



October 7, 2014

Ms. Nancy M. Decker
President
Laurel Technical Institute
11 East Penn Street
P.O. Box 877
Uniontown, PA 15401

Sent Via E-Mail and UPS
Tracking Number:
1ZA879640290197433

RE: Final Program Review Determination
OPE ID: 02092500
PRCN: 201230327908

Dear Ms. Decker:

The U.S. Department of Education's (Department's) School Participation Division - Philadelphia issued a program review report on November 7, 2013 covering Laurel Technical Institute's (LTI's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. LTI's final response was received on December 27, 2013. A copy of the program review report (and related attachments) and LTI's original response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by LTI 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 close the review and notify LTI 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.

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School Participation Division - Philadelphia

The Wanamaker Building, 100 Penn Square East, Suite 511, Philadelphia, PA 19107

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

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(c)(1), (c)(2), and (c)(3).

If LTI has any questions regarding this letter, please call Mr. Robert Gelfand on (215) 656-8593.

Sincerely,

(b)(6)

Nancy Paula Gifford 
Director
School Participation Division - Philadelphia

Enclosures: Attachment A (November 7, 2013 Program Review Report) - *Sent Via E-Mail Only*
Attachment B (LTI's Official Program Review Response)

cc: Ms. Stephanie M. Migyanko, Director of Financial Aid
Accrediting Council for Independent Colleges and Schools
Commonwealth of Pennsylvania State Board of Private Licensed Schools
Ohio State Board of Career Colleges and Schools

Prepared for
Laurel Technical Institute

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

Final Program Review Determination October 7, 2014

School Participation Division - Philadelphia
The Wanamaker Building, 100 Penn Square East, Suite 511, Philadelphia, PA 19107
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A. Institutional Information

Laurel Technical Institute
 200 Sterling Avenue
 Sharon, PA 16146-3843

Type: Proprietary

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Student Enrollment (Spring 2013 Semester): 153 Students

Percentage of Students Receiving Title IV Program Funds (Spring 2013 Semester): 97.4%

Title IV Participation:

2010-2011 Award Year

Federal Pell Grant Program	\$1,641,556
FSEOG Program	\$ 24,871
FWS Program	\$ 15,767
<u>William D. Ford Federal Direct Loan Program</u>	<u>\$1,901,349</u>
TOTAL	\$3,583,543

2011-2012 Award Year

Federal Pell Grant Program	\$1,369,411
FSEOG Program	\$ 26,419
FWS Program	\$ 22,675
<u>William D. Ford Federal Direct Loan Program</u>	<u>\$2,682,375</u>
TOTAL	\$4,100,880

Federal Family Education Loan Program	2011: 10.2%
William D. Ford Federal Direct Loan Program	2010: 4.8%
Default Rates	2009: 17.5%

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at Laurel Technical Institute (LTI) from May 14 to 17, 2012. Mr. Robert Gelfand and Ms. Deborah Marsh conducted the review.

The focus of the review was to determine LTI's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs (Title IV programs). The review consisted of, but was not limited to, an examination of LTI'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 2010-2011 and 2011-2012 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV program funds for each award year. A program review report was issued on November 7, 2013. Please see Attachment A for a copy of the report. The report lists the names and 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 LTI'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 LTI of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV programs.

C. Findings and Final Determinations

Resolved Findings

LTI has taken the corrective actions necessary to resolve Findings # 1, 2, 3, 4, 5 and 6 in the program review report. Therefore, these finding may be considered closed.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of LTI's response to the finding, and the Department's final determination for that finding.

Finding # 7: Crime Awareness Requirements Not Met - Required Crime Statistics and Policy Disclosures Inadequate/Omitted from Annual Security Report (ASR) and Failure to Distribute the ASR as a Comprehensive Document

Citation Summary: 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 program 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 prepared and actively distributed as a single document. Acceptable means of distribution include U.S. Mail, campus mail, hand delivery, or by posting the ASR on the institution's website. If an 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 and a link to its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(c)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also inform interested parties about how to obtain a paper copy of the ASR. 34 C.F.R. § 668.41(c)(4).

An institution's 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 assault, 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 (as a subset of category # 1); 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1).

In addition, 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 of the issuance of timely warnings and emergency notifications as well as its emergency response and evacuation procedures. All required information referenced in 34 C.F.R. § 668.46(b) must be published in the 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 Clery Act. 34 C.F.R. § 668.46(b).

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

Noncompliance Summary: LTI violated multiple provisions of the Clery Act. First, the institution omitted policy, procedural, and programmatic disclosures from its 2011 ASR or published statements and failed to provide sufficient detail in areas of mandatory disclosure. Omitted and/or inadequate disclosures were identified in the following areas:

- A description of programs by type and frequency that are designed to inform students and employees about the prevention of crimes;
- Sexual assault programs designed to prevent offenses and procedures to follow when an offense occurs and an explanation of how the institution will respond to an offense that is reported to school officials; and
- Plans for the conduct of annual tests of the institution's emergency response and evacuation procedures and the processes for documenting the results of these tests.

In addition to the above violations, LTI failed to disclose the accurate number of on-campus burglaries for the 2010 calendar year. On LTI's "Campus Crime Statistics" grid published as part of the 2011 ASR, one burglary was disclosed; however, this burglary was not included in LTI's submission to the Department's "Campus Safety and Security Data Analysis Cutting Tool."

Moreover, LTI failed to distribute its ASR in accordance with federal regulations. Specifically, the Department found that the ASR was not delivered directly to current students and employees in the required manner. The Clery Act specifically requires institutions to actively distribute the report by U.S. Mail, campus mail, hand delivery, or by electronic means. If an institution elects to distribute its ASR electronically, it must either e-mail a PDF copy of the report to all students and employees or it must send all such persons an e-mail containing the ASR's exact electronic address, a summary of its contents, and other information. Furthermore, an institution must be able to substantiate its distribution efforts with appropriate supporting documentation, such as e-mail records, signed statements, etc.

Furthermore, a statement of policy regarding the institution's campus safety programs designed to prevent sex offenses also had to be included within the ASR. LTI was advised that the statement had to contain a description of the institution's educational programs designed to promote awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses. It also had to include the procedures that a victim/survivor should adhere to when a sex crime occurs.

As noted above, the exceptions identified in this finding constituted serious violations of the Clery Act that by their nature cannot be cured. LTI was advised that its remedial measures cannot and did not diminish the seriousness of these violations nor did they eliminate the possibility that the Department would impose an adverse administrative action and/or require additional corrective measures as a result.

