



COPY

October 29, 2012

Dr. Gary Peluso-Verdend, President
Phillips Theological Seminary
901 North Mingo Road
Tulsa, OK 74116 - 5612

Certified Mail
Return Receipt Requested
7012 1010 0002 6534 0680

RE: **Final Program Review Determination**
OPE ID 02560200
PRCN 201140627689

Dear Dr. Peluso-Verdend:

The U.S. Department of Education's (Department's) School Participation Division Dallas issued a program review report on January 17, 2012 covering of Phillips Theological Seminary's (Phillips') 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 2009-2010 and 2010-2011 award years. Phillips' final response was received on March 22, 2012. A copy of the program review report (and related attachments) and Phillips' response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Phillips upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

The total liabilities due from the institution from this program review are \$4,678.59.

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

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

1999 Bryan St., Suite 1410, Dallas TX 75201-6817

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 finding in the attached report does not contain any student PII. Instead, each of the finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the January 17, 2012 program review report. If Phillips wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date Phillips receives this FPRD. An original and four copies of the information Phillips submits must be attached to the request. The request for an appeal must be sent to:

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

Phillips' appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures

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

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Dr. Joe L. Williams at 214-661-9510. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Cynthia Thornton, Director
Dallas School Participation Division

Enclosure: Final Program Review Determination Report

cc: Ann Jordan, Financial Aid Administrator
Oklahoma State Regents for Higher Education
Association of Theological Schools in the USA and Canada



Prepared for

Phillips Theological Seminary

OPE ID 02560200

PRCN 201140627689

Prepared by:

U.S. Department of Education

Federal Student Aid

Dallas School Participation Division

Final Program Review Determination

October 29, 2012

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

1999 Bryan Street, Suite 1410, Dallas, TX 75201-6817

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A. Institutional Information

Phillips Theological Seminary
901 North Mingo Road
Tulsa, OK 74116 - 5612

Type: Private, Non-Profit

Highest Level of Offering: Master's or Doctorate Degrees

Accrediting Agency: Association of Theological Schools in the USA and Canada

Current Student Enrollment: 76 (2010-2011)

% of Students Receiving Title IV: 69% (2008-2009 NCES)

Title IV Participation:

	2010-2011
Federal Family Education Loan Program (FFEL)	\$ 626,642.00

Default Rate:	2010	10.0%
	2009	6.9%
	2008	3.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Phillips Theological Seminary (Phillips) from August 15 through August 19, 2011. The review was conducted by Dr. Joe L. Williams and Ms. Dalinda Lasater.

The focus of the review was to determine Phillips' 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 Phillips' 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 2009-2010 and 2010-2011 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Phillips has taken the corrective actions necessary to resolve findings 2, 3, 4, 6, 7 and 8 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by Phillips are discussed below.

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 Phillips's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on January 17, 2012 is enclosed.

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

Finding 1: Incorrect or Missing Cost of Attendance (COA) Calculations

Citation: *An institution must use a correct cost of attendance and take into consideration all resources in determining those costs. Higher Education Act, §§ 472 and 480(j), 34 C.F.R. § 682.201*

Noncompliance: *Phillips calculated students' cost of attendance budgets using incorrect amounts for book expenses for several students in the sample. This action caused several students to be overawarded.*

Students #2, 5, 11, 13, 17, 20, 21, 24, 25 and 27 were overawarded due to incorrect book expenses. For example:

Student #2: The student's book expense was incorrectly stated on the cost of attendance budget for the fall 2009 semester. Phillips calculates book expenses at \$60.00 per credit hour. The cost of attendance budget was set for 9 credit hours; therefore, the student's book expense should have been \$540.00 instead of \$420.00.

In addition, the following students had other missing or incorrect costs of attendance:

Student #2: Along with incorrect book expenses, Phillips' failure to subtract the student's Seminary Tuition Assistance (80% Racial Ethnic Scholarship) from the cost of attendance caused the student to be over awarded by \$203.00 for the fall 2009 semester. Per National Student Loan Database System (NSLDS) records, the student received an FFEL Stafford unsubsidized loan disbursement for \$6,000.00; however, the student was only eligible to receive \$5,797.00. In addition, the cost of attendance budget for the spring 2010 semester was missing from the student's file.

Student #9: The student's cost of attendance budget for fall 2009 is incorrect because the calculation did not include all required components for the determination of need. The student was enrolled in 6 credit hours per the academic transcript in file. The total cost of attendance is \$7,855.00 for the fall semester. The Seminary did not account for \$1,110.00 in "Seminary Tuition Assistance".

Student #24: The student's cost of attendance budget was missing from the student's file. The student was enrolled in the summer 1 2011 semester and the academic transcript indicated that the student was enrolled in only 1.0 credit hour. The student's'

disbursement records showed that the student received FFEL subsidized and unsubsidized funds totaling \$5,702.00, credited to the student's ledger on 6/08/2011.

Student #27: The student's cost of attendance budget was missing for the fall 2010 semester and the academic transcript indicates that the student was enrolled in 9.5 credit hours. Per NSDLS records, an FFEL subsidized Stafford loan in the amount of \$3,777.00 was credited to the student's ledger on 11/02/10.

Required Action: *Phillips was required to accurately determine the students' cost of attendance for the fall and spring semesters combined starting with the 2009-2010 award year, if applicable. In addition Phillips was required to also document how cost determinations were made and provide documentation to justify the amounts used to comprise the components of the new 2009-2010 cost of attendance.*

Phillips was also required to perform a file review and determine if any students were ineligible for Title IV, HEA funds disbursed based on incorrect costs of attendance. For any student who was over-awarded Phillips was required to provide the following:

- *Student Name*
- *SSN (Last 4)*
- *Title IV HEA Program and Amount Disbursed*
- *Original Cost of Attendance*
- *Correct Cost of Attendance*
- *Amount Over Awarded, by Title IV, HEA program*

Phillips' Response: Phillips responded that based on their servicer's, Financial Aid Services (FAS), recalculations, several students were overawarded for the 2009-2010 award year.

The results of the file review indicated systematic errors in the cost of attendance calculations and student files that had missing, incomplete, or misfiled documentation.

Phillips stated that book expenses for students #2, 5, 11, 13, 17, 20, 21, 24, 25 and 27 from the DOE sample were miscalculated in the COA budgets due to the manual input of the book expense rather than utilizing the technology available to automate the calculation. Since Phillips has transitioned the processing of Title IV funds to Financial Aid Services (FAS), the COA budgets will be automatically calculated based on pre-defined costs thereby eliminating manual data input errors.

Student #2- The finding states that the student file had a missing COA budget for Spring 2010 and that the Fall 2009 budget was miscalculated. The missing COA budget was located. The student's file was recalculated by FAS which showed that the student was not over-awarded because the calculation errors noted in the COA budget in Fall 2009 were offset by the Spring 2010 COA budget.

Student #9- The finding states that the COA budget was incorrect. Based on the recalculation by FAS, it appears this student was over-awarded by \$504.00.

Student #24- The finding states the file was missing the COA budget. The budget was located and FAS recalculated the student's COA budget for the 2010-2011 award year.

Student #27- The finding states that the file was missing the COA budget for Fall 10. COA budget was located and the student was recalculated for the 2010-2011 award year.

Final Determination: Phillips determined the students' cost of attendance for the fall and spring semesters combined starting with the 2009-2010 award year. In addition, Phillips documented how cost determinations were made. Phillips provided documentation to justify the amounts used to comprise the components of the new 2009-2010 cost of attendance.

Phillips also performed a file review and determined that some students were ineligible for Title IV, HEA funds disbursed based on incorrect costs of attendance. However, adjustments were made by Phillips, either to the COA or by reallocating unsubsidized loan funds to subsidized loan funds, for many of the students identified. For the remaining students, including student #9, the ineligible funds disbursed are addressed in Finding 5.

