August 5, 2013

Mr. Greg Goode
President
Salina Area Technical College
2562 Centennial Road
Salina, KS 67401-8195

UPS Tracking # *1Z A54 67Y 24 9985 8822*

RE: **Final Program Review Determination**
OPE ID: 00549900
PRCN: 201140727636

Dear President Goode:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on November 3, 2011, covering Salina Area Technical College's (SATC) 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. SATC's final response was received on January 19, 2012. A copy of the program review report (and related attachments) and SATC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by SATC 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) notify SATC 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.

The total liabilities due from the institution from this program review are **$33,789.00**.

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

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. In addition; Appendices B, C, D, and I also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the November 3, 2011 program review report. If SATC 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 SATC receives this FPRD. An original and four copies of the information SATC 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

SATC's 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.

The total liabilities due from the institution from this program review are **$35,193.00.**

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

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. In addition; Appendices B, C, D, and I also contain PII.

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(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 SATC's 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 Kathy Feith at (816) 268-0406. 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)

Ralph A. LoBosco
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Ms. Susan Eberwein, Financial Aid Administrator
North Central Association of Colleges and Schools--CIHE
Kansas State Board of Regents

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

Salina Area Technical College

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

PROUD SPONSOR of the AMERICAN MIND™

OPE ID: 00549900
PRCN: 201140727636

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination
August 5, 2013

1010 Walnut Street, Suite 336, Kansas City, MO 64106
StudentAid.gov

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A. Institutional Information

Salina Area Technical College
2562 Centennial Road
Salina, KS 67401-8195

Type: Public

Highest Level of Offering: Non Degree, Two Year

Accrediting Agency: North Central Association of Colleges and Schools – CIHE

Current Student Enrollment: 154 (2010-2011)

% of Students Receiving Title IV: 67% (2010-2011)

Title IV Participation (G5)

	2009-2010
Federal Pell Grant	$ 521,107.00
Family Federal Education Loan Program	$ 4,893.00
Federal Direct Subsidized Loan	$ 360,597.00
Federal Direct Unsubsidized Loan	$ 315,044.00
Federal Direct PLUS Loan	$ 18,892.00
Total	**$1,220,533.00**

Default Rate FFEL/DL: 2010: 13.0%
2009: 9.0%
2008: 6.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Salina Area Technical College (SATC) from August 29, 2011 to September 2, 2011. The review was conducted by Ms. Angela Beam and Ms. Kathy Feith.

The focus of the review was to determine SATC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV, HEA programs. The review consisted of, but was not limited to, an examination of SATC'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 35 files was identified for review from the 2010-2011 award year (no Title IV, HEA funds had been disbursed for the 2011-2012 award year at the time of the on-site review). 15 files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for the award year. Eight additional files were selected judgmentally from the recipient data spreadsheet provided by SATC to ensure Associate Degree students were not receiving Title IV, HEA funds. Seven files were selected judgmentally from the recipient data spreadsheet provided by SATC to ensure Return of Title IV Funds calculations were being performed correctly. Five files were selected judgmentally from the recipient data spreadsheet provided by SATC to ensure dependency overrides and professional judgments performed by the institution were appropriately documented. Appendices A, B, C, and D lists the names and partial social security numbers of the students examined during the program review. A program review report was issued on November 1, 2011.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Findings 4, 5, 7, and 8

SATC has taken the corrective actions necessary to resolve Findings 4, 5, 7, and 8 of the program review report. Therefore, these findings may be considered closed. A copy of SATC's response is attached as Appendix F.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 6. Failure to Utilize Federal Work Study Funds

Citation Summary: *Under the Program Participation Agreement, schools participating in the FWS Program must:*

- *make FWS employment reasonably available, to the extent of available funds, to all eligible students;*
- *award FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient's educational program or career goals;*
- *assure that FWS employment may be used to support programs for supportive services to students with disabilities; and*
- *inform all eligible students of the opportunity to perform community services and consult with local nonprofit, government, and community-based organizations to identify those opportunities. Federal Student Handbook, 2010-2011, Volume 6, Chapter 1.*

Non-Compliance Summary: *SATC completed the Fiscal Operations Report and Application to Participate (FISAP) to participate in the 2009-2010 award year (the reporting period July 1, 2007 through June 30, 2008) and requested Federal Work-Study (FWS) funds; however, in reviewing the G5 Award Information, reviewers noticed the institution has not awarded any funds to students. As the institution has not utilized funds, a penalty for underuse was assessed at the conclusion of the 2009-2010 award year. SATC requested a waiver of the underuse penalty and was granted their request effective March 7, 2011. Administrators were unsure of their plans regarding the FWS program as of the time of the program review. It should be noted that SATC recently completed and submitted a FISAP for the Award Year July 1, 2010 through June 30, 2011 and requested to continue participation in the FWS Program. SATC requested $10,000.00.*

Required Action Summary: *As part of the program review response, SATC was required to determine if the institution will utilize requested FWS by implementing a Federal Work-Study program. If SATC determined they did not wish to implement a program, SATC was required to initiate the withdrawal from the Campus Based programs and request allocated funds be de-obligated so other institutions can utilize the funds. If SATC determined the institution was going to implement a work-study program, SATC was required to provide copies of all job descriptions for prospective positions as well as a copy of all policies and procedures needed to implement a FWS program. In either instance, SATC was required to provide a written response to this finding as part of its response to this report.*

SATC's Response: SATC determined that the institution would utilize the FWS funds allocated to them to assist departments with staffing needs during tight budgetary times. To demonstrate the institution's preparedness, SATC provided copies of policies and procedures regarding the awarding and disbursement of FWS funds as well as the required job descriptions. SATC indicated the institution plans to seek a community service waiver for the upcoming year based on time constraints and limitations in placing a student to serve as a literacy tutor.

Final Determination: The Department reviewed SATC's response and corresponding documentation provided to substantiate the institution's preparedness to fully implement a FWS program. Based on the documentation submitted, it appears SATC has developed the required procedures necessary to administer the program. Although the Department is closing this finding based on the corrective action taken, the Department reminds SATC of its responsibility to ensure FWS funds are expended based upon applicable regulations. Failure to fully utilize all FWS funds allocated may result in a reduction in the institution's authorization or loss of eligibility to participate in the FWS program.

Finding 9. Crime Awareness Requirements Not Met – Required Policy Statements Omitted from the 2010 ASR, Improper Formatting and Disclosure of Crime Statistics, and Failure to Distribute the ASR in Accordance with Federal Regulations

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, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailings, 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 hates 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).

***Noncompliance Summary:** Although SATC compiled its statistics yearly, the information was not distributed to all enrolled students and current employees. Information was prepared for distribution; however, no mechanism to notify the campus community of its availability. Additionally, it appears that SATC did not disclose all categories of crime statistics in its annual security reports, even though SATC reported the information to the Department. The missing categories include non-campus and public property criminal offenses (SATC holds classes at other locations which would require this disclosure), disciplinary actions for referrals of violations that occur on-*

campus and off-campus regarding weapon, drug, and liquor law violations, and information regarding hate crime violations.

Required Action Summary: *SATC was required to review its policies and procedures regarding Clery Act reporting to ensure all categories are appropriately reported and disclosed. Additionally, SATC was required to ensure notification is done yearly to all enrolled students and employees and that a notice is provided for prospective students and prospective employees. In its review, SATC was required to provide copies of updated policies and procedures to the Department to ensure compliance in all areas and describe its mechanism for complying with the notification requirement of its annual security report's availability. In addition, SATC was required to provide a copy of its 2011 Annual Security Report, submitted October 1, 2011, as well as copies of the notification materials provided to enrolled students and current employees.*

SATC's Response: In its response, SATC stated its concurrence with the finding. SATC also provided copies of its new and revised policies and procedures regarding the preparation, publication, and distribution of the ASR. In addition, SATC submitted a copy of its revised 2010 ASR along with supporting documentation showing that it was distributed to current students and employees in January 2011.