LTI's Response Summary: In its official response, LTI concurred with the finding and stated that it subsequently developed policies and procedures to ensure strict compliance with the Clery Act. Included within these measures was the recent hiring of a former law enforcement official to serve as LTI's "Campus Security Officer." The job responsibilities for this position include providing instruction to students and staff about crime awareness and prevention, as well as ensuring Clery Act compliance. In addition, LTI formed a committee that will meet each semester to review Clery Act compliance and make recommendations for improvement.

LTI stated that its ASR will be distributed each year to students and employees primarily via electronic mail. The ASR will also be provided to all new hires and new students will receive the ASR electronically after orientation has been completed. In addition, information about obtaining the ASR is now listed on the application for admission, student enrollment agreement, and financial aid application, as well as in the school catalog.

LTI reported that the 2013 ASR was provided to students and employees at its Sharon, PA campuses via e-mail on December 20, 2013 and confirmation of the distribution, along with a copy of the ASR, was sent to the Department with the response. Confirmation of the distribution of the 2013 ASR via e-mail to students and employees at the institution's Meadville, PA location was subsequently sent. The ASR was provided to LTI's Meadville campus community on December 24, 2013.

In e-mail correspondence received on February 14, 2014, LTI acknowledged not meeting the required October 1, 2013 due date for the publication and distribution of the 2013 ASR. To prevent a recurrence of this matter, the institution reported that it is in the process of preparing a "compliance calendar detailing what we are required to be in compliance with and the time line to meet due dates."

Finally, the 2013 ASR noted that "campus crime statistics for the previous three years and city crime statistics are posted on the student bulletin boards, employee share file,

and on the LTI website under Consumer Disclosures.” However, when the Department went to review the information on LTI’s website under “Consumer Disclosures,” the link erroneously lead to a chart of crime statistics for the 2012 ASR (2009, 2010 and 2011 calendar years) instead of the 2013 ASR (2010, 2011 and 2012 calendar years). LTI corrected its website after the Department advised the institution of the matter.

Final Determination: LTI was cited for multiple violations of the Clery Act. Specifically, LTI failed to include in its 2011 ASR a description of programs by type and frequency that are designed to inform students and employees about the prevention of crimes; sexual assault programs designed to prevent offenses and procedures to follow when an offense occurs and an explanation of how the institution will respond to an offense that is reported to school officials; and plans for the conduct of annual tests of the institution’s emergency response and evacuation procedures and the processes for documenting the results of these tests.

The Department has determined that LTI failed to disclose all incidents of crime that occurred on the institution’s campuses. Specifically, on LTI’s “Campus Crime Statistics” grid published as part of the 2011 ASR, one burglary was disclosed; however, this burglary was not included in the institution’s submission to the Department for calendar year 2010. The Department has also determined that LTI failed to properly distribute the 2011, 2012, and 2013 ASRs by the deadline established in Federal regulations. The institution was unable to produce any supporting documentation to show that it had ever distributed its ASRs in the required manner. The Department noted that none of LTI’s ASRs, including the 2012 report, were available on the institution’s web site as of the date of the program review report. Moreover, the 2013 ASR was distributed late - December 20, 2013 for the Sharon, PA campus community and on December 24, 2013 for the Meadville, PA campus community.

As a result of these violations, LTI was required to review, revise and enhance the 2011 ASR and to develop and implement new standards to ensure the accuracy and completeness of these reports going forward. The institution was also required to review the crime statistics included in its ASRs and the statistics reported to the Secretary and reconcile any discrepancies, including the burglary offense that was previously omitted from the statistics submitted to the Department’s “Campus Safety and Security Data Analysis Cutting Tool.” In its response, LTI concurred with the findings, stated that remedial action was taken, and submitted documents in support of its claims.

The Department examined LTI’s 2013 ASR. Although the ASR was distributed well past the deadline, the required policy disclosures were updated. Although the policies contained in the 2013 ASR appear at least minimally adequate, the Part A and Part B (criminal, arrest and referral) statistics in that ASR are not presented for the three LTI educational sites: 200 Sterling Avenue in Sharon, PA, 628 Arch Street in Meadville, PA and an additional classroom site operated by the institution on Dock Street in Sharon, PA.

Furthermore, all three locations must indicate a geographic breakdown for each campus to include two designations: on campus and adjacent public property.

The Department carefully examined LTI's narrative response and supporting documentation. The examination showed that the identified violations were satisfactorily addressed by the narrative response, the revised 2011 ASR as well as the 2012 and 2013 reports. Based on that review and the institution's admission of noncompliance, all of the violations identified in the finding are sustained.

The Department has also determined that LTI's corrective action plan meets minimum requirements. For these reasons, the Department has accepted LTI's response and considers this finding to be closed for purposes of this program review; however, serious concerns remain regarding the institution's continued failure to comply with the ASR active distribution requirement and the requirement to disclose campus crime statistics separately for each of its campuses and to also include required statistics for any associated non-campus buildings and immediately adjacent and accessible public property. As such, the officers and directors of LTI are put on notice that the institution must take all additional actions that may be necessary to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the response to this report and as may otherwise be needed to ensure that these violations do not recur.

To that end, LTI must submit a copy of its 2014 ASR with proof of active distribution to the Department, along with the institution's procedures for ensuring that all forthcoming ASRs will be distributed according to federal regulations. In addition, the institution must submit a certification statement attesting to the fact that the 2014 ASR (if true) was distributed in accordance with the Clery Act. This certification must also affirm that the institution understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur. These materials must be submitted via electronic mail to the attention of Mr. Gelfand at robert.gelfand@ed.gov and to the Department's Clery Act Compliance Division (CACD) at clery@ed.gov by October 31, 2014.

LTI's submission must reference its Program Review Control Number (PRCN) in the subject line of its e-mail message. If any of the requested records were not produced or do not exist, LTI officials must clearly communicate that fact to the Department in writing. In this context, institution officials are advised that no new documents are to be created for the purpose of demonstrating compliance with the ASR requirement for past periods. LTI is also advised that any failure to respond to the supplemental request for document production will result in a referral for the imposition of administrative actions in addition to any such referral that may be made to address the original violations identified in Finding # 7 of the program review report.

Although the finding is now closed, LTI 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” violations of this type once they occur. The institution was required to initiate all necessary remedial measures and to the extent that it has done so, has begun to remediate the conditions that led to these violations. LTI has stated that it has brought its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement (PPA). Nevertheless, the institution 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.