Finding 5: Improper Certification of FFEL

Citation: The loan period is the period for which a loan is intended. The period must coincide with the academic term established by the school for which institutional charges are generally assessed, such as the semester, trimester, quarter, or length of the student's program or the academic year. 34 C.F.R § 682.603

The subsidized loan limit for a graduate or professional student is \$8,500.00 per academic year. The additional unsubsidized loan limit for graduate or professional students is \$12,000.00 per academic year. 34 C.F.R. § 682.204

The regulations define a graduate/professional student as a student who is enrolled in a program or course above the baccalaureate level or in a professional program and has completed the equivalent of 3 academic years of full-time study either prior to entrance or as part of the program itself. 34 C.F.R § 668.2(b)

Credit-hour programs offered in a Scheduled Academic Year (SAY) use a traditional academic calendar with at least two semesters or trimesters or three quarters in the fall through spring semesters. A SAY generally ends and begins at the same time each year; however, a student does not have to be enrolled in the first term of a SAY. A SAY for a program must at least meet the program's FSA academic year in weeks and hours. The

total of all loans received with SAY including summer trailer/header may not exceed the annual loan limit. A student becomes eligible for new annual loan limits after a SAY calendar period has elapsed. After the original loan, the student may receive additional loans during same SAY if the student did not receive the maximum annual loan amount and has remaining eligibility. 34 C.F.R § 682.204

Noncompliance: *The following students were improperly disbursed FFEL proceeds:*

Student #2: The student was awarded and received the total aggregate loan limit. However, a total of 80% of the attendance cost was subsidized by an institutional scholarship.

Student #3: The student received \$14,295.00 in unsubsidized Stafford loan disbursements for the 2009-2010 award year. Phillips exceeded the student's calculated need and the student was over awarded. The student was only eligible to receive \$12,000.00 in unsubsidized Stafford loan disbursements for the 2009-2010 award year.

Student #13: The student was awarded both FFEL subsidized and unsubsidized loans for the fall 2009 and spring 2010 semesters. Both loans were credited in one disbursement to the student's ledger on 2/22/10. The loan period for both loans, per NSLDS, was 1/26/2010 to 5/14/2010. Phillips' cost of attendance/award calculation spreadsheet differs from NSLDS showing a loan period of 8/24/2009 to 5/15/2010.

Student #15: The student received \$12,750 in subsidized Stafford loan disbursements and \$15,792 in unsubsidized Stafford loan disbursements for the 2009-2010 award year. The student was only eligible to receive \$8,500 in subsidized Stafford loan disbursements and \$12,000 in unsubsidized Stafford loan disbursements for the year.

Student #16: The amount of \$1,250.00 was not included as a resource before calculating the student's loan eligibility for the spring 2011 semester. Therefore, the student's FFEL unsubsidized Stafford loan award was calculated and disbursed incorrectly. The student was only eligible to receive a total of \$9,150.00 instead of \$10,400.00 in unsubsidized Stafford loan disbursements.

Student #17: The student was awarded both the FFEL subsidized and unsubsidized Stafford loans for the fall 2010 semester. Both loans were credited in one disbursement to the student's ledger on 9/16/2010. The loan period for both loans as per NSLDS was 8/25/2010 to 6/30/2011. Phillips' cost of attendance/award calculation spreadsheet states that the loan period was 8/31/10 to 12/17/2010.

Student #21: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the spring 2011 semester. Both loans were credited in one disbursement to the

student's ledger on 1/26/2011. The loan period for both loans as per NSLDS was 1/03/2011 to 5/14/2011. Phillips' notice of Stafford eligibility form and their cost of attendance/award calculation spreadsheet states that the loan period was 1/24/2011 to 5/14/2011. The student was also awarded both types of loans for the "summer I" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 6/09/2011, and both the notice of Stafford eligibility form and the cost of attendance/award calculation spreadsheet states that the loan period was 5/23/2011 to 7/01/2011. NSLDS records indicate that the loan periods were 5/23/2011 to 6/30/2011.

Student #22: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the "spring" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 2/16/2011. The loan period for both loans as per NSLDS was 1/03/2011 to 5/14/2011. Phillips' notice of Stafford eligibility form states that the loan period was 1/25/2011 to 5/14/2011. Phillips' cost of attendance/award calculation spreadsheet states that the loan period was 1/24/2011 to 5/14/2011.

Student #24: Book charges were incorrectly calculated in the fall 2010 cost of attendance budget. Therefore, the student's unsubsidized Stafford loan award was calculated and disbursed incorrectly. The student was only eligible to receive a total of \$8,870.00 instead of \$9,050.00 in unsubsidized Stafford loan disbursements.

Student #26: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the "summer I" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 7/18/2011. The loan period for both loans as per NSLDS was 5/23/2011 to 6/30/2011. Phillips' notice of Stafford eligibility form and its cost of attendance/award calculation spreadsheet states that the loan period was 6/20/2011 to 6/30/2011.

Student #27: An FFEL subsidized Stafford loan was credited to the student's ledger on 2/16/2011, in the amount of \$4,250.00; however, it does not appear as a disbursement in NSLDS under the loan period of 8/25/2010 to 6/30/2011.

Student #28: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the "summer I" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 6/15/2011. The loan period for both loans as per NSLDS was 5/23/2011 to 6/30/2011. Phillips' notice of Stafford eligibility form and its cost of attendance/award calculation spreadsheet states that the loan period was 6/20/2011 to 7/01/2011.

Student #29: The student was awarded a FFEL subsidized Stafford loan for \$4,250.00 and an unsubsidized loan for \$6,000.00. One disbursement of \$10,200 was credited to the student's ledger on 9/16/2010. The loan period for both loans as per NSLDS records was 8/25/2010 to 6/30/2011. Phillips' cost of attendance/award calculation spreadsheet

states that the loan period was 8/31/2010 to 12/17/2010. The student's graduation date as indicated on the academic transcript was 12/31/2010.

Required Action: *Phillips was required to return the ineligible FFEL disbursements to each student's lenders and provide adequate documentation (copy of cancelled check, front and back) in response to this program review report.*

The institution was required to recalculate the loan applications for the above-mentioned students and include all financial assistance which the students received for the loan period to determine if the applications were correctly certified.

Phillips' Response: Phillips engaged FAS to recertify and recalculate FFEL awards based on corrected cost of attendance amounts for the 2009 -2010 award year. In addition, FAS was engaged to recertify and recalculate all students' loan eligibility for both the 2009-2010 and 2010-2011 award years. As a result of the recalculation, several students were overawarded FFEL funds. For example:

Student #9- The COA budget was incorrect. Based on the recalculation by FAS, this student was over-awarded by \$504.00.

Student #15- The finding states that the student was awarded \$12,750.00 in subsidized loan funds and \$15,792.00 in unsubsidized loan funds. Phillips acknowledges the over-award of \$4,250.00 for the 2009-2010 award year. The over-award resulted from the practice of treating the summer I and II terms separate. Going forward, the institution will ensure that its loan packaging practices are in compliance with a standard academic year.

Final Determination: The total amount of FFEL funds (subsidized and unsubsidized) disbursed to students who had incorrect or missing COA calculations and FFEL overawards during the 2009-2010 and 2010-2011 award years is \$27,940.00. The summary spreadsheet is included as part of Appendix B.

Student

F1. Unsubsidized Loan	\$	120.00
F2. Subsidized Loan	\$	150.00
F3. Subsidized and Unsubsidized Loans	\$	3,378.00
F4. Subsidized Loan	\$	2,998.00
F5. Unsubsidized Loan	\$	440.00
19. Unsubsidized Loan	\$	579.00
9. Unsubsidized Loan	\$	504.00
11. Unsubsidized Loan	\$	90.00
F9. Unsubsidized Loan	\$	180.00

F10.Subsidized Loan	\$	1,997.00
12.Subsidized Loan	\$	2,880.00
F12.Subsidized Loan	\$	3,027.00
F13.Unsubsidized Loan	\$	614.00
15.Subsidized Loan	\$	4,250.00
F15.Unsubsidized Loan	\$	2,098.00
29.Unsubsidized Loan	\$	2,908.00
30.Subsidized Loan	\$	1,727.00
Total \$		27,940.00

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder(s), the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loans or loan amounts. The estimated actual loss (EAL) to the Department that has resulted or will result from those ineligible loans is based on Phillips' most recent cohort default rate available, which is 10.0 percent. As a result, the estimated actual loss that Phillips must pay to the Department for the ineligible loans is \$4,678.59. A copy of the results of that calculation is included as Appendix D.

