall 2014 term and that the 2014 biennial review was conducted in a manner that is substantive and well-documented. The College's report must be submitted via electronic mail to Mr. Jon Finkelstein at jon.finkelstein@ed.gov no later than August 31, 2014.

Although this program review finding is now closed, GTCC is reminded that the exceptions identified above constitute very serious 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. GTCC was instructed to develop a compliant drug and alcohol program and by doing so, has finally begun to address the conditions that led to these violations. GTCC has stated that it has brought its program and operations into compliance with the *DFSCA* as required by its PPA.

While this is an important first step, GTCC officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to maintaining a safe and healthy learning environment, especially in light of the fact that more than 90% of all violent campus crimes involve the use of abuse of drugs and/or alcohol. The compliance failures documented by the Department deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. The failure to conduct biennial reviews also deprived the College of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. For these reasons, GTCC 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.

Because of the serious consequences of such violations, the Department strongly recommends that GTCC re-examine its drug and alcohol and general Title IV 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 Federal regulations. To that end, GTCC is reminded that it must take specific steps to document its efforts to comply with the Department's consumer information distribution requirements including those that apply to the annual DAAPP disclosure. Moreover, the College is reminded of its obligation to conduct comprehensive biennial reviews and to prepare substantive reports of findings and recommendations going forward and is specifically advised that its next biennial review report must contain substantially more information about the actual conduct of the review. Moreover, the findings and recommendations must be supported by valid evidentiary data. The regulations governing the *DFSCA* can be found at *34 C.F.R. Part 86*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of GTCC's new DAAPP policies and procedures.

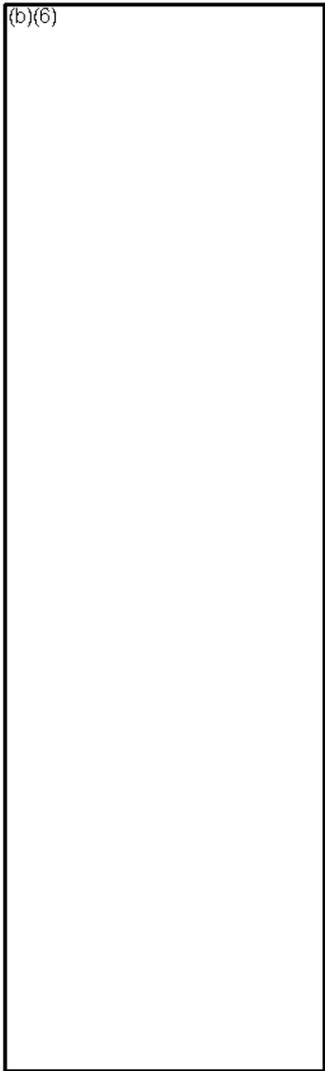
This finding is closed.

Appendix A

Guilford Technical Community College

2013 Sample

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.



Appendix A

Guilford Technical Community College

2014 Sample

- 16. (b)(6)
- 17.
- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.
- 25.
- 26.
- 27.
- 28.
- 29.
- 30.

Prepared for
Guilford Technical Community
College

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

PROUD SPONSOR of
the AMERICAN MIND™

Appendix B

OPE ID 00483800
PRCN 201420428547

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

Program Review Report

April 10, 2014

Table of Contents

	Page
A. Institutional Information	3
B. Scope of Review	4
C. Findings	4
1: Title IV Aid Paid for Coursework Not Required for Degree/Certificate	
2: Failure to Award Full Direct Loan Eligibility	
3: Verification Violations	
4: R2T4 Calculation Errors	
5: Verification Policy Inadequate	
6: Return to Title IV (R2T4) Policy Inadequate	
7: Failure to Comply with Drug and Alcohol Abuse Prevention Program Requirements	
8: Federal Funds Not Maintained in an Interest Bearing Account	
9: No Provision to Opt Out of Pell Book Voucher	
D. Recommendations	18
E. Appendices	
Appendix A: 2013 Student Sample	
Appendix B: 2014 Student Sample	

A. Institutional Information

Guilford Technical Community College
601 High Point Road
Jamestown, North Carolina 27282-0309

Type: Public

Highest Level of Offering: Associates Degree

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

Current Student Enrollment: 12,729 (2014)

% of Students Receiving Title IV: 65% (2014)

Title IV Participation Postsecondary Education participants System (PEPS):

	2011-2012
Federal Direct Loan Program (FDLP)	\$49,968,956
Federal Pell Grant Program (Pell)	\$43,835,412
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 483,875
Federal Work Study Program (FWS)	\$ 354,559
Total:	\$96,642,802

Default Rate FFEL/DL:	2011	23.2%
	2010	17.0%
	2009	12.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Guilford technical Community College (GTCC) from March 17, 2014 to March 21, 2014. The review was conducted by Jon Finkelstein and Vinita Simpson.