Because of the serious consequences of such violations, the Department strongly recommends that LTI officials re-examine its campus safety 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 requirements. To that end, LTI officials are encouraged to consult the Department’s “Handbook for Campus Safety and Security Reporting” (2011) as a reference guide on Clery Act compliance. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other Clery Act training resources. LTI can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finally, LTI is reminded that last year President Obama signed the Violence Against Women Reauthorization Act of 2013 (VAWA) (Pub. Law 113-4) which, among other provisions, amended the Clery Act to require institutions to compile statistics for incidents of domestic violence, dating violence, sexual assault, and stalking and to include certain policies, procedures, and programs pertaining to these incidents in their ASRs. The statute requires institutions to include this new information in the 2014 ASR. However, until the Department’s final regulations are published and effective, an institution is required to make a good-faith effort to comply with the statutory provisions as written. The statute should be used as the basis for revising or developing policies, procedures, and programs in advance of the publication of the 2014 ASR. For more information about the VAWA amended changes to the Clery Act, please see Dear Colleague Letter GEN-14-13 at <http://ifap.ed.gov/dpceletters/GEN1413.html>.

Finding # 8: Drug and Alcohol Abuse Prevention Program Requirements Not Met

Citation Summary: 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.

On an annual basis, each IIE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

- A written statement about its 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 IIE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

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 IIE 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 biennial review materials must be maintained by the IIE and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

Noncompliance Summary: LTI violated multiple requirements of the DFSCA. The institution failed to provide an accurate and complete DAAPP to all employees and students enrolled for academic credit. Specifically, at the time of the Department's site visit, the DAAPP information provided to students did not include the following:

- 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; and
- A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs available to students and employees.

In addition, the DAAPP information provided to employees did not include the following:

- A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 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.

Also, LTI 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, LTI also failed to produce a report of biennial review findings. The Department's review indicated that LTI never fully complied with the DFSCA during its participation in the Title IV programs.

On May 29, 2012, subsequent to the Department's on-site visit (and after the institution was advised of the Department's initial assessment of DFSCA violations), LTI's Vice-President of Human Resources & Career Services submitted a revised DAAPP disclosure. The DFSCA requires an annual distribution of a compliant DAAPP disclosure to all employees and all students enrolled for academic credit. LTI did not specify how the DAAPP disclosure would be actively distributed going forward. The DAAPP information was incorporated into the ASR, which did not provide for an adequate means of distribution.

Furthermore, LTI did not explain or document how the DAAPP would be actively distributed to students who enrolled at points in the academic year other than the point at which the DAAPP may be made available in some form. The same concern applied to the longstanding lack of an adequate means of distributing the annual DAAPP disclosure to employees, including part-time and intermittent staff, who were hired at various points throughout the year. As noted above, the annual ASR distribution did not provide an adequate means of distribution for DFSCA purposes. Nevertheless, the Department's examination of the revised DAAPP disclosure did reveal that content was added to address the initial inadequacies and omissions identified during the pre-site visit preparation. Notwithstanding any attempts by LTI to take corrective action in advance of the issuance of the Department's report, it must be noted that these violations constituted reportable conditions.

Although some improvements were made to the DAAPP disclosure, LTI did not address what policies and procedures would be put in place to govern the conduct of the initial biennial review and the preparation of the biennial review report.

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 on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action Summary: LTI was required to take all necessary corrective actions to resolve these violations. At a minimum, the institution was instructed to:

- review and revise its DAAPP as needed to ensure that it included all of the required elements enumerated in the DFSCA and the Department's Part 86 regulations.
- develop a policy that would ensure that the DAAPP disclosure was actively distributed on an annual basis to every student who is enrolled for academic credit and to all employees regardless of when their period of employment began or ended.
- submit a copy of its new and revised policies and a draft copy of its DAAPP with its response to the program review report. Once the materials were reviewed and approved by the Department, LTI was informed that it had to distribute the new DAAPP disclosure in the required manner and provide documentation evidencing this distribution as well as a certification statement attesting to the fact that the materials were provided in accordance with the DFSCA. The certification statement was meant to affirm that LTI understands its DFSCA obligations and that all necessary corrective actions were taken to ensure that these violations did not recur.
- conduct a biennial review to: 1) evaluate the effectiveness of its existing drug and alcohol programs and its draft DAAPP; 2) identify necessary improvements and modifications; and, 3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. LTI was also instructed to prepare a detailed report of its findings and incorporate its findings into its new comprehensive DAAPP.

LTI was informed that the biennial review report must describe the research methods and data analysis tools that were used in the assessment. In addition, the report had to identify the responsible official(s) who conducted the review. Finally, the report was to be approved by the institution's chief executive and/or its Board and submitted to the Department with the response to the program review report.

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, LTI's persistent failure to conduct a biennial review necessitated that the review was to commence immediately upon receiving the program review report. LTI was also instructed to 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. A copy of these policies and procedures had to accompany the institution's biennial review report.

Based on an evaluation of all available information including LTI's response, the Department would determine if additional actions were required and would advise the institution accordingly in the FPRD letter.

LTI's Response Summary: In its official response, LTI concurred with the finding and stated that the institution's DAAPP material was integrated into the ASR, which will be provided to all students and employees each year via e-mail. A copy of the ASR will be given to all new hires and new students will receive the ASR electronically after orientation has been completed. In addition, information about obtaining the ASR is now listed on the application for admission, student enrollment agreement, and financial aid application, as well as in the school catalog.

LTI reported that its 2013 ASR was provided to employees and staff via e-mail on December 20, 2013 for its Sharon, PA campuses and on December 24, 2013 for the Meadville, PA campus community (which was late since the ASR was published and distributed past the October 1, 2013 due date) and confirmation of the distribution was sent to the Department with the response to the program review report and in subsequent correspondence.

The 2013 ASR contained the following information regarding LTI's DAAPP: 1) written statements about the institution's standards of conduct pertaining to the unlawful possession of illicit drugs and alcohol by students and employees, including a description of the legal sanctions imposed under federal and state law; 2) the health risks associated with the use of illicit drugs and alcohol; and, 3) a listing of drug and alcohol counseling, treatment and rehabilitation/re-entry programs.

Finally, LTI stated that institutional officials will conduct a biennial review by December 15th of every odd year to review its drug and alcohol statistics, evaluate program efforts for the previous two years and make recommendations for improvement. A copy of the 2013 biennial review, signed by the president of LTI, was sent with the response.