Final Determination: Finding 9 of the program review report cited SATC for multiple violations of the *Clery Act*. Specifically, the initial finding language indicated that the College failed to distribute its 2010 ASR to all current students and employees and also failed to notify prospective students and employees about the ASR's availability in the required manner. In addition, SATC failed to include all required categories of crime broken down by geographical location in the 2010 ASR. As a result of these violations, SATC was required to review and revise its policies and procedures regarding the preparation, publication, and distribution of the ASR. Using its new policies as a guide, the College was required to modify its ASR and ensure that it contains all required disclosures enumerated in *34 C.F.R. § 668.46(b)*. In its response, SATC stated its concurrence with the finding and submitted its requested material including the revised 2010 ASR. As part of the response analysis, the review team performed a basic content comparison between the initial 2010 ASR and the revised document that was submitted with the response. During this analysis, Department officials determined that several required policy disclosures were omitted from the initial 2010 ASR. These include:

- A statement of policy regarding the preparation of the annual disclosure of crime statistics;

- 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 to inform students and employees about crime prevention;

- An inadequate statement of policy regarding the issuance of timely warnings intended to advise the campus community of Clery-reportable crimes that constitute a serious ongoing threat;

- A statement of policy regarding SATC's sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. An adequate policy must provide the accuser and accused with an opportunity to be present or have others present during any disciplinary proceedings and both parties must be informed of the outcome reached and sanctions imposed as a result of any such proceedings;

- Notification to students of existing on and off-campus counseling, mental health, or other student services for victims of sex offenses;

- Notification to students that the institution will change a victim's academic and/or living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available;

- A statement of policy advising the campus community about how to access law enforcement information concerning registered sex offenders that is maintained by a state and/or local law enforcement agency with jurisdiction for the campus;

- A statement of policy concerning the monitoring and recording through local police agencies of criminal activity that occurs at off-campus locations that are owned or controlled by recognized student organizations including student organizations with non-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; and,

- A description of drug and/or alcohol abuse education and prevention programs. For the purpose of meeting this requirement, an institution may cross-reference the materials that it uses to comply with section 120(a) through (d) of the HEA.

As noted above, the review team has examined all of the material submitted with the response and found that the revised ASR did include some of the previously-omitted content. The team determined that the new content is at least minimally adequate. Based

on the team's evaluation and SATC's representations that it has addressed the violations and their underlying causes, the Department now considers this finding to be closed.

Although the finding is now closed, SATC is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. SATC was required to initiate corrective actions and in so doing, has begun to remediate the conditions that led to these violations. The College has represented that it has brought its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). Nevertheless, SATC officials must understand that the *Clery Act* is first and foremost a consumer protection law that is based on the premise that access to accurate and complete campus crime information empowers students and employees to make informed decisions and actively participate in their own safety and security.

Persistent failures of the type documented above deprive students and employees of important campus security information and effectively negate the intent of the Act. For these reasons, SATC is advised that the remedial measures taken so far 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.

Finally, the Department strongly recommends that SATC re-examine its policies and procedures periodically and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *Clery Act*. SATC is advised to further develop the contents of its ASR and to take definitive steps to enhance its overall campus safety programs.

SATC officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) for guidance on complying with the *Clery Act*. The handbook is available online at: **www2.ed.gov/admins/lead/safety/handbook.pdf**. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finding10. Failure to Obtain Crime Statistics for Additional Locations

Citation Summary: *Institutions must report statistics for the three most recent calendar years concerning the occurrence on campus, in or on noncampus buildings or property, and on public property of the following that are reported to local police agencies or to other campus security authorities: criminal homicide, murder and non-negligent manslaughter, negligent manslaughter, sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, arson, and arrests for liquor law violations, drug law violations, and illegal weapons possession. 34 C.F.R. § 668.46(c)(1). In complying with this requirement, an institution must make a reasonable, good faith effort to obtain the*

required statistics and may rely on the information supplied by a local or state police agency. 34 C.F.R. § 668.46(c)(9). An institution must comply with these requirements for each separate campus. 34 C.F.R. § 668.46(d).

Noncompliance Summary: *SATC maintains a memo of understanding with Kansas State University – Salina to provide housing for students. In total, approximately 20 students utilize this service yearly. In visiting with institution officials, program reviewers determined SATC staff did not consult with Kansas State University—Salina to obtain any statistics concerning potential Clery-reportable incidents which may have involved their students.*

Required Action Summary: *SATC was required to attempt to collect statistics from the local police and/or Kansas State University—Salina staff and report these statistics as part of SATC's annual security report. SATC was required to attempt to collect data on crimes from the appropriate jurisdictions for 2010 and 2011 and submit this information with its response. In addition, SATC was required to ensure that the crime statistics for calendar year 2010 were reported correctly and provide assurances to that affect in its response to this finding. Finally, SATC was required to develop procedures for requesting crime statistics from the appropriate authorities for students who engage in campus housing at Kansas State—Salina and include those procedures with its response to this program review report.*

SATC Response: In its response, SATC stated its concurrence with the finding. SATC also indicated that it contacted the appropriate Kansas State University - Salina (KSUS) officials to request statistics of Clery-reportable crimes for inclusion in the revised 2010 ASR. In addition, SATC asserted that it requested crime statistics for certain other locations where the College offers courses and programs and included those statistics in the revised 2010 ASR as well. Finally, SATC stated that it updated its policies and procedures for requesting crime statistics for all properties that it owns or controls, including its additional locations.

Final Determination: Finding 10 of the program review report cited the College for failing to include Clery-reportable crimes that occurred in non-campus buildings or on its separate campuses in its official campus crime statistics. During the program review, Department officials learned that SATC has a written agreement with KSUS to provide student housing options for some SATC students. The review team also determined that SATC had not made a good faith effort to request crime statistics from KSUS and/or local law enforcement agencies for inclusion in SATC's 2010 ASR.

As a result of this violation, SATC was required to request crime statistics from KSUS and local law enforcement agencies and revise its campus crime statistics for calendar years 2010 and 2011. In addition, the College was required to enhance its policies and procedures to address how it would request and obtain crime statistics from campus

security authorities and/or local law enforcement agencies for incidents reported as occurring in/on non-campus buildings and properties or on separate campuses.

In its response, SATC stated its concurrence with the finding and asserted that it had contacted KSUS and local law enforcement agencies to request crime statistics for inclusion in the revised 2010 ASR. The College also submitted its revised policies and procedures. The review team has reviewed all of the materials submitted with the response and found them to be at least minimally adequate.

If fully implemented and sustained, SATC's corrective actions should result in improved compliance with the *Clery Act* going forward. Therefore, the Department accepts the institution's response. This acceptance is based on an analysis of the materials submitted as well as SATC's representations that it understands its regulatory obligations under the *Clery Act* and that it will take all necessary corrective actions to ensure that this violation does not recur.

Based on the team's evaluation as well as SATC's representations that it has addressed the violations and their underlying causes, the Department considers this finding to be closed.