The focus of the review was to determine GTCC'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 GTCC'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 2013 and 2014 award years (year to date). The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 4 files were selected based on a limited number of withdrawn students in the original sample. 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 GTCC'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 GTCC 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 GTCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Title IV Aid Paid for Coursework Not Required for Degree/Certificate

Citation: 34 C.F.R. § 668.32 (a)(1)(i) states a student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution.

The 2012-2013 Federal Student Aid Handbook, Volume 1, pp.14 states if a student is

enrolled in courses that do not count toward his degree, they cannot be used to determine enrollment status unless they are eligible remedial courses. This means you cannot award the student aid for classes that do not count toward his/her degree or certificate.

Noncompliance: During the review, Title IV aid was paid for coursework not required for the student's program for one student (student 13) in the sample. The student was enrolled in the Aviation Systems Technology Program (AAS). The Aviation Systems Technology Program requires 6 hours of English coursework defined as:

ENG 111 – Expository Writing and -

ENG 112 – Argument-Based Research
or ENG 114 Professional Research and Reporting

The student is required to take two English courses (6 credit hours). Student 13 enrolled in two learning support English courses prior to attempting the required English courses. In the fall semester of 2011, the student completed ENG 111. In the spring of 2012, the student completed ENG 114. In the fall of 2012, the student attempted and withdrew from ENG 112. The ENG 112 course was not required for the student's program of study. As such, the ENG 112 course was not eligible for Title IV Aid.

The student received Subsidized (\$2,228) and Unsubsidized (\$2,970) Federal Direct Loans during the fall 2012 semester. The student was enrolled in 6 credit hours during the fall 2012 semester. The ENG 112 course was not eligible for Title IV aid, thereby causing the student to be enrolled less than half time when calculating Title IV eligibility. The student was not enrolled at least half time and was not eligible for the Direct Loan funds.

GTCC will be liable for any Title IV, HEA funds owed as a result of Title IV aid paid for coursework not required for the student's program. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination Letter.

Required Action: GTCC must review its disbursement procedures to determine the cause of the finding. Procedures must be updated to ensure that coursework that is not included in the student's program of study is not used to determine enrollment status. Coordination and communication with the Academic Advising Department and Registrar's Office is essential in ensuring that GTCC reaches out to all involved parties. In response to this Program Review Report, GTCC must include a written update of its Disbursement Policy/Procedures.

Finding 2: Failure to Award Full Direct Loan Eligibility

Citation: 34 C.F.R. § 685.200 (a) states a student is eligible to receive a Federal Direct Subsidized Loan, a Federal Direct Unsubsidized Loan, or a combination of these loans, if the student meets the following requirements:

(i) The student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Federal Direct Loan Program.

(ii) The student meets the requirements for an eligible student under 34 CFR part 668.

(iii) In the case of an undergraduate student who seeks a Federal Direct Subsidized Loan or a Federal Direct Unsubsidized Loan at a school that participates in the Federal Pell Grant Program, the student has received a determination of Federal Pell Grant eligibility for the period of enrollment for which the loan is sought.

34 C.F.R. § 685.301 (a) (8) states a school may refuse to originate a Federal Direct Subsidized, Federal Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if—

(i) The determination is made on a case-by-case basis;

(ii) The documentation supporting the determination is retained in the student's file; and

(iii) The school does not engage in any pattern or practice that results in a denial of a borrower's access to Federal Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income.

The 2013-2014 Federal Student Aid Handbook, Volume 3, Chapter 7, pp. 130 states your school cannot originate Federal Direct Loans only in the amount needed to cover the school charges, nor limit Direct Unsubsidized borrowing by independent students.

DCL GEN 11-07 Section 479A(c) of the Higher Education Act, as amended (HEA), and the Federal Direct Loan Program regulations at 34 CFR 685.301(a)(8) give schools the authority to refuse to originate a Federal Direct Loan or to reduce the amount of an individual borrower's eligibility for a Direct Loan. Any such determination must be made on a case-by-case basis. The decision must be provided to the student or parent borrower in writing and documentation supporting the determination must be retained in the student's file at the school.