Final Determination: LTI was cited for multiple violations of the DFSCA and Part 86 of the Department's General Administrative Regulations. Specifically, the institution failed to develop and implement a DAAPP that included all required components. As a result, the institution was unable to produce an annual disclosure that summarized the program.

LTI also failed to actively distribute its existing program information to current employees and all students enrolled for academic credit. Moreover, the Department found that LTI has persistently failed to conduct biennial reviews. These violations necessarily followed from each other because an institution can only conduct a proper biennial review once a fully-functional DAAPP is in place and students and employees know about it. As a result of these violations, LTI was required to develop and implement a compliant DAAPP and to produce a materially-complete annual disclosure and distribute it in the manner prescribed by Federal regulations. Finally, LTI was required to conduct an initial biennial review and prepare a report of findings. In its response, LTI concurred with the findings, stated that remedial action was taken and submitted documents in support of its claims.

The Department carefully examined LTI's narrative response and supporting documentation. The Department's examination showed that the identified violations were, for the most part, satisfactorily addressed by the institution's response. Based on that review and LTI's admission of noncompliance, all of the violations identified in the finding are sustained. The Department also determined that LTI'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 LTI 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 institution must submit its 2014 biennial review report to the Department. The Department will review the report to determine if the review was substantive and that the review process and finding are well-documented. LTI must send its report via e-mail to the attention of Mr. Gelfand at robert.gelfand@ed.gov and to the CACD at clery@cd.gov by October 31, 2014. LTI claimed that all required DAAPP information was incorporated into the ASR and a copy of the 2014 report was requested under Finding # 7.

Although this program review finding is now closed, LTI is reminded that the exceptions identified above constitute very serious and persistent violations of the DFSCA that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. LTI 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. LTI 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, LTI 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 institution of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. For these reasons, LTI 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 LTI 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, LTI is reminded that it must also 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 institution 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 it must continue to enhance its review process and that its future reviews must manifest evidence of these improvements. 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 LTI's new DAAPP policies and procedures.



November 7, 2013

Ms. Nancy M. Decker
President
Laurel Technical Institute
11 East Penn Street
P.O. Box 877
Uniontown, PA 15401

Sent Via E-Mail and UPS
Tracking Number:
1ZA879640191338012

RE: **Program Review Report**
OPE ID: 02092500
PRCN: 201230327908

Dear Ms. Decker:

From May 14 to 17, 2012, Mr. Robert Gelfand and Ms. Deborah Marsh conducted a review of Laurel Technical Institute's (LTI's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by LTI. The response should include a brief, written narrative for each finding that clearly states LTI'S position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, LTI must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

Federal Student

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

School Participation Division - Philadelphia

The Wanamaker Building, 100 Penn Square East, Suite 511, Philadelphia, PA 19107

StudentAid.gov

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by LTI upon request. Copies of the program review report, the institution's response, 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 the FPRD is issued.

LTI's response should be sent directly to Mr. Gelfand by December 31, 2013.

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 are assigned in the appendices in the program review report. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data/documents containing PII.

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(c).

Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report.

If you have any questions concerning this report, please contact Mr. Gelfand on (215) 656-8593 or by e-mail at Robert.Gelfand@ed.gov.

Sincerely,

(b)(6)

John S. Loreng
Compliance Manager
School Participation Division - Philadelphia

cc: Ms. Stephanie M. Migyanko, Director of Financial Aid

Enclosures: Protection of Personally Identifiable Information
Program Review Report

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

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

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

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

Hard copy files and media containing PII must be:

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

PII data cannot be sent via fax.

Prepared for
Laurel Technical Institute

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OPE ID: 02092500
PRCN: 201230327908

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

Program Review Report November 7, 2013

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A. Institutional Information

Laurel Technical Institute
200 Sterling Avenue
Sharon, PA 16146-3843

Type: Proprietary

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Student Enrollment (Spring 2013 Semester): 153 Students

Percentage of Students Receiving Title IV Program Funds (Spring 2013 Semester): 97.4%

Title IV Participation:

2010-2011 Award Year

Federal Pell Grant Program	\$1,641,556
Federal Family Education Loan Program	\$1,706,449
FSEOG Program	\$ 24,871
FWS Program	\$ 15,767
<u>William D. Ford Federal Direct Loan Program</u>	<u>\$1,901,349</u>
TOTAL	\$5,289,992

2011-2012 Award Year

Federal Pell Grant Program	\$1,369,286
FSEOG Program	\$ 26,419
FWS Program	\$ 22,675
<u>William D. Ford Federal Direct Loan Program</u>	<u>\$2,682,375</u>
TOTAL	\$4,100,755

Federal Family Education Loan Program	2011: 10.2%
Default Rates	2010: 4.8%
	2009: 17.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Laurel Technical Institute (LTI) from May 14-17, 2012. Mr. Robert Gelfand and Ms. Deborah Marsh conducted the review.

The focus of the review was to determine LTI'S compliance with the statutes and federal 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 LTI'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 2010-2011 and 2011-2012 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV 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.

Disclaimer:

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

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

C. Findings

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

Finding # 1: Failure to Complete a Return of Title IV Funds Calculation

Citation:

If a student withdraws from an institution during a payment period or period of enrollment, the institution must determine the amount of Title IV grant or loan funds that the student earned as of the withdrawal date. 34 C.F.R. § 668.22(a)(1).

The proper amount of the return allocated to the Title IV, HEA programs must be sent to the appropriate program account(s) within 45 days of the date that a student officially withdraws, or

the date the institution determines that a student has unofficially withdrawn. 34 C.F.R. § 668.22(j).

Non-Compliance:

LTI did not complete a Return of Title IV Funds calculation for Students # 5 and 21 after both students stopped attending the institution during the Fall 2011 Semester. Each student received all non-passing grades for the semester. The failure to complete a calculation was due to a lack of policies and procedures in place to determine if students unofficially withdrew.

An institution's failure to complete a Return of Title IV Funds calculation for students who withdrawal may result in students receiving funds to which they are not entitled and causes increased expense for the Department.

Required Action:

While the Department was on-site, the Financial Aid Director revised LTI's policies and procedures to address students who unofficially withdrawal.

A Return of Title IV Funds calculation was subsequently completed for Students # 5 and 21. Because each student attended LTI through 60 percent of the term, no funds had to be returned.

In response to the program review report, LTI must provide the Department with the institution's current policies and procedures regarding official and unofficial student withdrawals. Further, LTI may submit any additional information the institution would like the Department to consider for its final determination in regards to Students # 5 and 21.