Although the finding is now closed, SATC is reminded that the exceptions identified above constitute very serious violations of the *Clery Act* that by their nature cannot be cured. SATC was required to initiate corrective actions and in so doing, has begun to remediate the conditions that led to these violations. The College has stated that it has brought its campus security program into compliance with the *Clery Act* as required by its PPA. Nevertheless, SATC officials are reminded that corrective measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility the Department will impose an adverse administrative action and/or require additional corrective measures.

Once again, the Department strongly recommends that SATC re-examine its policies and procedures periodically and revise them as needed to ensure that they continue to reflect current institutional policy and are compliant with the *Clery Act*. The College is also reminded to review its real estate holdings, leases and usage agreements to ensure that crime statistics are requested and disclosed for all buildings and properties that it owns or controls and uses for educational purposes.

Finding 11. Failure to Comply with the Drug and Alcohol Prevention Regulations

Citation Summary: *The Department's regulations and the Drug Free Schools and Campus Act require participating institutions of higher education to conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the*

program if they are needed; and (2) ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced. 34 C.F.R. §86.100 (b) (1) (2).

In addition, an institution's drug prevention program must include an annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit. 34 C.F.R. § 86.100 (a).

Noncompliance Summary: *SATC's drug and alcohol prevention program did not include a biennial review. Although SATC does have a policy which discusses disciplinary sanctions for drug and/or alcohol offenses, SATC does not do further review to ensure the policies are effective and disciplinary sanctions described for law violations are consistently enforced. In addition, SATC does not distribute information annually to staff which discusses the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.*

Required Action Summary: *SATC was required to immediately begin reviewing its drug and alcohol prevention program to ensure it included all regulatory components. Additionally, SATC was required to distribute these policies to all staff and students, even those who were taking reduced coursework to ensure the entire campus body is aware of the policies and consequences which follow breaches. SATC was required to conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations. As part of its response to the program review report, SATC was required to provide evidence of distribution of the drug and alcohol policies to all applicable parties. The distribution of the materials was required to occur by December 31, 2011 with copies of the documents submitted to the Department as part of its program review response.*

SATC Response: In its initial response dated January 19, 2012, SATC stated its concurrence with the finding and claimed that institutional officials consulted with the staff of the former Higher Education Center for Drug Abuse and Violence Prevention to better understand the appropriate depth and breadth of a compliant DAAPP and the staffing and resource requirements associated with implementing a comprehensive drug and alcohol program.

SATC indicated that its first biennial review would be conducted the following year (fall 2012) and would include an analysis of all reported crimes and policy infractions committed by students and employees that involve illicit drug use and/or alcohol abuse. SATC also stated that it intends to use this information to inform the conduct of the biennial review. The College supplemented its initial response on several occasions to report on its progress and to address questions and concerns raised by the review team. These supplements were dated January 24, 2012, January 26, 2012, and March 1, 2013 and reported on the institution's efforts to develop and distribute its DAPP and conduct a biennial review and prepare its report of findings.

Final Determination: Finding 11 cited SATC for multiple violations of the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. Specifically, the College failed to develop and implement a substantive drug and alcohol abuse prevention program (DAAPP) and also failed to distribute a DAAPP disclosure to all employees and students enrolled for academic credit on an annual basis. In addition, SATC failed to conduct a biennial review of the DAPP's effectiveness. These violations necessarily follow from each other because the biennial review is primarily a study of the DAAPP's effectiveness. Therefore, an institution cannot conduct a proper biennial review until it has a fully-functional DAAPP in place. As a result of these violations, SATC was required to distribute its DAPP in the manner prescribed by Federal regulations and to conduct a biennial review and prepare a report of findings. The College was also required to submit supporting documents showing that the DAAPP was distributed along with a copy of its biennial review report. As with all findings of violation, SATC also was directed to take all necessary corrective action to ensure that all *DFSCA* deficiencies identified during the program review do not recur and to otherwise ensure that the DAAPP is materially-complete and that it accurately reflects current law and institutional policy and that it also includes accurate information on health risks and treatment options that are available on campus or in the community.

In its response, SATC stated its concurrence with the violations identified in the finding. The College asserted that it had consulted with the former Higher Education Center for Drug Abuse and Violence Prevention to learn more about developing a DAAPP and conducting its first biennial review. In addition, SATC stated that the revised DAAPP would be distributed in the prescribed manner in the near future and that all required documentation would be submitted to the Department. Although the College stated its intention to take corrective action, no substantive measures were actually taken between the receipt of the program review report and the submission of SATC's initial response.

The Department viewed this initial inaction as a failure to address significant violations of Federal regulations as well as the terms and conditions of the College's PPA. The review team continued to remind SATC officials that meaningful progress had to be demonstrated before the finding could be closed. The failure to take more immediate remedial action even after these violations were brought to the College's attention indicated an inability or unwillingness on the part of SATC to act as a competent fiduciary and to properly administer the Title IV, FSA programs. However, the Department does note that significant corrective measures were developed and implemented in the fall of 2012. SATC did conduct a biennial review and did produce a report of findings. The College also continued to refine its drug and alcohol policies and procedures and provided those revised documents to the Department. Moreover, the College did provide documentation that purports to show that ASR and DAAPP were distributed as required on October 1, 2012. Based on the review team's evaluation of these materials as well as SATC's representations that it has addressed these violations and their underlying causes, the Department considers this finding to be closed.

Although this finding is now closed, SATC is reminded the exceptions identified above constitute very serious and persistent violations of the *DFSCA* that by their nature cannot be cured. SATC was required to finally initiate substantive corrective actions and in so doing, has begun the process of addressing the conditions that led to the *DFSCA* violations. While this is an important first step, SATC 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 are drug and alcohol-related. These compliance failures deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. SATC's failure to conduct comprehensive biennial reviews on the required schedule also deprived the institution itself of important information about the effectiveness of any drug and alcohol programs that are in place. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime. For these reasons, SATC officials are reminded that corrective 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.

Once again, the Department strongly recommends that SATC re-examine its drug and alcohol policies and procedures on an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are compliant with Federal statutes and regulations. The College is also reminded to proactively consider all recommendations for improvement identified during the biennial review.

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 SATC's response to the finding, and the Department's final determination for that finding. A copy of the program review report, issued on November 3, 2011, is attached as Appendix E.

Finding 1. Return to Title IV Funds Calculation Errors

Citation Summary: *Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in pertinent Federal regulations. 34 C.F.R. § 668.22. Regulations additionally define "institutional charges" as tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution. 34 C.F.R. § 668.22(g)(2). At an institution such as SATC which is not required to take attendance, a student's withdrawal date is: (1) the date that the student began the withdrawal process; (2) the date the student provided official notification to the institution of his or her intent to withdraw; (3) if the student withdraws without providing official notification to the institution of his or her intent to withdraw, the midpoint of the payment period; (4) the date related to a student's circumstances beyond his or her control that did not allow the student to provide official notification to the institution; or (5) the date the student began a leave of absence if he or she fails to return from the leave of absence or if the leave of absence does not meet legal requirements. 34 C.F.R. § 668.22 (c)(1).*

The percentage of Title IV, HEA funds earned by the student is equal to the percentage of the payment period completed by the student's withdrawal date if this date occurs on or before the completion of 60 percent of payment period; or 100 percent if the student's withdrawal date occurs after completion of 60 percent of the payment period. 34 C.F.R. § 668.22(e)(2). The percentage of unearned Title IV, HEA funds is the complement of the percentage earned. The amount of Title IV, HEA funds to be returned is determined by subtracting the amount of Title IV, HEA funds earned by the student from the amount that was disbursed to the student as of the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(e)(3) and (4). The percentage of the payment period completed is determined at an institution such as SATC, where programs are measured in credit hours, by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date. 34 C.F.R. § 668.22(f)(1). As described in 34 C.F.R. § 668.22(f)(2)(i), the total number of calendar days in a payment period includes all days within the

period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period and the number of days completed in that period.