Schools do not have the authority to limit Federal Direct Loan borrowing by students or parents on an across-the-board or categorical basis. For example, schools may not limit all student and parent Federal Direct Loan borrowing to the amounts needed to cover only institutional costs, if the borrowers would otherwise be eligible to receive additional loan funds. Similarly, schools may not have policies that would result in certain categories of borrowers (e.g., first-year students, students who live at home, or students in certain majors) being denied access to Federal Direct Loans, or that would reduce the amount of Federal Direct Loan funds that borrowers in certain categories would otherwise be eligible to receive. In addition, schools may not have policies that allow students to receive Direct Loans only for certain enrollment periods (e.g., for regular terms, but not summer terms).

Finally, we note that schools are not precluded from counseling students on the differences between subsidized loans and unsubsidized loans, and emphasizing that students should borrow Federal Direct Unsubsidized Loans only if they have exhausted all non-loan options for financing their education.

Noncompliance: GTCC had an internal policy that required students to complete a Federal Direct Loan Application to be awarded Direct Loans.¹ A student is eligible for a Federal Direct Loan once he/she meets the eligibility requirements. Reduction and cancellation of a loan must be administered through appropriate notifications. Consumer information regarding default, anticipated monthly payments, NSLDS account information, etc., can be distributed by the school at its discretion.

Required Action: GTCC must discontinue the practice of requiring students to complete a supplementary Direct Loan Request Form in order to be awarded a Federal Direct Loan. GTCC must submit a revised Awarding Policy/Procedures document to the Department that addresses the issues described in the noncompliance section of this finding.

Finding 3: Verification Violations

Citation: 34 C.F.R. § 668.16 (f)(2) states that to begin to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering the program under each of the standards established in this section. The Secretary considers an institution to have administrative capability if the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews any documents, including any copies of State and Federal income tax returns that are normally collected by the institution to verify information received from the student or other sources.

Noncompliance: During the course of the review, one student was identified with a verification violation. The specific issue is outlined below.

Student 25: The student was selected for verification by the Central Processing System (CPS) with a verification tracking flag of V1. The Free Application for Federal Student Aid (FAFSA) information required to be verified for student and parent (dependent student) with a verification tracking flag of V1 includes U.S. Income Taxes Paid. The 2013-2014 Institutional Student Information record (ISIR) shows a parent taxes paid amount of \$1,773. The 2012 parent tax return transcript shows an Income Tax after Credits per Computer amount of \$1,601. The ISIR was not corrected to reflect the correct parent taxes paid (\$1,601). In addition, the student indicated on the 2013-2014 ISIR that he filed a federal 2012 IRS 1040. GTCC did not collect his tax transcript for review.

¹ The Direct Loan Request Form is a supplementary form that was developed by GNTC for students interested in borrowing Direct Loans. This form is not a Department approved form.

Required Action: The institution must adjust its Verification Policy/Procedures to prevent the reoccurrence of similar violations. Discrepant data must be identified and corrected in the verification process. Continued violations may result in incorrect student aid determinations that could prove harmful to the student and/or the Department.

In its response to this Program Review Report, GTCC must submit a copy of its revised Verification Policies and Procedures document (section 9).

Finding 4: R2T4 Calculation Errors

Citation: 34 C.F.R. § 668.22 (a) states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment 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 (c) states for purposes of this section, for a student who ceases attendance at an institution that is not required to take attendance, the student's withdrawal date is—

(i) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;

(ii) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;

(iii) If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c)(1)(i) or (c)(1)(ii) of this section, the mid-point of the payment period (or period of enrollment, if applicable);

(iv) If the institution determines that a student did not begin the institution's withdrawal process or otherwise provide official notification (including notice from an individual acting on the student's behalf) to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the date that the institution determines is related to that circumstance.

34 C.F.R. § 668.22 (e)(2) states the percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date.

34 C.F.R. § 668.22 (g) states that the institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

The 2012-2013 Federal Student Aid Handbook, Volume 5, Chapter 1, page 58 states a school that is not required to take attendance may always use a student's last date of attendance at an academically related activity, as documented by the school, as the student's withdrawal date, in lieu of the withdrawal dates listed previously.

Noncompliance: During the course of the review, 2 instances of incorrect R2T4 calculations were noted. In both instances, GTCC used an incorrect last day of attendance in the R2T4 calculation. In one case, GTCC used the date of a staff member's signature on a withdrawal form as the day of official notification instead of the student's date of notification. In the other instance, last dates of attendance were entered into Datatel by the instructor of each course. GTCC did not use the latest course withdrawal date in the R2T4 calculation.