D. Summary of Liabilities

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

Established Liabilities

Initial Liabilities	DL/FFEL	EAL DL/FFEL
Finding 5	\$27,940.00	
Subtotal		\$4,678.59
Total		\$4,678.59

E. Payment Instructions

Phillips Theological Seminary
OPE ID 02560200
PRCN 201140627689
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Phillips owes to the Department \$4,678.59. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

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

Remit checks only. Do not send correspondence to this address. Payment must be made via check and sent to the above Post Office Box, payment and/or adjustments made via GAPS/G5 will not be accepted as payment of this liability.

The following identification data must be provided with the payment:

Amount: \$4,678.59
DUNS: 618090666
TIN: 731303821
PRCN: 201140627689

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

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6111
Washington, DC 20202-4461

If within 45 days of the date of this letter, Phillips has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due Phillips from the Federal Government. Phillips may object to the collection by offset only by challenging the existence or amount of the debt. To challenge the debt, Phillips must timely appeal this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. No separate appeal opportunity will be provided. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

F. Appendices

Appendix A – Original Student Sample

Appendix B – Phillips' Written Responses and File Review Results

Appendix C – Students Identified as a Result of the File Review

Appendix D – Program Review Report

Appendix E – Estimated Actual Loss

Appendix A - Original Student Sample

2009-2010

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



Appendix B- Phillips' Written Responses and File Review Results

March 16, 2012

Dr. Joe L. Williams
Senior Institutional Review Specialist
1999 Bryan Street, Suite 1410
Dallas, TX 75201-6817

**RE: Program Review Report
OPE ID 02560200
PRCN 201140627689**

Dear Dr. Williams:

Phillips Theological Seminary received the program review report dated January 17, 2012 which summarizes the findings of the DOE onsite review that occurred August 15 through August 19, 2011 of the administration of Title IV funds by the seminary. Our response to the findings, along with information regarding subsequent changes in the financial aid process at PHILLIPS, follows. The administration at PHILLIPS hopes that our responses to the findings display our willingness to take corrective actions and our desire to administer a top-notch financial aid program. We understand that the changes we are instituting will not bring about all the necessary improvements immediately; however, we reaffirm our commitment to continuous improvement.

The biggest change made since receiving your review is that, in February 2012, PHILLIPS engaged a third party servicer to administer the federal financial aid program regulated by Title IV. Financial Aid Services, Inc. (FAS), a well-established third party processor with over 30 years of experience, was selected by PHILLIPS administration to take over the verification and processing of the Title IV funds. This arrangement substantially alters the scope of PHILLIPS's responsibility for processing of Title IV funds. As a result, the duties and responsibilities of the financial aid office and the current director of financial aid position are being completely restructured. This transition remedies many issues PHILLIPS has experienced with the processing of Title IV funds. The administration believes that this is the first step in addressing the concerns raised by the DOE review team during the August site visit exit interview.

In addition to engaging FAS as a third party processor, PHILLIPS engaged FAS to assist in the research and resolution of the findings identified in the program review report. PHILLIPS engaged FAS to review and recalculate the entire 9/10 award year. Results of the recertification of the 9/10 award year are located at *attached*.

Based on FAS's review of the year and files your team assessed, PHILLIPS makes the following responses to your team's findings:

Finding 1

Incorrect or Missing Cost of Attendance Calculations- *Phillips calculated students' cost of attendance (COA) budgets using incorrect amounts for book expenses for several students in the sample. This action caused several students to be over-awarded. In addition, several students (students #2, 9, 24, and 27) had other missing or incorrect costs of attendance.*

PHILLIPS Response: Based on the FAS recalculation, PHILLIPS over-awarded 16 students for the 9/10 award year, see summary listing at *attached*.

The results of the FAS review indicated systematic errors in the cost of attendance calculations and student files that had missing, incomplete, or misfiled documentation.

- **Book Expenses-** Students #2, 5, 11, 13, 17, 20, 21, 24, 25 and 27 from the DOE sample (see *attached*.)- were miscalculated in the COA budgets due to the manual input of the book expense rather than utilizing the technology available to automate the calculation. Since PHILLIPS has transitioned the processing of Title IV funds to FAS, the COA budgets will be automatically calculated based on pre-defined costs thereby eliminating manual data input errors.
- **Student #2-** The findings state that the student file had a missing COA budget for Spring 2010 and that the Fall 2009 budget was miscalculated. The missing COA budget was located. The student's file was recalculated by FAS which showed that PHILLIPS did not over-award the student because the calculation errors noted in the COA budget in Fall 2009 were offset by the Spring 2010 COA budget.
- **Student #9-** The findings state that the COA budget was incorrect. Based on the recalculation by FAS, it appears this student was over-awarded by \$768.00, see *attached*.
- **Student #24-** The findings state the file was missing the COA budget. The budget was located and FAS recalculated the student's COA budget for the 10/11 award year. See *attached*.
- **Student #27-** The findings state the file was missing the COA budget for Fall 10. COA budget was located and the student was recalculated for the 10/11 award year. See *attached*.

Substantiation for the costs in the COA budgets for the 9/10 award year is located at *attached*.. In order to ensure the completeness and accuracy of student files and to ensure files are easy to review, PHILLIPS is developing file documentation checklists. By working with FAS and by utilizing the checklists, PHILLIPS will ensure consistent and correct processes are followed.

Finding 2

Packaging Policy/Loan Under-Awards- *Several students in the sample were not packaged Title IV funds up to an amount sufficient to cover their need or eligibility. In some instances, Phillips*

calculated the students' cost of attendance budgets for one semester at a time. This awarding process has the potential of causing under awards for the financial aid award year.

PHILLIPS Response:

PHILLIPS has altered the packaging of its Title IV funds to be based on the scheduled academic year (SAY) rather than term by term. If a student plans to take summer courses, the loan limits of the SAY will be applied.

PHILLIPS acknowledges the lack of a comprehensive packaging policy. As part of a year-long strategic planning process, PHILLIPS identified the efficient and equitable awarding of PHILLIPS scholarships as a strategic goal for the institution. PHILLIPS administration is in the process of developing a comprehensive packaging policy for all financial aid, not just Title IV loans, that will complement our strategic goals and enable PHILLIPS to efficiently, equitably, and accurately award financial aid. A copy of the policy will be provided no later than June 1, 2012 to the DOE.

Finding 3

Improper/Undocumented Professional Judgment- The institution did not properly document its use of professional judgment to change the EFC for one student.

PHILLIPS Response: Support for the professional judgment performed on student #4 in the 9/10 award year is attached as *attached*. With the assistance of FAS, PHILLIPS has implemented professional judgment forms to fill out if performing a professional judgment, examples attached as *attached*. All professional judgments must adhere to the documentation requirements and procedures dictated by the professional judgment worksheets and approved by FAS.

Finding 4

Entrance Counseling Deficiencies- *Phillips failed to provide documentation that entrance counseling for the following students was conducted: Students #3 and #7.*

PHILLIPS Response- Students #3 and #7 received entrance counseling; however, documentation was only located for student #3 and is attached at *attached*. PHILLIPS has contacted Nelnet to obtain a copy from the archives for student #7. PHILLIPS has verified through review of the 9/10 award year files that all students who received Title IV funds also received entrance counseling.