An institution must return as soon as possible the unearned Title IV, HEA aid for which it is responsible for returning but, as of July 1, 2007, no later than 45 days after the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j)(1). As required by 34 C.F.R. § 668.22(l)(3)(ii), for a student who does not provide notification of his or her withdrawal, the institution's date of determination that the student withdrew is the date that the institution becomes aware that the student ceased attendance. An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution, no later than 30 days after the end of the payment period. 34 C.F.R. § 668.22(j)(2)(i).

Federal regulations stipulate that if a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance. 34 C.F.R. § 690.80(b)(2)(ii).

***Noncompliance Summary:** In seven of the reviewed files, SATC incorrectly processed Return of Title IV Funds calculations, as outlined below.*

***Student #9:** The student officially withdrew from the Spring 2011 semester on February 24, 2011. In performing the required Return, SATC did not calculate the student's Federal Pell Grant award to take into account those courses in which the student never began attendance. SATC should have returned $1337.00 in Federal Pell Grant funds to the Department and used $1,388.00 in Federal Pell Grant funds in the Return calculation. The revised calculation performed by program reviewers indicates SATC was required to return $796.71 in Federal Pell Grant funds to the department. Based on the institution's Return calculation, SATC returned $757.11 in Federal Pell Grant funds. Therefore, SATC is still required to return **$39.00** in Federal Pell Grant funds. This student is also cited in Finding 2.*

***Student #24:** The student officially withdrew from the Spring 2011 semester on January 26, 2011. In performing the Return calculation, SATC incorrectly applied the student's charges that had been adjusted according to the institution's refund policy ($1,044.00) as the student's original charges in the Return calculation. The student's original charges should have been $1,750.00. The revised calculation performed by program reviewers indicates SATC must return an additional **$480.25** in Federal Direct Subsidized Loan funds and **$74.91** in Federal Direct Unsubsidized Loan funds. It should be noted that SATC incorrectly indicated in NSLDS the student was in an overpayment status. As SATC returned all funds on behalf of the student, no overpayment exists. Consequently,*

SATC must correct the student's NSLDS record to reflect the overpayment is satisfied. This student is also cited in Finding 3.

***Student #25**: The student unofficially withdrew from the Fall 2010 semester. In performing the Return calculation, SATC incorrectly calculated the student's original charges by omitting the $83.00 required enrollment fee charged yearly to all students. The revised calculation performed by program reviewers indicates SATC must return an additional **$37.35** in Federal Direct Subsidized Loan funds.*

***Student #27**: The student unofficially withdrew from the Fall 2010 semester. In performing the Return calculation, SATC incorrectly used the date the student picked up his/her student refund check from the Business Office (September 27, 2010) as the student's last date of an academically related activity. Regulations allow an institution that is not required to take attendance to utilize the midpoint of the payment period in performing the required Return calculation. In addition, SATC incorrectly calculated the student's original charges by omitting the $83.00 enrollment fee charges annually to all students. Utilizing the midpoint of the semester and the appropriate amount of institutional charges ($1,594.00), the revised calculation performed by program reviewers indicates SATC returned **$268.61** more than was required in Federal Direct Subsidized Loan funds.*

***Student #28**: The student was administratively withdrawn from the Fall 2010 semester on September 27, 2010. In performing the required Return, SATC did not calculate the student's Federal Pell Grant award to take into account those courses in which the student never began attendance. SATC should have returned $694.00 in Federal Pell Grant funds to the Department and used $2,081.00 in Federal Pell Grant funds in the Return calculation. The revised calculation performed by program reviewers indicates SATC was required to return $899.20 in Federal Direct Subsidized Loan funds to the department. Based on the institution's Return calculation, SATC returned $984.32 in Federal Direct Subsidized Loan funds, **$85.12** in error. This student is also cited in Finding 2.*

***Student #29:** The student officially withdrew from the Spring 2011 semester on January 26, 2011. In performing the required Return, SATC did not recalculate the student's Federal Pell Grant award to take into account those courses in which the student never began attendance. SATC should have returned $637.00 in Federal Pell Grant funds to the Department and used $1,913.00 in Federal Pell Grant funds in the Return calculation. The revised calculation performed by program reviewers indicates SATC was required to return $629.71 in Federal Direct Subsidized Loan funds to the Department and the student was required to return $382.66 in Federal Pell Grant funds. Based on the institution's Return calculation, SATC returned $601.16 in Federal Pell Grant funds on behalf of the student. Consequently, SATC returned **$218.50** in Federal Pell Grant funds in error. This student is also cited in Finding 2.*

Student #30: *The student unofficially withdrew from the Spring 2011 semester. SATC used April 29, 2011 as the student's last day of attendance. SATC did not perform a Return calculation as it was presumed the student had earned all funds received.*

Required Action Summary: *SATC was required to perform a comprehensive file review of all Title IV, HEA recipients for the 2010-2011 and 2011-2012 award years to identify all official and unofficial withdrawals. The institution was required to identify, review, and report on all Title IV, HEA recipients for whom a Return calculation was, or should have been, performed in any of the three award years. The review was required to include all students whose transcripts reflect that they completed a term with all "W", "F", or "I" grades, in order to determine whether or not the students were withdrawals. For Returns that are found to be improperly calculated or not calculated altogether, SATC must perform a correct calculation or recalculation.*

SATC was also required to review and revise its internal policies and procedures to ensure Returns of Title IV Funds calculations are performed accurately for all students in the future. A copy of these procedures was required to accompany SATC's response to this report.

SATC's Response: In regard to the students identified above, SATC agreed the Return of Title IV Fund calculations were processed incorrectly based on the information reviewers obtained while on-site; however, SATC provided additional documentation for Student #9 which reflected the disbursements for the student were reflective of courses which were attended by the student; thus, no additional Pell Grant funds were required to be returned. As part of its response, SATC provided the results of the required file review, as well as copies of revised policies and procedures to ensure that Return of Title IV Funds calculations are performed correctly in the future. The file reconstruction reflects seven students who had incorrect Return calculations performed.

Final Determination: A review of the file reconstruction performed by SATC indicates seven students with liabilities. In the case of Student #28, SATC's file reconstruction revealed $53.00 in Direct Subsidized Loan funds were still to be returned to the Department. In three instances, SATC returned excessive funds to the Department; however, there is no additional action required to be taken. A review of the liabilities related to Finding 1 reflects SATC must return **$247.00** to the Federal Pell Grant program, **$144.00** to the Direct Subsidized Loan Program and **$11.00** to the Direct Unsubsidized Loan Program. Student specific liabilities are outlined in Appendix B. Additionally, SATC is responsible for the cost of funds associated with the incorrect Federal Pell Grant and Direct Loan disbursements. The total cost of funds liability due to the Department is **$3.00** ($3.01, rounded). The interest charges were computed using the cost of funds for Pell Grants and Direct Loans published in the Federal Register by the Department of Treasury, effective from the date of disbursement to the date of this determination. Detailed information about this cost of funds liability determination may be found in Appendix I.

SATC must notify all students and/or borrowers in writing regarding payments made on their behalf. This notification must include the amount and date of the payments.