GTCC does not defer to the midpoint for unofficial withdrawals if a student's records show a last day of attendance for each course that the student was enrolled in the payment period. Per dialogue with GTCC staff, professors may or may not input the last day of attendance into the Datatel system. If one or more last dates of attendance are missing, GTCC processes the withdrawal (R2T4) using the 50% mark of the payment period.

Detailed student specific information regarding the two students is presented in the following table:

Student Number	Incorrect Last Day of Attendance	Correct Last Day of Attendance	Overpayment/Underpayment to Department
5	3/27/2013	3/23/2013	Over 60% - N/A
Additional Sample	9/27/2012	11/12/2012	Overpayment

Required Action: GTCC must enter the correct last date of attendance when calculating the amount of funds that must be returned to the Department (R2T4). For official withdrawals, the last day of attendance is the day the student provides notification of intent to withdraw. For unofficial withdrawals, GTCC must use the latest course last date of attendance for withdrawn students that have last dates of attendance data entered by instructors for all classes.

GTCC must revise its R2T4 Policy/Procedures document to include a clear and accountable strategy to prevent future instances of this finding. The Policy/Procedures documents should include a clear explanation of the consequences of entering incorrect last day of attendance data. In response to this Program Review Report, GTCC must submit a revised R2T4 Policy/Procedures document to the Department.

Finding 5: Verification Policy Inadequate

Citation: 34 C.F.R. § 668.53 states an institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with the provisions of this subpart. These policies and procedures must include—

(1) The time period within which an applicant must provide any documentation requested by the institution in accordance with §668.57;

(2) The consequences of an applicant's failure to provide the requested documentation within the specified time period;

(3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the title IV, HEA programs;

(4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and

(5) The procedures for making referrals under §668.16(g).

(b) An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of—

(1) The documentation needed to satisfy the verification requirements; and

(2) The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.

(c) An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC.

Noncompliance: GTCC's Verification Policy/Procedure does not adequately cover the following sections discussed in the citation section of this finding.

(4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and

(5) The procedures for making referrals under §668.16(g).

GTCC's financial aid verification consumer information includes the following:

"If we find differences between the data reported on your FAFSA and the information that you submitted to us, we may make corrections to your FAFSA."

GTCC does not mention what, if any, corrections must be made by the applicant. In addition, there is no mention of the procedures for making referrals to the Department for instances of suspected fraud.

Required Action: GTCC must revise its Verification Policy to include the issues mentioned in the noncompliance section of this finding. In response to this Program Review Report, GTCC must submit a revised Verification Policy to the Department for review.

Finding 6: Return to Title IV (R2T4) Policy Inadequate

Citation: 34 C.F.R. § 668.43 (a) states institutional information that must make readily available to enrolled and prospective students under this subpart includes, but is not limited to--

(4) A summary of the requirements under §668.22 for the return of title IV grant or loan assistance;

34 C.F.R. § 668.22 (g) states that the institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

34 C.F.R. § 668 (j) (1) states an institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (l)(3) of this section. The timeframe for returning funds is further described in §668.173(b).

The 2012-2013 Federal Student Aid Handbook, Volume 5, Chapter 1, pp.6 states, a school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Federal Student Aid he or she will retain, and how much he or she may have to return upon withdrawing. Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal Return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school

charges that were previously paid by FSA funds might become a debit that the student will be responsible for paying.

Noncompliance: GTCC's current R2T4 Policy does not satisfy all of the required components. More specifically, GTCC's current policy does not accurately define the amount of unearned aid to be returned to the Department. The current policy states the percentage of Title IV aid unearned (i.e., to be returned to the appropriate program) shall be 100% minus the percent earned. Unearned aid shall be returned first by GTCC from the student's account calculated as follows:

Total institutional charges X percent of unearned aid = amount returned to program(s).

Per the citation section of this finding, the amount of aid to be returned is the **lesser of the total amount of unearned Title IV assistance to be returned or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.**

In addition, GTCC does not include the time frame for the return of Title IV funds in the Refunds/Repayments section (Section 19) of its Policies and Procedures document.

Finally, GTCC's R2T4 policy did not adequately address the following:

- Adequately explain the financial consequences of withdrawing.
- Provide an estimate of the amount of aid the student may earn and an estimate of the amount the student may have to return. The current policy provides a narrative using percentages of earned and unearned aid. An example using student specific data would provide a clearer and more concise estimate.
- Clearly state that federal funds may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.
- Adequately explain the interaction and distinction between GTCC's institutional refund policy and R2T4 policy.