Finding # 2: Late Delivery of Title IV Credit Balances

Citation:

Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges, the institution must pay the resulting credit balance directly to the student or the parent as soon as possible but no later than 14 days after:

- The balance occurred if the credit balance occurred after the first day of class of a payment period; or
- The first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(c).

An institution may obtain a written authorization from the student to hold any credit balance funds on his or her behalf. The written authorization must inform the student that signing the form is voluntary and the form may be rescinded at any time. If the student cancels the authorization, the institution must pay those funds no later than 14 days after the institution receives notice of the cancellation. Therefore, a student's authorization is considered to be rescinded upon his or her withdrawal from the institution. Thus, an institution must pay a credit balance to the student or the student's lender (if requested by the student) within 14 days of the student's withdrawal (date of determination) from the institution. 34 C.F.R. § 668.165(b).

Notwithstanding any authorization obtained, an institution must pay any remaining balance on loan funds by the end of the loan period and any remaining other Title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded. 34 C.F.R. § 668.165(b)(5)(iii).

Noncompliance:

LTI failed to deliver timely Title IV credit balance payments to Students # 1, 2, 3, 6, 7, 9, 12, 15, 16, 20, 21, 22 and 25.

The late Title IV credit balance payments appeared to be the result of LTI's failure to use a single Title IV credit balance authorization form that met the requirements specified in 34 C.F.R. § 668.165(b). In fact, the institution used several notices regarding the treatment of Title IV credit balances. These notices provided incomplete as well as conflicting information to students.

The chart below provides specific information regarding the late payments.

Student Number	Credit Balance Amount	Date Credit Balance was Created	Date Credit Balance Should Have Been Paid By	Amount Paid	Date Paid	Check Number	Number of Days Late
1	\$199.00	11/19/10	12/2/10	\$199.00	12/10/10	16610	9
1	\$199.00	11/22/10	12/5/10	\$199.00	12/10/10	16610	6
2	\$79.52	11/18/10	12/1/10	\$79.52	See Footnote ¹	16793	See Footnote
3	\$24.41	8/15/11	8/28/11	\$24.41	See Footnote ²	18297	See Footnote
6	\$550.75	11/30/09	12/13/09	\$550.75	12/18/09	13730	6
6	\$695.91	7/26/10	8/8/10	\$695.91	8/13/10	15745	6
7	\$20.55	11/30/09	12/13/09	Not Paid	Credit for Institutional Charges	N/A	Credit for Institutional Charges

¹ On Student # 2's account statement, \$79.52 is shown as paid to the student on January 14, 2011 and credited back to the account as a cash payment on February 3, 2011. The form the student signed on December 14, 2009 was not sufficient for LTI to hold Title IV credit balances past 14 days per 34 C.F.R. § 668.165 (b).

² On Student # 3's account statement, \$24.41 is shown as paid to the student on September 13, 2011 and credited back to the account as a cash payment on September 28, 2011.

Student Number	Credit Balance Amount	Date Credit Balance was Created	Date Credit Balance Should Have Been Paid By	Amount Paid	Date Paid	Check Number	Number of Days Late
7	\$17.85	4/9/10	4/22/10	\$17.85	See Footnote ³	15004	See Footnote
7	\$28.10	7/26/10	8/8/10	\$28.10	9/14/10	15970	38
9	\$224.00	3/21/11	4/3/11	\$1,524.00 ⁴	4/29/11	17398	27
9	\$449.50	3/16/12	3/29/12	\$2,008.50 ⁵	4/5/12	19525	8
12	\$224.00	3/21/11	4/3/11	\$1,524.00 ⁶	4/29/11	17408	27
15	\$1,026.80	3/25/10	4/7/10	\$1,026.80	4/23/10	14781	17
16	\$2,768.96	2/28/12	3/12/12	\$6,230.96 ⁷	5/9/12	19832	59
20	\$22.70	8/15/11	8/28/11	\$22.70	9/13/11	18306	17
21	\$14.82	11/22/11	12/5/11	\$14.82	1/17/12	19170	44
22	\$60.72	11/15/10	11/28/10	\$60.72	1/14/11	16810	48
22	\$533.35	3/21/11	4/3/11	\$533.35	5/31/11	17548	59
25	\$19.93	4/6/12	4/19/12	\$19.93	5/9/12	19868	21

On LTI's "Direct Loans Form," every student authorized "Laurel Technical Institute to carry any TITLE IV credit balance to the end of each Loan Period for which I am enrolled." Students were not given an option to sign this form. While the Department was on-site, this form was revised to provide students with the option to receive funds. Students were also instructed on the revised form that the authorization for LTI to hold funds could be rescinded at any time.

However, contrary to the "Direct Loans Form," when LTI sent each student their financial aid award notice, the students were informed in the cover letter to the notice that "if there is a credit balance on your account after your charges are paid, you may request to receive these funds to cover your living expenses. This can be done by completing a 'Butterfly Form, which is available in the Accounting Department. Credit balance checks are issued on Friday."

The Vice-President of Finance also stated that there was also a verbal component to the payment of Title IV credit balances to students. The Department was informed that staff would verbally inform students that they had a credit balance on their accounts if no response was received to the financial aid award notice cover letter. If the student wanted to receive funds, the student was required to sign a release form (the aforementioned "Butterfly Form").

LTI used other discrepant forms regarding the treatment of Title IV credit balances. For example, for Student # 2, there was a form in the student's file that contained one sentence, authorizing "Laurel Technical Institute to carry my credit balance forward to pay for future charges."

³ On Student # 7's account statement, \$17.85 is shown as paid to the student on May 12, 2010 and credited back to the account as a cash payment on June 11, 2010.

⁴ Additional non-Title IV program funds disbursed to the student after March 21, 2011 increased the original Title IV credit balance to \$1,524.00.

⁵ Additional Title IV program funds disbursed to the student on April 3, 2012 increased the original Title IV credit balance to \$2,008.50.

⁶ Additional non-Title IV program funds disbursed to the student after March 21, 2011 increased the original Title IV credit balance to \$1,524.00.

⁷ Additional Title IV and non-Title IV program funds disbursed to the student after February 28, 2012 increased the original Title IV credit balance to \$6,230.96.

Required Action:

LTI must review its Title IV credit balance policies and procedures to ensure that payments are made, or funds held, in accordance with Federal regulations. A copy of the institution's policies and procedures must be sent with the response to the program review report, along with a copy of LTI's revised Title IV credit balance authorization form. The form must meet all of the requirements set forth in 34 C.F.R. § 668.165(b).