PHILLIPS currently has no written policy in place in regards to entrance counseling. PHILLIPS is working to update and formalize the process. A formal policy will be completed and provided to the DOE by June 1, 2012. In addition, to further improve the financial aid process, PHILLIPS is developing file documentation checklists to ensure all financial aid files are complete, organized, and accurate.

Finding 5

Improper Certification FFEL- *The following students were improperly disbursed FFEL proceeds: #2, 3, 13, 15, 16, 17, 21, 22, 24, 26, 27, 28 and 29.*

PHILLIPS Response: PHILLIPS engaged FAS to recertify and recalculate the entire 9/10 award year, results located at *attached*. In addition, PHILLIPS engaged FAS to recertify and recalculate all students selected for review for the 10/11 award year, see listing of student sample provided by DOE at *attached*, and results of FAS review of 10/11 students at *attached*. The program review report requested the following students: #'s 16, 17, 21, 22, 24, 26, 27, 28, and 29 be recalculated. Resolution of findings by student number is as follows:

- Student #2- Cost of attendance was recalculated by FAS for the 9/10 award year (see *attached*). The recalculation substantiated the amount ultimately awarded to this particular student for this period by PHILLIPS. The findings state the student received a scholarship for 80% of the cost of attendance; however, the scholarship actually was for 80% of tuition only and was reflected properly on the cost of attendance budget. Based on these facts, the student was not over-awarded.
- Student #3- The findings state the student was awarded \$14,295 in unsubsidized Stafford loan disbursements which exceeded the \$12,000 eligibility by \$2,295. However, the student had available subsidized loan eligibility of \$3,500. If loan funds are re-allocated from unsub to sub, there is no over-award for the 9/10 award year.
- Student #13- The findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. The error resulted from a manual data input error. Going forward the, COA budgets will be automated thereby preventing data input errors of this nature.
- Student #15- The findings state the student was awarded \$12,750 subsidized and \$15,792 in unsubsidized Stafford loan disbursements. PHILLIPS acknowledges the over-award of \$8,042 for the 9/10 award year. The over-award resulted from PHILLIPS's practice of treating the summer I and II terms separate. Going forward, our loan packaging practices will be in compliance with a SAY.
- Student #16- Cost of attendance was recalculated by FAS for the 10/11 award year for this student. The scholarship was adjusted from the cost of attendance calculation during the recalculation which resulted in an over-award of \$1,240 for the 10/11 award year. *attached*.
- Student #17- The findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. As noted earlier, PHILLIPS had been packaging Fall and Spring terms separately. As a result, the loan period per our internal document reflected just the dates for the Fall term. PHILLIPS has corrected the practice of treating the terms separately. Going forward, the internal documentation will reflect the appropriate loan period according to NSLDS.
- Student #21- The findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. As noted with student #17, PHILLIPS had been packaging Fall and Spring terms separately. In addition, as noted under Finding 1, PHILLIPS was also awarding Title IV funds for Summer terms separately. As a result, the loan period per our internal document reflected just the dates for the specific term.

PHILLIPS has corrected the practice of treating the terms separately. Going forward, the internal documentation will reflect the appropriate loan period according to NSLDS.

- Student #22- The findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. As noted earlier, PHILLIPS had been packaging Fall and Spring terms separately. As a result, the loan period per our internal document reflected just the dates for the Fall term. PHILLIPS has corrected the practice of treating the terms separately. Going forward, the internal documentation will reflect the appropriate loan period according to NSLDS.
- Student #24- The findings state the cost of attendance calculation was incorrect due to a miscalculation of the book charges. FAS recalculated the cost of attendance for the particular student. See *attached*.
- Student #26- The findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. PHILLIPS awarded Title IV loan funds for the Dmin program differently than the other loan eligible programs. As a result, the loan period per our internal document reflected just the dates for the specific term rather than the correct loan period. Going forward, the internal documentation will reflect the appropriate loan period according to NSLDS.
- Student #27- The findings state the ledger for this particular student reflects a loan disbursement of \$4,250 that is not reflected by NSLDS. After review of this student account, PHILLIPS acknowledges the discrepancy and is continuing to research the resolution. With the assistance of FAS, PHILLIPS will be reconciling the 10/11 award year with COD. Currently, the 10/11 award year shows approximately \$15,000 in unsubstantiated funds that we will be working to reconcile.
- Student #28- The findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. As noted with student #26, PHILLIPS awarded Title IV loan funds for the Dmin program differently than the other loan eligible programs. As a result, the loan period per our internal document reflected just the dates for the specific term rather than the correct loan period. Going forward, the internal documentation will reflect the appropriate loan period according to NSLDS.
- Student #29- As with Student #17, the findings state there is a discrepancy between the loan period per NSLDS and the loan period per the PHILLIPS cost of attendance worksheet. PHILLIPS acknowledges the discrepancy. As noted earlier, PHILLIPS had been packaging Fall and Spring terms separately. As a result, the loan period per our internal document reflected just the dates for the Fall term. PHILLIPS has corrected the practice of treating the terms separately. Going forward, the internal documentation will reflect the appropriate loan period according to NSLDS.

Finding 6

Consumer Information Requirements Not Met- *Phillips failed to provide or make information available regarding its financial assistance programs to current and prospective students.*

PHILLIPS Response: Although PHILLIPS describes its financial assistance programs in the catalog and the website, consumer information requirements require a broader scope of information to be disclosed and/or made available. The consumer information requirements are being reviewed closely and administration is working to develop the appropriate policies and procedures to meet the requirements. A policy will be developed and provided to the DOE by June 1, 2012.

Finding 7

Crime Awareness Requirements Not Met- *Phillips did not provide all required campus security policies.*

PHILLIPS Response: PHILLIPS acknowledges that the campus security policy in place was not comprehensive and was missing some of the Clery Act requirements. A revised Campus Security Policy for PHILLIPS will be provided to the DOE by June 1, 2012. This policy will be revised in conjunction with the development of a consumer information requirements policy and a revision of the PHILLIPS substance abuse policy.

To assist with the revision of the policy, PHILLIPS administration has downloaded "The Handbook for Campus Safety and Security Reporting" from the department's website and recently participated in an educational seminar regarding compliance with the Clery Act requirements. When complete, the revised policy will be distributed via email to all current students and staff. In addition, PHILLIPS will ensure that the annual security report is distributed annually via email to all current students and staff and also made available on the website.

Finding 8

Drug Abuse Prevention Program Requirements Not Met- *The institution's distribution plan for its drug prevention program does not include provisions for providing materials to students who enroll at some date after the initial distribution and for employees who are hired at different times throughout the year. The institution does not have a written description of legal sanctions imposed under local, State, or Federal law for unlawful possession or distribution of illicit drugs and alcohol. Phillips does not provide a description of drug or alcohol counseling, treatment, or any rehabilitation service available to students and employees.*

PHILLIPS Response: PHILLIPS is developing a consumer information requirements policy and updating the campus security policy to be compliant with the Clery Act. As part of this policy work, PHILLIPS will be updating its substance abuse policy to ensure consistency. An updated substance abuse policy addressing the noted deficiencies will be provided to the DOE by June 1, 2012.

Summary

Based on the above responses, PHILLIPS has identified the following items that are currently in process that require follow up with the DOE:

- Entrance Counseling Policy
- Packaging Policy
- Reconciliation of 10/11 award year with COD

- Consumer Information Policy and Procedures
- Comprehensive Campus Security Policy
- Substance Abuse Policy

In the response above, PHILLIPS acknowledges deficiencies and errors regarding the processing of Title IV loans. With the move to outsourcing the loan verification and processing to FAS, previously manual inputs are now automated, a change which will eliminate the calculation and inconsistent documentation errors noted by the report. In addition, there is now a third-party check to ensure that loan limits and processes are applied.

In making the changes described above, PHILLIPS hopes to demonstrate a good faith effort to improve our processes. We look forward to continuing to work with the DOE towards the goal of administering our financial aid programs with confidence, clarity, and accuracy.