Finding 2. Incorrect Federal Pell Grant Awards

Citation Summary: *If a student is enrolled in an eligible program that measures progress in credit hours and is offered in quarters, a student must be enrolled in at least 12 credit hours each term to qualify as a full-time student. 34 C.F.R. §690.63 (a)(1)(i). Based on the determined enrollment status, an institution determines a student's annual award based on the payment schedule for full-time students or the disbursement schedule for three-quarter time, half-time, or less-than-half-time students; and then multiplying the annual award by the following fraction:*

$$\frac{\text{The number of weeks of instructional time in the program in the fall, winter, and spring quarters}}{\text{The number of weeks of instructional time in the program's academic year}}$$

34 C.F.R. §690.63(d)(2) and (3).

If a student enrolls in a payment period that is scheduled to occur in two award years, an institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time that the student's Federal Pell Grant is initially calculated. 34 C.F.R. §690.64(b).

Federal regulations stipulate that if a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance. 34 C.F.R. § 690.80(b)(2)(ii).

Noncompliance Summary*: In three instances, SATC did not apply Federal Pell Grant funds appropriately to a student account according to their enrollment status.*

Student #9: *For the 2010-2011 award year, the student had an EFC of 0, resulting in a full-time scheduled Federal Pell Grant award of $5,550.00. In the Spring 2011 semester, the student enrolled as a full-time student and was eligible to receive $2,775.00 in Federal Pell Grant funds. However, the student withdrew prior to beginning two courses. As the student did not begin the final courses, SATC was required to recalculate the Federal Pell Grant and return those funds to the Department. Consequently, SATC must return* ***$1,387.00*** *in Federal Pell Grant funds kept erroneously. This student is also cited in Finding 1.*

Student #28: *For the 2010-2011 award year, the student had an EFC of 0, resulting in a full-time scheduled Federal Pell Grant award of $5,550.00. In the Fall 2010 semester, the student enrolled as a full-time student and was eligible to receive $2,775.00 in Federal Pell Grant funds. However, the student was administratively withdrawn prior to beginning one course. As the student did not begin the final course, SATC was required to recalculate the Federal Pell Grant and return those funds to the Department. Consequently, SATC must return* ***$694.00*** *in Federal Pell Grant funds kept erroneously. This student is also cited in Finding 1.*

Student #29: *For the 2010-2011 award year, the student had an EFC of 458, resulting in a full-time scheduled Federal Pell Grant award of $5,100.00. For the Spring 2011 semester, the student enrolled as a three-quarter-time student and was eligible to receive $1,913.00 per semester in Federal Pell Grant funds. However, SATC processed a Federal Pell Grant award of $2,550.00 for this student based on full-time enrollment. Consequently, SATC must return* ***$637.00*** *in Federal Pell Grant funds kept erroneously. This student is also cited in Finding 1.*

Required Action Summary: *For those students listed above and those identified in the required file review, SATC was required to provide the Department documentation that substantiated Federal Pell Grant funds were awarded and disbursed based on the correct enrollment status and expected family contribution each quarter in which the student was enrolled.*

SATC was also required to update policies and procedures and provide assurance that in the future, Federal Pell Grant awards would be disbursed based on the correct enrollment status (based on classes that students actually begin attendance), expected family contribution, and program of study. A copy of these procedures was required to be submitted with SATC's response to the program review report.

SATC's Response: SATC disagreed with the Department's determination regarding student #9. SATC indicated that the student's academic transcript only reflected two of the courses the student began attending. SATC provided documentation to verify that the student began attendance as a full-time student and requested the Department to reevaluate the student based on this documentation.

With regard to students #28 and #29 identified above, SATC agreed that the institution did not disburse Federal Pell Grant funds based on the enrollment status for only those classes in which the students actually began attendance.

SATC provided the results of the required file review, as well as copies of revised policies and procedures that will ensure Federal Pell Grant funds are appropriately disbursed going forward based on the enrollment status for those classes in which a student actually begins attendance.

Final Determination: SATC is liable for the incorrect Federal Pell Grant funds identified in the reconstruction of the 2010-2011 award year. The total liability owed to the Federal Pell Grant program is **$8,596.00.** Student specific liabilities are outlined in Appendix C.

SATC is also responsible for the cost of funds associated with the incorrect Federal Pell Grant disbursements. The total cost of funds liability due to the Department is **$72.00** ($71.56, *rounded*). The interest charges were computed using the cost of funds for Pell Grants published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Detailed information about this cost of funds liability determination may be found in Appendix I.

SATC must notify all students in writing regarding payments made on their behalf. This notification must include the amount and date of the payments.

Finding 3: Verification Incomplete/Incorrect

Citation Summary: *The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's ISIR. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. §§ 668.16(f), 668.24(c)(1)(i), and 668.56; 2009-2010 Application and Verification Guide.*

Noncompliance Summary: *SATC did not correctly complete the verification process for nine students selected for review for the 2010-2011 award year.*

Student #4: *The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 01 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the verification worksheet lists $1,740 as parental untaxed income—listed as child support received on the student's verification worksheet, which is not considered by SATC as part of the verification process.*

Student #5: *The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were*

properly verified. However, the verification worksheet lists $7,287 as parental untaxed income—listed as child support received on the student's verification worksheet, which is not considered as part of the verification process.

***Student #6**: The student was selected for verification and was disbursed Federal Pell Grant and Federal Direct Subsidized Loan funds based on completed verification of Transaction 04 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the ISIR lists $10,000 as parental untaxed income—listed as foster care payments on the student's verification worksheet.*

***Student #12:** The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 01 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the ISIR lists $1,229 as tax deferred income which is not included on the verification worksheet. Additionally, the student received $2,400 in untaxed unemployment benefits which are not considered by SATC while performing the verification process.*

***Student #17**: SATC disbursed Federal Pell Grant and Federal Direct Subsidized and Unsubsidized Loan funds to the student based on Transaction 01 (0 EFC) of the 2010-2011 ISIR. However, SATC received a subsequent transaction based on corrections submitted by the student. This transaction was selected for verification by the Department. SATC did not perform the required verification.*

***Student #18**: The student was selected for verification and was disbursed Federal Pell Grant and Federal Direct Subsidized Loan funds based on completed verification of Transaction 05 (2992 EFC) of the 2010-2011 ISIR. The student's household size, number in college was verified correctly; however, in reviewing tax returns collected as part of the verification process, it was noted the student and parent both claimed the student as a dependent for tax purposes. As this information does affect the EFC, SATC is required to clarify any conflicting information prior to processing federal aid. This student is also cited in Finding 5.*

***Student #19**: The student was selected for verification and was disbursed Federal Pell Grant and Federal Direct Subsidized Loan funds based on completed verification of Transaction 05 (4348 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified; however, SATC failed to collect a signed copy of the parent's tax return, which is required to complete the verification process. This student is also cited in Finding 5.*

***Student #21**: The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 01 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were*

properly verified. However, in reviewing the tax return, the student had $2,400 in untaxed income (unemployment benefits) which was not considered as part of the verification process.

***Student #24**: The student was selected for verification and was disbursed Federal Pell Grant and Federal Direct Subsidized and Unsubsidized Loan funds based on completed verification of Transaction 01 (0 EFC) of the 2010-2011 ISIR. The student's household size and number in college were properly verified. However, in reviewing the student's income reported on the ISIR, the student indicated he had completed a1040 A Tax form. However, the student indicated they would not be filing a tax return on the Verification Worksheet. SATC did not collect documentation to resolve the conflicting information reported by the student. This student is also cited in Finding 1.*

***Required Action:** In response to this report, SATC was required to resolve the verification deficiencies for the above-referenced students obtaining the documentation necessary to complete the process. If the resolution of the issue involved changes to the student's income, or the addition of parental income not previously reported, SATC was required to attempt to collect the required tax returns or other income-related information and recalculate the student's Title IV, HEA eligibility accordingly. SATC was also required to review the student files of all Title IV, HEA recipients in the 2010-2011 and 2011-2012 award years.*

SATC was required to devise and implement procedures that would ensure the verification process is properly completed for all students in the future. A copy of those procedures was required to accompany SATC's response to the program review report.