Finally, it is important that LTI does not provide students with any documentation that conflicts with the information on the authorization form. Therefore, in its response, LTI must also inform the Department of the actions taken to ensure that no contradictory Title IV credit balance information is given to students.

Finding # 3: Failure to Complete Verification

Citation:

An institution must require an applicant who is selected for verification by the Secretary, to verify information provided by the applicant on his or her Free Application for Federal Student Aid (FAFSA). 34 C.F.R. § 668.54(a)(1).

An institution must have an applicant selected for verification submit acceptable documentation that will verify or update the information used to determine the applicant's expected family contribution (EFC). The items to be verified include: adjusted gross income and U.S. income tax paid; the number of family members in the household; the number of household members enrolled in postsecondary institutions; and certain untaxed income and benefits. 34 C.F.R. § 668.56(a).

Noncompliance:

LTI failed to complete verification for Students # 10, 18 and 25.

Student # 10 was selected for verification for the 2010-2011 award year. LTI did not obtain a signed 2009 federal tax return. Also, the student's 2010-2011 Institutional Student Information Record (ISIR) did not have any funds listed for Parent Child Support Received. The 2010-2011 Dependent Student Verification Worksheet in the student's file stated that the amount of child support received by the parent was \$524 per month, or \$6,288 for the year. However, LTI's Verification Worksheet for a dependent student indicated that the amount of child support received was \$6,500.

Student # 18 was selected for verification for the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction # 9), the student indicated that a tax return was filed. LTI received a self-prepared, unsigned copy of the student's 2010 federal tax return.

Student # 25 was selected for verification for the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction # 4), household size was reported with three family members. The 2011-2012 Dependent Student Verification Worksheet noted a household size of five. However, the institution did not change the parent's household size on the student's 2011-2012 ISIR.

An institution's failure to complete verification may result in students receiving funds for which they are not entitled and causes additional expense for the Department.

Required Action:

LTI must attempt to complete the verification process for Students # 10, 18 and 25. The institution must provide a 2010-2011 need analysis for Student # 10 and a 2011-2012 need analysis for Student # 25. A copy of both needs analysis must be submitted with LTI's response to the program review report.

Further, LTI must review and revise the institution's policies and procedures to ensure that verification is completed properly for all students. A copy of LTI's revised policies and procedures must be included with the response.

Payment instructions for any determined liability will be provided in the FPRD letter.

Finding # 4: Excess Cash Balances Maintained

Citation:

The Secretary considers excess cash to be any amount of Title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution: 1) received those funds from the Secretary; or 2) deposited or transferred to its Federal account previously disbursed funds received from the Secretary, such as such as those resulting from award adjustments, recoveries, or cancellations. 34 C.F.R. § 668.166(a).

Noncompliance:

LTI failed to disburse Title IV, HEA program funds to a student within three business days for one of the 14 draws from G5 examined by the Department.

According to G5, \$484,476 in 2010-2011 Federal Pell Grant Program funds drawn from G5 on February 17, 2011. For Student # 31, \$1,150 of the funds was not disbursed to the student's account until May 17, 2012 (after the Department informed the institution of the matter). As a result of the disbursement, a credit balance was created, which LTI provided to the student (Check # 20106) on June 15, 2012. The Department received a copy of the negotiated check on September 5, 2012.

An institution's maintenance of excess cash causes a loss to the government in interest expense and could affect the funds available for eligible students at other institutions.

Required Action:

LTI should review its policies and procedures to ensure that all Title IV, HEA program funds are credited to student accounts no later than the end of the third business day following the date the institution: 1) received those funds from the Secretary; or 2) deposited or transferred to its Federal account previously disbursed Title IV, HEA program funds received from the Secretary, such as such as those resulting from award adjustments, recoveries, or cancellations.

Since the appropriate corrective action was taken for Student # 31, no further action is required for this finding. However, if LTI would like to provide any additional information regarding this matter to the Department prior to the issuance of the FPRD letter, it must be sent with the response to the program review report.

Finding # 5: COD Violations

A. Inaccurate Reporting of Loan Period

Citation:

A student is eligible to receive Title IV, HEA program assistance if the student is a regular student and enrolled in an eligible program of study. For the Federal Direct Loan Program, the student must be enrolled at least half-time at an eligible institution. 34 C.F.R. § 668.32 (a)(1).

The period of enrollment for which a Federal Direct Loan or a PLUS loan is intended must coincide with an academic period established by the institution for which charges are generally assessed (e.g. semester, trimester, quarter, length of the student's program or academic year). The period of enrollment is also referred to as the loan period. 34 C.F.R. § 685.102(b).

Noncompliance:

LTI did not provide accurate Federal Direct Loan Program payment information to the Common Origination and Disbursement System (COD) system for Students # 2, 3, 4, 5, 9, 11, 12, 17, 20, 22, 26, 29 and 30.

Students # 2, 4, 5, 9, 11 and 12 attended the Summer 2010 Semester. The period of enrollment for the semester began on June 1, 2010 and ended on September 14, 2010. LTI reported to COD that the loan period began on *July 1, 2010* and ended on September 14, 2010.

Students # 3, 5, 9, 17, 20, 22, 26, 29 and 30 attended the Summer 2011 Semester. The period of enrollment for the semester began on June 1, 2011 and ended on September 13, 2011. LTI reported to COD that the loan period began on *July 1, 2011* and ended on September 13, 2011.

An institution's failure to report correct loan period data to COD means that erroneous information will be transferred to NSLDS.

Required Action:

LTI must review its policies and procedures for submitting student payment data to COD to ensure that the loan period reported is consistent with the period of enrollment. Any changes to LTI's policies and procedures as a result of this finding must be sent with the institution's response to the program review report.

B. Inaccurate Reporting

Citation:

Federal funds are disbursed on the date that an institution credits those funds to a student's account in the institution's general ledger or any subsidiary ledger of the general ledger, or pays those funds to a student and/or parent directly. The Department considers federal funds are disbursed even if an institution uses its own funds in advance of receiving program funds. 34 C.F.R. § 668.164(a)(1).

An institution may receive either a payment from the Secretary for an award to a Federal Pell Grant recipient, or a corresponding reduction in the amount of federal funds received in advance for which it is accountable, if the institution submits to the Secretary the student's payment data and the Secretary accepts the student's payment data that is submitted by the institution in accordance with procedures established through publication in the Federal Register by September 30 following the end of the award year in which the grant is made. 34 C.F.R. § 690.83(a).