Best regards,

Lora Conger
VP of Administration and CFO
Phillips Theological Seminary

File Review Results

**Phillips Theological Seminary
 09/10 Re-Certification Overview
 (Provided by FAS)**

<u>Student Name</u>	<u>School</u>	<u>SUB</u> <u>Re-cert</u>	<u>Variance</u>	<u>School</u>	<u>UNSUB</u> <u>Re-cert</u>	<u>Variance</u>	<u>Final</u> <u>Variance</u>	<u>Comments</u>
(b)(7)(E)	\$4,250.00	\$6,341.00	\$2,091.00	\$2,723.00	\$512.00	\$2,211.00	\$120.00	reallocate \$2091 from unsub to sub and refund \$120 unsub overpayment
	\$1,074.00	\$2,130.00	\$1,056.00	\$6,000.00	\$4,944.00	\$1,056.00	\$0.00	need to reallocate funds from unsub to sub
	\$4,250.00	\$7,533.00	\$3,283.00	\$3,283.00	\$0.00	\$3,283.00	\$0.00	reallocate unsub to sub
	\$4,250.00	\$2,542.00	\$1,708.00	\$1,302.00	\$2,860.00	\$1,558.00	\$150.00	reallocate \$1558 sub to unsub and refund \$150 sub overpayment
	\$6,821.00	\$8,500.00	\$1,679.00	\$9,269.00	\$7,590.00	\$1,679.00	\$0.00	need to reallocate funds from unsub to sub
	\$4,250.00	\$0.00	\$4,250.00	\$6,000.00	\$10,250.00	\$4,250.00	\$0.00	need to reallocate funds from sub to unsub
	\$0.00	\$0.00	\$0.00	\$12,000.00	\$12,000.00	\$0.00	\$0.00	
	\$10,888.00	\$8,500.00	\$2,388.00	\$12,990.00	\$12,000.00	\$990.00	\$3,378.00	refund \$2388 to sub and \$990 to unsub
	\$0.00	\$0.00	\$0.00	\$6,000.00	\$6,000.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00	\$0.00	
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	no aid awarded per NSLDS
	\$0.00	\$0.00	\$0.00	\$1,369.00	\$1,369.00	\$0.00	\$0.00	
	\$5,000.00	\$8,500.00	\$3,500.00	\$14,295.00	\$10,795.00	\$3,500.00	\$0.00	reallocate unsub to sub
	\$4,250.00	\$4,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	\$4,250.00	\$2,493.00	\$1,757.00	\$6,000.00	\$7,757.00	\$1,757.00	\$0.00	need to reallocate funds from sub to unsub
	\$8,500.00	\$0.00	\$8,500.00	\$12,000.00	\$20,500.00	\$8,500.00	\$0.00	need to reallocate funds from sub to unsub - had to pay on original ISIR as no 02 on file

(b)(7)(E)	\$0.00	\$0.00	\$0.00	\$6,000.00	\$6,000.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$12,000.00	\$12,000.00	\$0.00	\$0.00	
	\$2,998.00	\$0.00	\$2,998.00	\$0.00	\$0.00	\$0.00	\$2,998.00	Summer term not aid eligible on it's own - need to refund sub overpayment
	\$8,500.00	\$8,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$2,360.00	\$1,920.00	\$440.00	\$440.00	refund unsub overpayment
	\$6,396.00	\$8,500.00	\$2,104.00	\$8,575.00	\$5,892.00	\$2,683.00	\$579.00	reallocate \$2104 from unsub to sub, refund \$579 as unsub overpayment
	\$8,500.00	\$8,500.00	\$0.00	\$9,870.00	\$9,870.00	\$0.00	\$0.00	
	\$7,422.00	\$8,500.00	\$1,078.00	\$3,281.00	\$1,699.00	\$1,582.00	\$504.00	reallocate \$1582 from unsub to sub and refund \$504 unsub overpayment
	\$4,250.00	\$7,998.00	\$3,748.00	\$5,732.00	\$1,984.00	\$3,748.00	\$0.00	need to reallocate funds from unsub to sub
	\$4,250.00	\$7,353.00	\$3,103.00	\$5,781.00	\$2,678.00	\$3,103.00	\$0.00	need to reallocate funds from unsub to sub
	\$8,500.00	\$8,500.00	\$0.00	\$12,000.00	\$12,000.00	\$0.00	\$0.00	
	\$4,250.00	\$6,508.00	\$2,258.00	\$2,520.00	\$172.00	\$2,348.00	\$90.00	reallocate \$2258 from sub to unsub and refund \$90 unsub overaward
	\$3,039.00	\$5,298.00	\$2,259.00	\$10,000.00	\$7,561.00	\$2,439.00	\$180.00	reallocate \$2259 from unsub to sub and refund remaining unsub overpayment
	\$1,997.00	\$0.00	\$1,997.00	\$0.00	\$0.00	\$0.00	\$1,997.00	Summer term not aid eligible on it's own - need to refund sub overpayment
	\$11,380.00	\$8,500.00	\$2,880.00	\$12,000.00	\$12,000.00	\$0.00	\$2,880.00	sub for summer appears to have been paid in 10/11 but summer term is not eligible on it's own
	\$4,250.00	\$8,500.00	\$4,250.00	\$6,000.00	\$1,750.00	\$4,250.00	\$0.00	need to reallocate funds from unsub to sub
	\$0.00	\$0.00	\$0.00	\$6,000.00	\$6,000.00	\$0.00	\$0.00	
	\$3,027.00	\$0.00	\$3,027.00	\$0.00	\$0.00	\$0.00	\$3,027.00	Summer I session - should have been trailer to 08/09 award year, need to refund
	\$5,473.00	\$8,500.00	\$3,027.00	\$12,000.00	\$8,973.00	\$3,027.00	\$0.00	reallocate from unsub to sub
	\$0.00	\$0.00	\$0.00	\$6,000.00	\$6,000.00	\$0.00	\$0.00	
	\$5,265.00	\$4,880.00	\$385.00	\$0.00	\$385.00	-\$385.00	\$0.00	need to reallocate funds from sub to unsub
	\$0.00	\$0.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00	\$0.00	
\$6,135.00	\$7,886.00	\$1,751.00	\$5,512.00	\$3,147.00	\$2,365.00	\$614.00	reallocate \$1751 from unsub to sub and return \$614 unsub overpayment	

(b)(7)(E)	\$6,452.00	\$7,666.00	\$1,214.00	\$4,000.00	\$2,786.00	\$1,214.00	\$0.00	need to reallocate funds from unsub to sub
	\$2,125.00	\$5,125.00	\$3,000.00	\$3,000.00	\$0.00	\$3,000.00	\$0.00	need to reallocate funds from unsub to sub
	\$0.00	\$0.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00	\$0.00	
	\$12,750.00	\$8,500.00	\$4,250.00	\$12,000.00	\$12,000.00	\$0.00	\$4,250.00	
	\$6,446.00	\$6,446.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$11,464.00	\$11,464.00	\$0.00	\$0.00	
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	no aid paid per NSLDS
	\$0.00	\$0.00	\$0.00	\$4,500.00	\$4,500.00	\$0.00	\$0.00	
	\$4,250.00	\$3,474.00	\$776.00	\$5,032.00	\$5,808.00	-\$776.00	\$0.00	need to reallocate funds from sub to unsub
	\$6,896.00	\$8,500.00	\$1,604.00	\$10,574.00	\$6,872.00	\$3,702.00	\$2,098.00	reallocate \$1604 from unsub to sub and refund remaining unsub overpayment
	\$4,250.00	\$8,500.00	\$4,250.00	\$5,732.00	\$1,482.00	\$4,250.00	\$0.00	need to reallocate funds from unsub to sub
	\$10,255.00	\$8,500.00	\$1,755.00	\$0.00	\$1,755.00	\$1,755.00	\$0.00	reallocate from sub to unsub
	\$0.00	\$5,631.00	\$5,631.00	\$12,000.00	\$6,369.00	\$5,631.00	\$0.00	need to reallocate funds from unsub to sub
	\$4,250.00	\$4,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$12,000.00	\$12,000.00	\$0.00	\$0.00	
	\$8,500.00	\$8,500.00	\$0.00	\$14,908.00	\$12,000.00	\$2,908.00	\$2,908.00	funds for Summer1 included as it would be a trailer to C9/10 award year, refund \$2908 ovtpmt
	\$4,250.00	\$2,297.00	\$1,953.00	\$3,789.00	\$4,015.00	-\$226.00	\$1,727.00	reallocate \$226 sub to unsub and refund \$1727 sub overpayment