SATC's Response: With regard to students #4, #6, and #17, SATC recalculated each student's EFC and determined that the correct verification figures did not change the EFC and thus resulted in no change to the students' Title IV, HEA disbursements.

With regard to students #12 and #21, SATC indicated it was the institution's intention to utilize Professional Judgment to exclude the untaxed income from the EFC verification for these students.

With regard to student #5, SATC recalculated the student's EFC based on the correct verification figures and determined that the student's EFC increased from 0 to 1316. As a result, the student was over awarded $1,350 in Federal Pell Grant funds.

With regard to student #18, SATC collected an amended tax return from the student which indicated the student was no longer claiming a tax exemption for herself. The amended tax return reflected the student's taxes paid increased from 0 to $463.00. SATC recalculated the student's EFC based on the amended tax paid amount and determined the student's EFC decreased from 2,992 to 2,761. As a result, the student was under awarded $100 in Federal Pell Grant funds.

With regard to student #19, SATC was able to obtain a signed copy of the parent's Federal tax return and complete the verification process identifying no errors; as such, no liability exists for this student.

With regard to student #24, SATC indicates the institution was unable to make contact with the student and thus unable to determine whether or not the student's ISIR or verification worksheet was correct.

SATC provided the results of the required file review, as well as copies of revised policies and procedures to ensure that verification procedures are appropriately followed in the future.

Final Determination: The Department reviewed each student identified in the verification file reconstruction as well as the supporting documentation and EFC recalculations submitted.

In 17 instances, the Department determined that SATC did not properly complete the verification process when recalculating a student's Title IV, HEA eligibility. For example, SATC did not ensure the Education Tax Credit was properly reported on student ISIRs for nine students. SATC did not consistently ensure that tax deferred income reported on federal W-2 forms was reported as other untaxed income on student ISIRs. In two instances, SATC did not identify that a student reported other untaxed income for items that were included as taxed income on the Federal tax returns collected. In each of these instances, the Department recalculated the student's Title IV, HEA eligibility and the resulting EFC calculation resulted in a lower EFC, indicating the students did not receive all the Title IV, HEA funds they were eligible to receive.

In two instances, SATC did not include child support received as other untaxed income, and in one instance SATC did not correctly identify the amount of Education Tax Credits claimed when completing the verification process and recalculating Title IV, HEA eligibility. In each of these examples, the Department recalculated the student's Title IV, HEA eligibility and the resulting EFC recalculation resulted in a higher EFC indicating the student received more Title IV, HEA funds than what the student was eligible to receive.

The Department established full liabilities for those students in which SATC was unable to collect signed tax returns, verification worksheets, and/or other required documentation necessary to complete the verification process. The Department established liabilities for those students for which the revised EFC calculation submitted by SATC resulted in an overpayment of Title IV, HEA funds to the student. No additional liabilities or action is required for those students in which the revised EFC calculation submitted by SATC identified the student did not receive all the Title IV, HEA funds for which the student was eligible for the 2010-2011 award year as this award year is closed.

SATC is liable for the ineligible Title IV, HEA disbursements made to students prior to satisfying required verification procedures during the 2010-2011 award year. The total liability for Finding 3 includes **$23,293.00** in Federal Pell Grant funds, and **$6,586.00** in Federal Direct Subsidized Loan funds. Student specific liabilities are outlined in Appendix D.

With respect to the Federal Pell Grant liability, SATC is liable for the full amount of the ineligible funds disbursed. SATC is also liable for the cost of funds associated with the ineligible disbursement of Federal Pell Grant funds. The total cost of funds liability relating to the improper disbursement of Federal Pell Grant funds is **$234.00** ($234.44, *rounded*).

In lieu of requiring SATC to assume the risk of default by purchasing the ineligible Direct Loan funds, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The total amount of Federal Direct Subsidized Loan funds disbursed to ineligible students is **$6,586.00**. The estimated actual loss to the Department that has resulted or will result from these ineligible loans is based on SATC's most recent cohort default rate of 13% (2010). As a result, the estimated actual loss that SATC must pay to the Department for the ineligible loans is **$1,189.00** ($1,188.93 in Direct interest and special allowance, *rounded*). A copy of the results of the estimated actual loss calculation is included as Appendix H.

D. Summary of Liabilities

Established Liabilities	Pell (Closed Award Year)	Direct Loan (Closed Award Year)	EALF Direct Loan	
Finding 1	$ 247.00	$155.00		
Finding 2	$ 8,596.00	$0		
Finding 3	$23,293.00	$0		
Subtotal	$32,136.00	$155.00	$1,189.00	
Interest/Cost of Funds	$ 308.00	$1.00		
Subtotal 2	$32,444.00	$156.00		
				TOTAL
TOTAL	$32,444.00	$156.00	$1,189.00	**$33,789.00**
Payable To:				
Department	**$33,789.00**			

Estimated Actual Loss (EAL):

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

The total amount of Direct Loan that SATC improperly disbursed during the 2010-2011 award year for finding 3 is **$6,586.00.** The total estimated actual loss that SATC must pay to the Department for the ineligible loans is **$1,189.00.** A copy of the results of the calculation is included in Appendix G.

E. Payment Instructions

1. Liabilities Owed to the Department

SATC owes to the Department **$33,789.00**. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

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

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

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

The following identification data must be provided with the payment:

Amount: $33,789.00
DUNS: Institution's DUNS number
TIN: 9-digit tax identification number
Program Review Control Number: 201140727636

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. SATC is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to SATC's account representative.

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

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

If within 45 days of the date of this letter, SATC 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 SATC from the Federal Government. **SATC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, SATC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

2. Liabilities Owed to the Department in the case of Direct Loans

William D. Ford Federal Direct Loan (Direct Loan) Liabilities:

Direct Loan Closed Award Years (Request Extended Processing)

Finding: 1
Appendix: B

SATC must repay the following Direct Loan liabilities:

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
$155.00	$1.00	2010-2011
Total Principal	Total Interest	
$155.00	$1.00	

The disbursement record for each student identified in the appendix listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix. A copy of the adjustment to each student's COD record must be sent to Kathy Feith **within 45 days of the date of this letter.**

Request Extended Processing

COD adjustments are necessary for the closed award year listed above. Before any student level adjustments can be processed, SATC must immediately request extended processing through the COD Website (http://cod.ed.gov).

- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the institution should indicate in their explanation that the request is based on a program review, and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award year(s).

Direct Loan Estimated Actual Loss

Finding: 3
Appendix: G

DL Estimated Actual Loss	
Amount	Award Year
$1,189.00	2010-2011
Total	
$1,189.00	

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

3. Liabilities Owed to the Department in the case of Title IV, HEA Grants

Federal Pell Grant – Closed Award Year

Findings: 1, 2, and 3
Appendices: B, C, and D

SATC must repay:

Federal Pell Grant Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
$30,758.00	$306.00	Federal Pell Grant	2010-2011
$ 1,378.00	$ 2.00	Federal Pell Grant	2011-2012
Total Principal	Total Interest		
$32,136.00	$308.00		

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

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

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

Salina Area Technical College
OPE ID: 00549900
PRCN: 201140727636
[redacted]

Final Program Review Determination

Appendix E:

Program Review Report

November 3, 2011

Mr. Greg Goode
President
Salina Area Technical College
2562 Centennial Road
Salina, KS 67401-8195

Overnight Mail, UPS Tracking Number
1Z A54 67Y 01 9335 8881

RE: **Program Review Report**
OPE ID: 00549900
PRCN: 201140727636

Dear President Goode:

From August 29, 2011 through September 2, 2011, Ms. Angela Beam and Ms. Kathy Feith conducted a review of Salina Area Technical College's (SATC) 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 SATC. The response should include a brief, written narrative for each finding that clearly states SATC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, SATC 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 report[1] 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).