An institution must submit at least one acceptable disbursement record for each Federal Pell Grant Program or Federal Direct Loan Program recipient to COD by the established deadline dates. An institution may submit actual disbursement information to COD as early as the established deadline date, but no earlier than seven calendar days prior to the federal grant or loan disbursement to students for institutions under the advance payment method.

For Federal Pell Grant and Federal Direct Loan Program disbursements and adjustments made on or after April 1, 2013, the timeframe for reporting to COD was reduced from 30 days to 15 days. *Federal Register (February 28, 2013), Volume 78, Number 40, Pages 13651 to 13656.*

Noncompliance:

LTI submitted Federal Pell Grant Program and Federal Direct Loan Program disbursement data to COD for Students # 2, 4, 5, 17, 19, 22, 25, 26, 27, 28, 29 and 30, earlier than seven calendar days prior to posting the funds. See Appendix C (COD: Early Reporting Student List) for specific information regarding these students.

LTI also failed to report accurate payment data to COD for Students # 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30. The disbursement date on the ledger does not agree with the disbursement date reported to COD. See Appendix D (COD: Inaccurate Reporting Student List) for specific information regarding these students.

Inaccurate reporting may cause an increase in expense for students and the Department.

Required Action:

LTI must develop policies and procedures to ensure that Federal Direct Loan and Federal Pell Grant Program disbursement dates reported to COD reflect the dates the funds were disbursed to student accounts. The institution's policies and procedures must also ensure that disbursement data is not reported to COD earlier than seven calendar days prior to posting the funds. A copy of LTI's disbursement policies and procedures must be sent with the institution's response to the program review report.

Finding # 6: Student Enrollment Status Not Reported to NSLDS

Citation:

An institution shall, upon receipt of a Student Status Confirmation Report (SSCR) from the Secretary or a similar report from any guaranty agency, complete and return that report within 30 days of receipt. Further, unless the institution expects to submit its next SSCR to the Secretary or the guaranty agency within the next 60 days, the institution must notify the Secretary, guaranty agency or the lender within 30 days if:

- The institution discovers that a Federal loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis;
- The institution discovers that a Federal loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended;
- The institution discovers that a student who is enrolled has changed his or her permanent address. 34 C.F.R. § 685.309(b).

An institution must follow the record retention and examination requirements. 34 C.F.R. § 685.309(c).

Noncompliance:

LTI did not report enrollment status information to the National Student Loan Data System (NSLDS) for Students # 5, 6, 7, 8, 9, 11, 12, 22, 23, 29 and 30.

For Students # 5, 6, 7, 8, 9, 11 and 12, LTI did not send data to NSLDS to report the student's full-time enrollment status for the 2010-2011 award year.

For Students # 22, 23, 29 and 30, LTI did not send data to NSLDS to report the student's full-time enrollment status for the 2011-2012 award year.

Enrollment status reporting is critical for effective administration of Federal Direct Loans because the accuracy of student loan records depends heavily on the information reported by an institution. The institution is ultimately responsible for timely and accurate reporting, even when it uses a third party servicer to submit Enrollment Reporting files.

An institution's failure to report timely and accurate enrollment information may delay or prevent the student's eligibility for in-school status, deferment, grace periods, repayments, and the payment of interest subsidies.

Required Action:

LTI must review and revise the institution's policies and procedures to ensure that all student enrollment status information is reported to NSLDS in an accurate and timely manner. A copy of LTI's updated policies and procedures must be included with the institution's official response to the program review report.

Finding # 7: Crime Awareness Requirements Not Met - Required Crime Statistics and Policy Disclosures Inadequate/Omitted from Annual Security Report (ASR) and Failure to Distribute the ASR as a Comprehensive Document

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 program 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 prepared and actively distributed as a single document. Acceptable means of distribution include U.S. Mail, campus mail, hand delivery, or by posting the ASR on the institution's website. If an 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 and a link to its exact electronic address, a description of its contents, as well as 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 inform interested parties about how to obtain a paper copy of the ASR. 34 C.F.R. § 668.41(e)(4).

An institution's 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 assault, 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 (as a subset of category # 1); 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1).

In addition, 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 of the issuance of timely warnings and emergency notifications as well as its emergency response and evacuation procedures. All required information referenced in 34 C.F.R. § 668.46(b) must be published in the 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. 34 C.F.R. § 668.46(b).

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

Noncompliance:

LTI violated multiple provisions of the Clery Act. First, the institution omitted the following policy, procedural, and programmatic disclosures from its 2011 ASR or published statements that failed to provide sufficient detail in an area of mandatory disclosure. Omitted and/or inadequate disclosures were identified in the following areas:

- A description of programs by type and frequency that are designed to inform students and employees about the prevention of crimes;

- Sexual assault programs designed to prevent offenses and procedures to follow when an offense occurs and an explanation of how the institution will respond to an offense that is reported to school officials; and
- Plans for the conduct of annual tests of the institution's emergency response and evacuation procedures and the processes for documenting the results of these tests.

In addition to the above violations, LTI failed to disclose the accurate number of on-campus burglaries for the 2010 calendar year. On LTI's "Campus Crime Statistics" grid published as part of the 2011 ASR, one burglary was disclosed; however, this burglary was not included in LTI's submission to the Department's "Campus Safety and Security Data Analysis Cutting Tool."

Moreover, LTI failed to distribute its ASR in accordance with Federal regulations. Specifically, the review team found that the ASR was not delivered directly to current students and employees in the required manner. The Clery Act specifically requires institutions to actively distribute the report by U.S. Mail, campus mail, hand delivery, or by electronic means. If an institution elects to distribute its ASR electronically, it must either e-mail a PDF copy of the report to all students and employees or it must send all such persons an e-mail containing the ASR's exact electronic address, a summary of its contents, and other information. Furthermore, an institution must be able to substantiate its distribution efforts with appropriate supporting documentation, such as e-mail records, signed statements, etc.

LTI was unable to produce any supporting documentation to show that it has ever distributed its ASRs in the required manner. The failures identified above indicate a general failure on the part of the institution to implement the Clery Act. In this context, the Department notes that none of LTI's ASRs including the 2012 report are available on the institution's web site as of the date of this program review report

On May 29, 2012, subsequent to the Department's on-site visit (and after the institution was advised of the Department's initial assessment of Clery Act violations), LTI's Vice-President of Human Resources & Career Services submitted a revised 2011 ASR. Although LTI did not specify how the revised report would be distributed, the new ASR did contain information that addressed the initial inadequacies and omissions in a manner that was at least minimally-adequate. Further, the missing burglary statistic for 2010 was subsequently reported to the "Campus Safety and Security Data Analysis Cutting Tool" website. Notwithstanding any attempts by LTI to take corrective action in advance of the issuance of the Department's report, these violations constitute reportable conditions that must be documented herein.