Appendix C – Students with Liabilities

(b)(7)(E)	Unsubsidized Loan	\$	120.00
	Subsidized Loan	\$	150.00
	Subsidized and Unsubsidized Loans	\$	3,378.00
	Subsidized Loan	\$	2,998.00
	Unsubsidized Loan	\$	440.00
	Unsubsidized Loan	\$	579.00
	Unsubsidized Loan	\$	504.00
	Unsubsidized Loan	\$	90.00
	Unsubsidized Loan	\$	180.00
	Subsidized Loan	\$	1,997.00
	Subsidized Loan	\$	2,880.00
	Subsidized Loan	\$	3,027.00
	Unsubsidized Loan	\$	614.00
	Subsidized Loan	\$	4,250.00
	Unsubsidized Loan	\$	2,098.00
	Unsubsidized Loan	\$	2,908.00
	Subsidized Loan	\$	1,727.00

Appendix D - Program Review Report



January 17, 2012

Dr. Gary Peluso-Verdend, President
Phillips Theological Seminary
901 North Mingo Road
Tulsa, OK 74116 - 5612

Certified Mail
Return Receipt Requested

No. 7002 3150 0005 7292 5901

RE: Program Review Report
OPE ID 02560200
PRCN 201140627689

Dear Dr. Peluso-Verdend:

From August 15, 2011 through August 19, 2011, Dr. Joe L. Williams and Ms. Dalinda Lasater conducted a review of Phillips Theological Seminary's (Phillips) 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 Phillips. The response should include a brief, written narrative for each finding that clearly states Phillips's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Phillips 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).

School Participation Team Dallas
1999 Bryan Street, Suite 1410, Dallas, Texas 75201-6817
www.FederalStudentAid.ed.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 Phillips 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.

The institution's response should be sent directly to Dr. Joe L. Williams of this office within 60 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. 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 Dr. Joe L. Williams at 214-661-9510 or Joe.Williams@Ed.Gov.

Sincerely,

(b)(6)

Jesus Moya
Team Leader

cc: Ms. Ann Jordan, Financial Aid Administrator

Enclosure:

Protection of Personally Identifiable Information

Prepared for

Phillips Theological Seminary



START HERE
GO FURTHER
FEDERAL STUDENT AID

OPE ID 02560200

PRCN 201140627689

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Team - Dallas

Program Review Report

January 17, 2012

School Participation Team – SC - Dallas
1999 Bryan Street, Suite 1410, Dallas, TX 75201-6817
www.FederalStudentAid.ed.gov

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Phillips Theological Seminary
OPE ID 02560200
PRCN 201140627689
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A. Institutional Information

Phillips Theological Seminary
901 North Mingo Road
Tulsa, OK 74116 - 5612

Type: Private, Non-Profit

Highest Level of Offering: Master's or Doctorate Degrees

Accrediting Agency: Association of Theological Schools in the USA and Canada

Current Student Enrollment: 76 (2010-2011)

% of Students Receiving Title IV: 69% (2008-2009 NCES)

Title IV Participation (PEPS):

	2009-2010
Federal Family Education Loan Program (FFEL)	\$ 626,642.00

Default Rate FFEL:	2009	6.9%
	2008	3.4%
	2007	3.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Phillips Theological Seminary (Phillips) from August 15 through August 19, 2011. The review was conducted by Dr. Joe L. Williams and Ms. Dalinda Lasater.

The focus of the review was to determine Phillips' 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 Phillips' 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 2009-2010 and 2010-2011 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

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

C. Findings

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

Finding 1: Incorrect or Missing Cost of Attendance (COA) Calculations

Citation: An institution must use a correct cost of attendance and take into consideration all resources in determining those costs. *Higher Education Act, §§ 472 and 480(j), 34 C.F.R. § 682.201*

Noncompliance: Phillips calculated students' cost of attendance budgets using incorrect amounts for book expenses for several students in the sample. This action caused several students to be overawarded.

Students #2, 5, 11, 13, 17, 20, 21, 24, 25 and 27 were overawarded due to incorrect book expenses. For example:

Student #2: The student's book expense was incorrectly stated on the cost of attendance budget for the fall 2009 semester. Phillips calculates book expenses at \$60.00 per credit hour. The cost of attendance budget was set for 9 credit hours; therefore, the student's book expense should have been \$540.00 instead of \$420.00.

In addition, the following students had other missing or incorrect costs of attendance:

Student #2: Along with incorrect book expenses, Phillips failed to subtract the student's Seminary Tuition Assistance (80% Racial Ethnic Scholarship) from the cost of attendance caused the student to be over awarded by \$203.00 for the fall 2009 semester. Per National Student Loan Database System (NSLDS) records, the student received an FFEL Stafford unsubsidized loan disbursement for \$6,000.00; however, the student was only eligible to receive \$5,797.00. In addition, the cost of attendance budget for the spring 2010 semester was missing from the student's file.

Student #9: The student's cost of attendance budget for fall 2009 is incorrect because the calculation did not include all required components for the determination of need. The student was enrolled in 6 credit hours per the academic transcript in file. The total cost of attendance is \$7,855.00 for the fall semester. The Seminary did not account for \$1,110.00 in "Seminary Tuition Assistance".

Student #24: The student's cost of attendance budget was missing from the student's file. The student was enrolled in the summer 1 2011 semester and the academic transcript indicated that the student was enrolled in only 1.0 credit hour. The student's disbursement records showed that the student received FFEL subsidized and unsubsidized funds totaling \$5,702.00, credited to the student's ledger on 6/08/2011.

Student #27: The student's cost of attendance budget was missing for the fall 2010 semester and the academic transcript indicates that the student was enrolled in 9.5 credit hours. Per NSDLS records, an FFEL subsidized Stafford loan in the amount of \$3,777.00 was credited to the student's ledger on 11/02/10.

Required Action: Phillips must accurately determine the students' cost of attendance for the fall and spring semesters combined starting with the 2009-2010 award year, if applicable. In addition Phillips must also document how cost determinations were made. Please provide documentation to justify the amounts used to comprise the components of the new 2009-2010 cost of attendance.

Phillips must also perform a file review and determine if any students were ineligible for Title IV, HEA funds disbursed based on incorrect costs of attendance. For any student who was over awarded Phillips must provide the following:

- Student Name
- SSN (Last 4)
- Title IV HEA Program and Amount Disbursed
- Original Cost of Attendance
- Correct Cost of Attendance
- Amount Over Awarded, by Title IV, HEA program

Further instructions will be provided in the Final Program Review Determination Letter.

Finding 2. Packaging Policy/Loan Under-Awards

Citation: An institution may originate a loan for an amount less than the borrower's maximum eligibility. However, the institution must ensure that these decisions are documented, provided to the borrower in writing, made on a case-by-case basis, and do not constitute a pattern or practice that denies access to borrowers because of race, sex, color, income, religion, national origin, age, disability status or income. *34 C.F.R § 685.301(a)(8)*

In addition, an institution cannot engage in a practice of certifying loans only in the amount needed to cover institutional charges or to limit unsubsidized borrowing by independent students. If an institution decides to reduce the amount of a loan, it must document the reason and provide an explanation to the student in writing.