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 SATC 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 Ms. Kathy Feith 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. 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 Ms. Kathy Feith at 816-268-0406 or kathy.feith@ed.gov.

Sincerely,

(b)(6)

Dvak Corwin
Team Leader

cc: Ms. Susan Eberwein, Financial Aid Director

Enclosure:
Protection of Personally Identifiable Information
Program Review Report

Prepared for

Salina Area Technical College

OPE ID 00549900
PRCN 201140727636

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Team – Kansas City

Program Review Report

November 1, 2011

8930 Ward Parkway, Suite 2028, Kansas City, MO 64114-3392
www.FederalStudentAid.ed.gov

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A. Institutional Information

Salina Area Technical College
2562 Centennial Road
Salina, KS 67401-8195

Type: Public

Highest Level of Offering: Non Degree, Two Year

Accrediting Agency: North Central Association of Colleges and Schools (NCA CASI)

Current Student Enrollment: 154 (2010-2011)

% of Students Receiving Title IV: 67% (2010-2011)

Title IV Participation (G5)

	2009-2010
Federal Pell Grant	$ 521,107.00
Family Federal Education Loan Program	$ 4,893.00
Federal Direct Subsidized Stafford Loan	$ 360,597.00
Federal Direct Unsubsidized Stafford Loan	$ 315,044.00
Federal Direct PLUS Loan	$ 18,892.00
Total	**$1,220,533.00**

Default Rate FFEL/DL: 2009—9.0%
2008—6.2%
2007—4.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Salina Area Technical College (SATC) from August 29, 2011 to September 2, 2011. The review was conducted by Ms. Angela Beam and Ms. Kathy Feith.

The focus of the review was to determine SATC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV, HEA programs. The review consisted of, but was not limited to, an examination of SATC'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 35 files was identified for review from the 2010-2011 (no Title IV, HEA funds had been disbursed for the 2011-2012 award year at the time of the on-site review). 15 files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for the award year. Eight additional files were selected judgmentally from the recipient data spreadsheet provided by SATC to ensure Associate Degree students were not receiving Title IV assistance. Seven files were selected judgmentally from the recipient data spreadsheet provided by SATC to ensure Return calculations were being performed correctly. Five files were selected judgmentally from the recipient data spreadsheet provided by SATC to ensure dependency overrides and professional judgments performed by the institution were appropriately documented. Appendices A, B, C, and D lists the names and partial social security numbers of the students 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 SATC'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 SATC 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 SATC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Return to Title IV Funds Calculation Errors

Citation: Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in pertinent Federal regulations. 34 C.F.R. § 668.22. Regulations additionally define "institutional charges" as tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution. 34 C.F.R. § 668.22(g)(2). At an institution such as SATC which is not required to take attendance, a student's withdrawal date is: (1) the date that the student began the withdrawal process; (2) the date the student provided official notification to the institution of his or her intent to withdraw; (3) if the student withdraws without providing official notification to the institution of his or her intent to withdraw, the midpoint of the payment period; (4) the date related to a student's circumstances beyond his or her control that did not allow the student to provide official notification to the institution; or (5) the date the student began a leave of absence if he or she fails to return from the leave of absence or if the leave of absence does not meet legal requirements. 34 C.F.R. § 668.22 (c)(1).

The percentage of Title IV, HEA funds earned by the student is equal to the percentage of the payment period completed by the student's withdrawal date if this date occurs on or before the completion of 60 percent of payment period; or 100 percent if the student's withdrawal date occurs after completion of 60 percent of the payment period. 34 C.F.R. § 668.22(e)(2). The percentage of unearned Title IV, HEA funds is the complement of the percentage earned. The amount of Title IV, HEA funds to be returned is determined by subtracting the amount of Title IV, HEA funds earned by the student from the amount that was disbursed to the student as of the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(e)(3) and (4). The percentage of the payment period completed is determined at an institution such as SATC, where programs are measured in credit hours, by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date. 34 C.F.R. § 668.22(f)(1). As described in 34 C.F.R. § 668.22(f)(2)(i), the total number of calendar days in a payment period includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total

number of calendar days in a payment period and the number of days completed in that period.

An institution must return as soon as possible the unearned Title IV, HEA aid for which it is responsible for returning but, as of July 1, 2007, no later than 45 days after the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j)(1). As required by 34 C.F.R. § 668.22(l)(3)(ii), for a student who does not provide notification of his or her withdrawal, the institution's date of determination that the student withdrew is the date that the institution becomes aware that the student ceased attendance. An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution, no later than 30 days after the end of the payment period. 34 C.F.R. § 668.22(j)(2)(i).

Federal regulations stipulate that if a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance. 34 C.F.R. § 690.80(b)(2)(ii).

Noncompliance: In seven of the reviewed files, SATC incorrectly processed Return of Title IV Funds calculations, as outlined below.

Student #9: The student officially withdrew from the Spring 2011 semester on February 24, 2011. In performing the required Return, SATC did not calculate the student's Federal Pell Grant award to take into account those courses in which the student never began attendance. SATC should have returned $1337.00 in Federal Pell Grant funds to the Department and used $1,388.00 in Federal Pell Grant funds in the Return calculation. The revised calculation performed by program reviewers indicates SATC was required to return $796.71 in Federal Pell Grant funds to the department. Based on the institution's Return calculation, SATC returned $757.11 in Federal Pell Grant funds. Therefore, SATC is still required to return **$39.00** in Federal Pell Grant funds. This student is also cited in Finding 2.

Student #24: The student officially withdrew from the Spring 2011 semester on January 26, 2011. In performing the Return calculation, SATC incorrectly applied the student's charges that had been adjusted according to the institution's refund policy ($1,044.00) as the student's original charges in the Return calculation. The student's original charges should have been $1,750.00. The revised calculation performed by program reviewers indicates SATC must return an additional **$480.25** in Federal Direct Subsidized Stafford Loan funds and **$74.91** in Federal Direct Unsubsidized Stafford Loan funds. It should be noted that SATC incorrectly indicated in NSLDS the student was in an overpayment status. As SATC returned all funds on behalf of the student, no overpayment exists. Consequently, SATC must correct the student's NSLDS record to reflect the overpayment is satisfied. This student is also cited in Finding 3.

Student #25: The student unofficially withdrew from the Fall 2010 semester. In performing the Return calculation, SATC incorrectly calculated the student's original charges by omitting the $83.00 required enrollment fee charged yearly to all students. The revised calculation performed by program reviewers indicates SATC must return an additional **$37.35** in Federal Direct Subsidized Stafford Loan funds.

Student #27: The student unofficially withdrew from the Fall 2010 semester. In performing the Return calculation, SATC incorrectly used the date the student picked up his/her student refund check from the Business Office (September 27, 2010) as the student's last date of an academically related activity. Regulations allow an institution that is not required to take attendance to utilize the midpoint of the payment period in performing the required Return calculation. In addition, SATC incorrectly calculated the student's original charges by omitting the $83.00 enrollment fee charges annually to all students. Utilizing the midpoint of the semester and the appropriate amount of institutional charges ($1,594.00), the revised calculation performed by program reviewers indicates SATC returned **$268.61** more than was required in Federal Direct Subsidized Stafford Loan funds.