Failure to publish an accurate and complete ASR and to actively distribute it to students and employees deprives interested persons of important campus security information to which they are entitled. Access to this information permits campus community members and their families to make well-informed decisions about where to work and study and empowers them to play a more active role in their own safety and security.

Required Action:

As a result of this violation, LTI must develop and implement substantive policies and procedures to ensure that all future ASRs are prepared, published, and distributed in accordance with the Clery Act and the Department's regulations. The new procedures also must articulate how prospective students and employees will be notified of the report's availability. Using its new policies as a guide, LTI must develop new content and take all other necessary corrective action to ensure that its 2013 ASR is accurate and materially-complete, meaning that the new ASR will include all of the statistical, policy, procedure and programmatic disclosures required by 34 C.F.R. § 668.46(b). A copy of LTI's new and revised policies and procedures and its 2013 ASR must accompany the institution's response to this program review report. Once the 2013 ASR is evaluated by the Department for accuracy and completeness, LTI will be required to actively distribute it to all current students and employees in accordance with 34 C.F.R. § 668.41(c).

Once the new ASR is distributed, LTI 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 Clery Act. This certification must also affirm that the institution understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

Included within the ASR must be a statement of policy regarding the institution's campus safety programs designed to prevent sex offenses. The statement must contain a description of the institution's educational programs designed to promote awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses. It must also include the procedures that a victim/survivor should adhere to when a sex crime does occur and address the following topics:

- who should be contacted;
- to whom the alleged offense should be reported;
- the student's option to notify appropriate law enforcement (LE) authorities;
- a statement that institutional personnel, if requested, will assist the student to notify LE;
- the importance of evidence preservation to prove the commission of a crime;
- existing on and off-campus counseling, mental health, or other student services that are available for victims of sex offenses;
- notification that the institution will change a victim's academic and or living situation after an alleged sex offense, if an accommodation is reasonably available;
- procedures for campus disciplinary action in cases of an alleged sex offense including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and,
- a statement that both the accuser and the accused must be informed of the outcome of such a proceeding and an explanation of the sanctions that may be

imposed following a finding of responsibility by a campus judicial body regarding rape, acquaintance rape, or other forcible or non-forcible sex offense case.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. LTI will be given an opportunity to address the violations identified above. In doing so, the institution will finally take the first steps toward compliance with the Clery Act and the terms and conditions of its PPA. However, LTI 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.

Based on an evaluation of all available information including LTI's response, the Department will determine if additional actions will be required to address this violation. The Department will advise the institution accordingly in the FPRD letter.

LTI officials may wish to refer to the Department's "Handbook for Campus Safety and Security Reporting" (2011 Edition) 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.

Finding # 8: Drug and Alcohol Abuse Prevention Program Requirements Not Met

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.

On an annual basis, each IHE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

- A written statement about its 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 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 biennial review materials must be maintained by the IHE and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

Noncompliance:

LTI violated multiple requirements of the DFSCA. The institution failed to provide an accurate and complete DAAPP to all employees and students enrolled for academic credit. Specifically, at the time of the Department's site visit, the DAAPP information provided to students did not include the following:

- 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; and
- A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs available to students and employees.

In addition, DAAPP information provided to employees did not include the following:

- A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 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.

In addition, LTI 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, LTI also failed to produce a report of biennial review findings. The Department's review indicates that LTI has never fully complied with the DFSCA during its participation in the Title IV, FSA programs.

On May 29, 2012, subsequent to the Department's on-site visit (and after the institution was advised of the Department's initial assessment of DFSCA violations), LTI's Vice-President of

Human Resources & Career Services submitted a revised DAAPP disclosure. The DFSCA requires an annual distribution of a compliant DAAPP disclosure to all employees and all students enrolled for academic credit. LTI did not specify how the DAAPP disclosure will be actively distributed going forward. The DAAPP information is currently incorporated into the ASR, which does not provide for an adequate means of distribution. To date, LTI has not explained and documented how the DAAPP was or will actively be distributed to students who enroll at points in the academic year other than the point at which the DAAPP may be made available in some form. The same concern applies to the longstanding lack of an adequate means of distributing the annual DAAPP disclosure to employees, including part-time and intermittent staff, who are hired at various points throughout the year. As noted above, the annual ASR distribution does not provide an adequate means of distribution for DFSCA purposes. Nevertheless, the Department's examination of the revised DAAPP disclosure did reveal that content was added to address the initial inadequacies and omissions identified during the pre-site visit preparation. Notwithstanding any attempts by LTI to take corrective action in advance of the issuance of the Department's report, it must be noted that these violations do constitute reportable conditions that must be documented herein.

Although some improvements were made to the DAAPP disclosure, LTI did not address what policies and procedures will be put in place to govern the conduct of the initial biennial review and the preparation of the biennial review report.

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 on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action:

LTI is required to take all necessary corrective actions to resolve these violations. At a minimum, the institution must:

- review and revise its DAAPP as needed to ensure that it 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 regardless of when their period of employment begins or ends.
- 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, LTI 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.

- must conduct a biennial review to: 1) evaluate the effectiveness of its existing drug and alcohol programs and its draft DAAPP; 2) identify necessary improvements and modifications; and, 3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. LTI must also prepare a detailed report of its findings and must incorporate its findings into its new comprehensive DAAPP.

The biennial review report must describe the research methods and data analysis tools that were 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 December 15, 2013 and be submitted to the Department by December 31, 2013.

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, LTI's persistent failure to conduct a biennial review necessitates that a review commence immediately. This will result in this and subsequent biennial reviews and reports to be completed in the odd-numbered years going forward. LTI must also 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. A copy of these policies and procedures must accompany the institution's biennial review report. As noted above, the exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. LTI will be given an opportunity to develop and distribute a comprehensive DAAPP disclosure and to conduct a substantive biennial review. In doing so, the institution will finally take the first steps toward compliance with the DFSCA and the terms and conditions of its PPA. However, LTI 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.

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

D. Appendices

Appendices A, B, C and D contain personally identifiable information. As a result, the FPRD letter will be e-mailed to LTI as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate e-mail.