Required Action: GTCC must revise its R2T4 policy. The policy must adequately address each of the requirements outlined in the noncompliance section of this finding. In its response to this Program Review Report, GTCC must submit a revised written R2T4 Policy to the Department.

Finding 7: Failure to Comply with Drug and Alcohol Abuse Prevention Program Requirements

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: GTCC failed to meet multiple requirements of the *DFSCA*. The review team identified these violations based on an analysis of GTCC's 2012-2013 Student Handbook and Calendar, GTCC website, and interviews conducted with institutional officials. While GTCC's *2012-2013 Student Handbook and Calendar* does contain a section entitled "Drug and Alcohol Policy", this information does not sufficiently demonstrate compliance with the *DFSCA*. Specifically, GTCC's DAAPP disclosure does not include:

- a description of the applicable legal sanctions under local, State, or Federal law for the illegal possession or distribution of illicit drugs and/or alcohol; and
- a description of the health risks associated with the use of illicit drugs and the abuse of alcohol.

In addition, GTCC failed to actively distribute an accurate and complete DAAPP to all of its employees and students enrolled for academic credit. While drug and alcohol information was included in the institution's publications, a DAAPP was not actively distributed to students and employees.

Furthermore, GTCC has also persistently failed to conduct a biennial review 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; 3) identify areas requiring improvement or modification; and, 4) produce a report of biennial review findings. The Department's review indicates that GTCC has never fully complied with 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 at GTCC.

Required Action: As a result of these violations, GTCC is required to take all necessary corrective action to resolve each instance of noncompliance. At a minimum, GTCC must:

- develop and implement a comprehensive DAAPP that includes all of the required elements enumerated in the *DFSCA* and the Department's Part 86 regulations;
- develop a policy that will ensure that the DAAPP disclosure is actively distributed on an annual basis to every student who is enrolled for academic credit and to all employees; and
- develop policies and procedures to ensure that all future biennial reviews are substantive in nature, are conducted in a timely manner, and are fully documented.

Specifically, GTCC must submit a copy of its new and revised policies and a draft copy of its DAAPP with its response to this Program Review Report. Once the materials are reviewed and approved by the Department, GTCC will be required to distribute the new DAAPP disclosure in the required manner and provide documentation evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the *DFSCA*. This certification statement must also affirm that the institution understands its *DFSCA* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

Furthermore, GTCC must 1) conduct a biennial review to evaluate the effectiveness of its existing drug and alcohol programs and its draft DAAPP, to identify necessary improvements, and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and 2) prepare a detailed report of its findings. GTCC must incorporate the findings of this review into its new comprehensive DAAPP.

The biennial review report must describe the research methods and data analysis tools that will be used in the assessment. 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. The biennial review must be completed by July 30, 2014 and be submitted to the Department by August 15, 2014. Because the *DFSCA* went into effect in 1990, longstanding practice dictates that the biennial review is normally conducted in even-numbered years and that the report of findings is also completed in the same year as well; however, GTCC's persistent failure to conduct a biennial review necessitates that a review commence immediately.

As noted above, the exceptions identified in this finding constitute serious violations of the *DFSCA* that by their nature cannot be cured. GTCC will be given an opportunity to finally develop and implement a comprehensive DAAPP and to conduct a substantive review of its existing drug and alcohol programs and an initial review of its new DAAPP and to otherwise bring operations into compliance with the *DFSCA* for the first time as required by its Program Participation Agreement. 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.

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

Finding 8: Federal Funds Not Maintained in an Interest Bearing Account

Citation: 34 C.F.R 668.163 (a) (1) states an institution must maintain title IV, HEA program funds in a bank or investment account that is Federally insured or secured by collateral of value reasonably equivalent to the amount of those funds.

34 C.F.R. 668.163 (c) (2) states except as provided in paragraph (c)(3) of this section, an institution must maintain Federal Direct Loan, Federal Pell Grant, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (SMART), TEACH Grant, FSEOG, and FWS program funds in an interest-bearing bank account or an investment account as described in paragraph (c)(1) of this section.

(3) An institution does not have to maintain Federal Direct Loan, Federal Pell Grant, ACG, National SMART Grant, TEACH Grant, FSEOG, and FWS program funds in an interest-bearing bank account or an investment account for an award year if—

(i) The institution drew down less than a total of \$3 million of those funds in the prior award year and anticipates that it will not draw down more than that amount in the current award year;

(ii) The institution demonstrates by its cash management practices that it will not earn over \$250 on those funds during the award year; or