Student #28: The student was administratively withdrawn from the Fall 2010 semester on September 27, 2010. In performing the required Return, SATC did not calculate the student's Federal Pell Grant award to take into account those courses in which the student never began attendance. SATC should have returned $694.00 in Federal Pell Grant funds to the Department and used $2,081.00 in Federal Pell Grant funds in the Return calculation. The revised calculation performed by program reviewers indicates SATC was required to return $899.20 in Federal Direct Subsidized Stafford Loan funds to the department. Based on the institution's Return calculation, SATC returned $984.32 in Federal Direct Subsidized Stafford Loan funds, **$85.12** in error. This student is also cited in Finding 2.

Student #29: The student officially withdrew from the Spring 2011 semester on January 26, 2011. In performing the required Return, SATC did not recalculate the student's Federal Pell Grant award to take into account those courses in which the student never began attendance. SATC should have returned $637.00 in Federal Pell Grant funds to the Department and used $1,913.00 in Federal Pell Grant funds in the Return calculation. The revised calculation performed by program reviewers indicates SATC was required to return $629.71 in Federal Direct Subsidized Stafford Loan funds to the Department and the student was required to return $382.66 in Federal Pell Grant funds. Based on the institution's Return calculation, SATC returned $601.16 in Federal Pell Grant funds on behalf of the student. Consequently, SATC returned **$218.50** in Federal Pell Grant funds in error. This student is also cited in Finding 2.

Student #30: The student unofficially withdrew from the Spring 2011 semester. SATC used April 29, 2011 as the student's last day of attendance. SATC did not perform a Return calculation as it was presumed the student had earned all funds received.

Required Action: SATC must perform a file review of all Title IV, HEA recipients for the 2010-2011 and 2011-2012 award years to identify all official and unofficial withdrawals. The institution must identify, review, and report on all Title IV, HEA recipients for whom a Return calculation was, or should have been, performed in any of the three award years. The review must include all students whose transcripts reflect that they completed a term with all "W", "F", or "I" grades, in order to determine whether or not the students were withdrawals. For Returns that are found to be improperly calculated or not calculated altogether, SATC must perform a correct calculation or recalculation.

The materials the institution must submit include:

(1) A spreadsheet that contains, for each Title IV, HEA recipient who officially or unofficially withdrew, the following information:

- (a) Student's Last and First Name;
- (b) Last four digits of student's SSN number;
- (c) The Award Year;
- (d) Student's last date of attendance;
- (e) Student's withdrawal date;
- (f) The date that SATC determined that the student withdrew;
- (g) The date that the original Return was calculated;
- (h) The amount of each Title IV, HEA disbursement (organized by Title IV, HEA program);
- (i) The date of each Title IV, HEA disbursement (organized by Title IV, HEA program);
- (j) If applicable, the Title IV, HEA amount returned (organized by Title IV, HEA program);
- (k) If applicable, the date Title IV, HEA funds were repaid to the Department (organized by Title IV, HEA program);
- (l) Number of days late, if applicable (organized by Title IV, HEA program);
- (m) Amount of original post-withdrawal disbursement (PWD), if applicable (organized by Title IV, HEA program);
- (n) Date original PWD was paid, if applicable (organized by Title IV, HEA program);
- (o) Amount of corrected post-withdrawal disbursement (PWD), if applicable (organized by Title IV program);
- (p) Date corrected PWD was paid, if applicable (organized by Title IV, HEA program);
- (q) Date of corrected Return of Title IV Funds calculation, if applicable;
- (r) Corrected amount of Return, if applicable;

(2) A copy of the complete original Return of Title IV Funds calculation worksheet for each Title IV, HEA recipient who withdrew in the 2010-2011 and 2011-2012 award years (SATC must identify calculations that were first performed as a result of the PRR);
(3) A copy of the complete corrected Return of Title IV Funds calculation, if applicable;
(4) A copy of all pertinent student account cards for the Returns identified above. The account card should reflect the disbursements included in the Return calculation as well as the return of the Title IV, HEA funds, if applicable;
(5) Legible copies of all audit trail documentation (i.e. wire transfer records on bank statements, institutional drawdown and refund reports, screen prints of Common Origination and Disbursement [COD] screens with pertinent detail information) to support the return of the funds to the Title IV, HEA accounts. The documentation must clearly identify the amount of the Return for the individual in question. If a Return was repaid to the Title IV, HEA programs by check, then a legible copy of the cancelled check, front and back, must be submitted;
(6) A copy of SATC's official withdrawal form (or other official withdrawal documentation) for each Title IV, HEA recipient who officially withdrew, with the official date of withdrawal notated;
(7) Copies of all pertinent records supporting SATC's determination of the student's last date of attendance;
(8) An explanation of how SATC determined whether the student was an official or unofficial withdrawal, if applicable;
(9) In cases where a post-withdrawal disbursement was calculated, copies of all supporting documentation establishing that the post-withdrawal disbursement of Title IV, HEA loan funds was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is available, SATC must provide documentation indicating that the student, or parent in the case of a PLUS loan, was notified that a post-withdrawal disbursement was made on their behalf, the amount of the disbursement, and the date that it occurred;
(10) In the case of unearned aid that is required to be returned by a student, copies of all supporting documentation establishing that SATC contacted the student and made appropriate repayment arrangements, as outlined in Federal regulations..

The Return of Title IV Funds spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Last Name	First Name	SSN	Award Year	Last Date of Attendance	Withdrawal Date	Date of Determination	Date Return was calculated	Amount of Disbursement	Disbursement Date
****	***	***	09-10	1/2/10	1/3/10	2/30/10	2/30/10	$1,750	1/1/10
							$		

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report.

SATC must also review and revise its internal policies and procedures to ensure Returns of Title IV Funds calculations are performed accurately for all students in the future. A copy of these procedures must accompany SATC's response to this report.

Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Finding 2. Incorrect Federal Pell Grant Awards

Citation: If a student is enrolled in an eligible program that measures progress in credit hours and is offered in quarters, a student must be enrolled in at least 12 credit hours each term to qualify as a full-time student. 34 C.F.R. §690.63 (a)(1)(i). Based on the determined enrollment status, an institution determines a student's annual award based on the payment schedule for full-time students or the disbursement schedule for three-quarter time, half-time, or less-than-half-time students; and then multiplying the annual award by the following fraction:

$$\frac{\text{The number of weeks of instructional time in the program in the fall, winter, and spring quarters}}{\text{The number of weeks of instructional time in the program's academic year}}$$

34 C.F.R. §690.63(d)(2) and (3).

If a student enrolls in a payment period that is scheduled to occur in two award years, an institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time that the student's Federal Pell Grant is initially calculated. 34 C.F.R. §690.64(b).

Federal regulations stipulate that if a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance. 34 C.F.R. § 690.80(b)(2)(ii).

Noncompliance: In three instances, SATC did not apply Federal Pell Grant funds appropriately to a student account according to their enrollment status.

Student #9: For the 2010-2011 award year, the student had an EFC of 0, resulting in a full-time scheduled Federal Pell Grant award of $5,550.00. In the Spring 2011 semester, the student enrolled as a full-time student and was eligible to receive $2,775.00 in Federal Pell Grant funds. However, the student withdrew prior to beginning two courses. As the