Noncompliance: Several students in the sample were not packaged Title IV funds up to an amount sufficient to cover their need or eligibility. In some instances, Phillips calculated the students' cost of attendance budgets for one semester at a time. This awarding process has the potential of causing under awards for the financial aid award year.

Student #6: This student was awarded an unsubsidized Stafford loan in the amount of \$12,000.00; however, it was not processed. There was no documentation in the student's file indicating that the unsubsidized Stafford loan was declined. The unsubsidized Stafford loan appears on the student's award package.

Student #25: Phillips packaged financial aid for the fall 2010 and spring 2011 semesters separately. This process caused the student to be under-awarded. The student was eligible to receive \$7,380.00 in unsubsidized Stafford loans; however, the student received only \$5,510.00.

Required Action: Phillips must revise its packaging policy to ensure it complies with federal requirements. This policy should ensure that decisions concerning the loan amount a student receives are based on a case-by-case basis and reflect the student's specific needs. A copy of the revised policy must be provided in response to this report.

Finding 3: Improper/Undocumented Professional Judgment

Citation: Section 479A of the Higher Education Act, as amended, allows institutions to use professional judgment on a case-by-case basis, to either increase or decrease one or more of the data elements used to calculate a student's expected family contribution (EFC). However, the reason must be adequately documented in the student's file and it must relate to that student's special circumstances.

Noncompliance: The institution did not properly document its use of professional judgment to change the EFC for one student.

The 2009-2010 ISIR for Student #4 had a line drawn through the EFC of 27120 and a note stating that professional judgment was used to change the EFC to 11045. However, there was no support for the EFC change and no corrected ISIR with the new EFC of 11045. An institution cannot directly change the EFC but is allowed to change certain data elements used to calculate the EFC.

Required Action: The institution must do the following:

- Develop and submit professional judgment documentation procedures that comply with statutory requirements.
- Provide written assurance that it will properly apply its procedures.
- Provide documentation to support the adjustment for the student referenced in this finding.

If any funds are due back to the Title IV programs as a result of the calculations, payment instructions will be provided in the Final Program Review Determination letter.

Finding 4: Entrance Counseling Deficiencies

Citation: Institutions are required to provide entrance and exit counseling to students receiving loans. *34 C.F.R § 682.608*

Noncompliance: Phillips failed to provide documentation that entrance counseling for the following students was conducted: Students: #3 and #7.

Required Action: Phillips must provide proof that students #3 and #7 were provided entrance counseling. In addition, Phillips must submit written assurances that entrance counseling documents were provided to all student loan recipients for the 2009-2010 award year. Please provide a policy describing how entrance and exit counseling will be conducted for all students.

Finding 5: Improper Certification of FFEL

Citation: The loan period is the period for which a loan is intended. The period must coincide with the academic term established by the school for which institutional charges are generally assessed, such as the semester, trimester, quarter, or length of the student's program or the academic year. *34 C.F.R. § 682.603*

The subsidized loan limit for a graduate or professional student is \$8,500.00 per academic year. The additional unsubsidized loan limit for graduate or professional students is \$12,000.00 per academic year. *34 C.F.R. § 682.204*

The regulations define a graduate/professional student as a student who is enrolled in a program or course above the baccalaureate level or in a professional program and has completed the equivalent of 3 academic years of full-time study either prior to entrance or as part of the program itself. *34 C.F.R. § 668.2(b)*

Credit-hour programs offered in a Scheduled Academic Year (SAY) use a traditional academic calendar with at least two semesters or trimesters or three quarters in the fall through spring semesters. A SAY generally ends and begins at the same time each year; however, a student does not have to be enrolled in the first term of a SAY. A SAY for a program must at least meet the program's FSA academic year in weeks and hours. The total of all loans received with SAY including summer trailer/header may not exceed the annual loan limit. A student becomes eligible for new annual loan limits after a SAY calendar period has elapsed. After the original loan, the student may receive additional loans during same SAY if the student did not receive the maximum annual loan amount and has remaining eligibility. *34 C.F.R. § 682.204*

Noncompliance: The following students were improperly disbursed FFEL proceeds:

Student #2: The student was awarded and received the total aggregate loan limit. However, a total of 80% of the attendance cost was subsidized by an institutional scholarship

Student #3: The student received \$14,295.00 in unsubsidized Stafford loan disbursements for the 2009-2010 award year. Phillips exceeded the student's calculated need and the student was over awarded. The student was only eligible to receive \$12,000.00 in unsubsidized Stafford loan disbursements for the 2009-2010 award year.

Student #13: The student was awarded both FFEL subsidized and unsubsidized loans for the fall 2009 and spring 2010 semesters. Both loans were credited in one disbursement to the student's ledger on 2/22/10. The loan period for both loans as per NSLDS was 1/26/2010 to 5/14/2010. Phillips' cost of attendance/award calculation spreadsheet differs from NSLDS showing a loan period of 8/24/2009 to 5/15/2010.

Student #15: The student received \$12,750 in subsidized Stafford loan disbursements and \$15,792 in unsubsidized Stafford loan disbursements for the 2009-2010 award year. The student was only eligible to receive \$8,500 in subsidized Stafford loan disbursements and \$12,000 in unsubsidized Stafford loan disbursements for the year.

Student #16: The amount of \$1,250.00 was not included as a resource before calculating the student's loan eligibility for the spring 2011 semester. Therefore, the student's FFEL unsubsidized Stafford loan award was calculated and disbursed incorrectly. The student was only eligible to receive a total of \$9,150.00 instead of \$10,400.00 in unsubsidized Stafford loan disbursements.

Student #17: The student was awarded both the FFEL subsidized and unsubsidized Stafford loans for the fall 2010 semester. Both loans were credited in one disbursement to the student's ledger on 9/16/2010. The loan period for both loans as per NSLDS was 8/25/2010 to 6/30/2011. Phillips' cost of attendance/award calculation spreadsheet states that the loan period was 8/31/10 to 12/17/2010.

Student #21: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the spring 2011 semester. Both loans were credited in one disbursement to the student's ledger on 1/26/2011. The loan period for both loans as per NSLDS was 1/03/2011 to 5/14/2011. Phillips' notice of Stafford eligibility form and their cost of attendance/award calculation spreadsheet states that the loan period was 1/24/2011 to 5/14/2011. The student was also awarded both types of loans for the "summer I" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 6/09/2011, and both the notice of Stafford eligibility form and the cost of attendance/award calculation spreadsheet states that the loan period was 5/23/2011 to 7/01/2011. NSLDS records indicate that the loan periods were 5/23/2011 to 6/30/2011.

Student #22: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the "spring" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 2/16/2011. The loan period for both loans as per NSLDS was 1/03/2011 to 5/14/2011. Phillips' notice of Stafford eligibility form states that the loan period was 1/25/2011 to 5/14/2011. Phillips' cost of attendance/award calculation spreadsheet states that the loan period was 1/24/2011 to 5/14/2011.

Student #24: Book charges were incorrectly calculated in the fall 2010 cost of attendance budget. Therefore, the student's unsubsidized Stafford loan award was calculated and

disbursed incorrectly. The student was only eligible to receive a total of \$8,870.00 instead of \$9,050.00 in unsubsidized Stafford loan disbursements.

Student #26: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the "summer I" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 7/18/2011. The loan period for both loans as per NSLDS was 5/23/2011 to 6/30/2011. Phillips' notice of Stafford eligibility form and its cost of attendance/award calculation spreadsheet states that the loan period was 6/20/2011 to 6/30/2011.

Student #27: An FFEL subsidized Stafford loan was credited to the student's ledger on 2/16/2011, in the amount of \$4,250.00; however, it does not appear as a disbursement in NSLDS under the loan period of 8/25/2010 to 6/30/2011.

Student #28: The student was awarded both FFEL subsidized and unsubsidized Stafford loans for the "summer I" 2011 semester. Both loans were credited in one disbursement to the student's ledger on 6/15/2011. The loan period for both loans as per NSLDS was 5/23/2011 to 6/30/2011. Phillips' notice of Stafford eligibility form and its cost of attendance/award calculation spreadsheet states that the loan period was 6/20/2011 to 7/01/2011.

Student #29: The student was awarded a FFEL subsidized Stafford loan for \$4,250.00 and an unsubsidized loan for \$6,000.00. One disbursement of \$10,200 was credited to the student's ledger on 9/16/2010. The loan period for both loans as per NSLDS records was 8/25/2010 to 6/30/2011. Phillips' cost of attendance/award calculation spreadsheet states that the loan period was 8/31/2010 to 12/17/2010. The student's graduation date as indicated on the academic transcript was 12/31/2010.

Required Action: Phillips must return the ineligible FFEL disbursements to each student's lenders and provide adequate documentation (copy of cancelled check, front and back) in response to this program review report.

The institution must recalculate the loan applications for the above-mentioned students and include all financial assistance which the students received for the loan period to determine if the applications were correctly certified. All ineligible funds will be deemed an institutional liability. Repayment instructions will be provided in the Final Program Review Determination letter.

Finding 6: Consumer Information Requirements Not Met

Citation: Institutions are required to provide a description of all the Federal, State, local, private and institutional student financial assistance programs (need based and non-need based) available to students who enroll at the institution. *34 C.F.R § 668.42(a)*

Noncompliance: Phillips failed to provide or make information available regarding its financial assistance programs to current and prospective students.

Required Action: Phillips must publish and make available the required consumer information. Please provide this office with a copy of the information to be published and describe the method for distributing the information.

Finding 7: Crime Awareness Requirements Not Met

Citation: Institutions are required to publish and distribute, by October 1 of each year, an annual security report that contains required crime statistics, as well as required statements and policies, to its current students and employees. Institutions must also inform prospective students and employees of the report's availability and provide a copy upon request.

The annual security report must report crime statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following offenses:

- Criminal homicide (murder and non-negligent manslaughter, negligent manslaughter)
- Sex offenses (forcible sex offenses and non-forcible sex offenses)
- Robbery
- Aggravated assault
- Burglary
- Motor vehicle theft
- Arson
- Arrests for liquor law violations, drug law violations, and illegal weapons possession
- Persons not included in the above category who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession

The annual security report must also contain a number of statements, including, but not limited to:

- A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include (1) policies for making timely warning reports to members of the campus community regarding the occurrence of crimes required to be reported in the annual security report, (2) policies for preparing the annual disclosure of crime statistics, and (3) a list of the titles of each person or organization to whom students and employees should report the criminal offenses for the purpose of making timely warning reports and the annual statistical disclosure.
- A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

- A description of programs designed to inform students and employees about the prevention of crimes.
- A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.
- A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws.
- A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws.
- A description of any drug or alcohol-abuse education programs.
- A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs.
- A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(j)), concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.

The above statements are not comprehensive and are provided for illustrative purposes only. The required statements are listed in 34 C.F.R. § 668.46. Institutions must comply with the campus security requirements for each separate campus. 34 C.F.R. § 668.46

Noncompliance: Phillips did not provide all required campus security policies.

Required Action: Phillips must complete/develop a comprehensive campus security policy and provide a copy to all current students and employees. This report must contain all required statements as specified in 34 C.F.R. § 668.46.

The Department has made available "*The Handbook for Campus Safety and Security Reporting*" to assist institutions in complying with the Clery Act. It can be found at the following web address:

<http://www2.ed.gov/admins/lead/safety/campus.html>

Phillips may elect to distribute the report to its current students and employees via the web but, to do this, must provide an individual notice to each recipient that includes:

- A statement of the report's availability,
- A list and brief description of the information contained in the report,
- The exact electronic address of the Internet or Intranet Web site at which the report is posted, and
- A statement saying the school will provide a paper copy upon request.

In addition, Phillips must (1) provide a copy of the report to this office, (2) describe its method for distributing the report, and (3) provide this office with written assurance that it will, in the future, publish an annual security report by October 1 of each year, with all required crime statistics, policies and statements.

Finding 8: Drug Abuse Prevention Program Requirements Not Met

Citation: 34 C.F.R § 86.100(a) requires institutions to implement a drug prevention program that must, at a minimum, include the following:

(a) The annual distribution in writing to each employee, and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study, of—

- (1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
- (2) A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol;
- (3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- (4) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and
- (5) A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct required by paragraph (a)(1) above. For the purpose of this section, a disciplinary sanction may include the completion of an appropriate rehabilitation program.

Noncompliance: The institution's distribution plan for its drug prevention program does not include provisions for providing materials to students who enroll at some date after the initial distribution and for employees who are hired at different times throughout the year. The institution does not have a written description of legal sanctions imposed under local, State, or Federal law for unlawful possession or distribution of illicit drugs and alcohol. Phillips does not provide a description of drug or alcohol counseling, treatment, or any rehabilitation available to students and employees.

Required Action: Phillips must update its drug prevention program to include the following:

- A provision for providing materials to students who enroll at later dates and for employees who are hired at different times of the year.
- A written description of legal sanctions imposed under local, State, or federal law for unlawful possession or distribution of illicit drugs and alcohol.
- Description of counseling, treatment, or rehabilitation available to students and employees.
- Statement that Phillips will impose disciplinary sanctions on students and employees and description of sanctions.
- Description of drug and alcohol counseling, treatment, or rehabilitation or re-entry programs available to students and employees.

D. Appendices

Appendix A (Student Sample) contains personally identifiable information and will be emailed to Phillips 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 email.

Phillips Theological Seminary
OPE ID 02560200
PRCN 201140627689
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Appendix A. Student Sample

Provided Under Separate Cover

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.

Appendix E- Estimated Actual Loss

Name of Institution	Phillips Theological Seminary	
1. Select Type		
2. Select Award Year	2010-11	
3. Enter Cohort Default Rate and/or Perkins Default Rate	10.0%	
4. Enter Ineligible Principal	Ineligible Principal	Estimated Defaults
a. DL Subsidized		\$ -
b. DL Unsubsidized		\$ -
c. FFEL Subsidized	19,417.00	\$ 1,941.70
d. FFEL Unsubsidized	8,523.00	\$ 852.30
e. PLUS (DL, FFEL)		\$ -
f. Perkins		\$ -
Disb to Repayment		
Repayment to Default		
Repayment to PIF		

Estimated Actual Loss Interest and Special Allowance Breakdown	Disb to Repayment	
	DL Subsidized	\$ -
	FFEL Sub	\$ 1,884.59
	FFEL Unsub	\$ -
	Repayment to Default	
	FFEL Subsidized	\$ -
	FFEL Unsub	\$ -
	Repayment to PIF	
	FFEL Subsidized	\$ -
	FFEL Unsub	\$ -
	Perkins Interest	\$ -
	Totals - Estimated Actual Loss By Program (Including Interest and Special Allowance)	
	DL Subsidized	\$ -
DL Unsubsidized	\$ -	
FFEL Subsidized	\$ 3,826.29	
FFEL Unsub	\$ 852.30	
PLUS (DL, FFEL)	\$ -	
Perkins	\$ -	
Total Estimated Actual Loss Liability	\$ 4,678.59	

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

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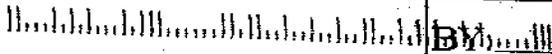
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• Sender: Please print your name, address, and ZIP+4 in this box •

Williams, J. EPRD - 02560200 - ljp
Phillips Theological Seminary
Dallas School Participation Division
1999 Bryan St Ste 1410
Dallas, TX 75201-6817

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SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dr. Gary Peluso-Verdend, President
Phillips Theological Seminary
901 N Mingo Rd
Tulsa, OK 74116-5612

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X (b) (6), (b) (7)(C) Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery
Gina Robertson 11-3-12

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label) 7012 1010 0002 6534 0680