



June 25, 2015

David R. Evans, Ph.D.  
President  
Southern Vermont College  
982 Manson Drive  
Bennington, Vermont 05201-6002

**UPS Tracking**  
**No.: 1ZA879640291109839**

**RE: Final Program Review Determination**  
OPE ID: 003693-00  
PRCN: 2011-401-27621

Dear Dr. Evans:

The U.S. Department of Education's (Department) School Participation Division – New York/Boston issued a program review report on September 26, 2013 covering Southern Vermont College's (SVC) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs) for the 2009 - 2010 and 2010 - 2011 award years. SVC's final response was received on June 18, 2014. A copy of the program review report (and related attachments) and SVC's response are attached. Any supporting documentation submitted with SVC's response is being retained by the Department and is available for inspection by SVC 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, and (3) notify SVC of its right to appeal.

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

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School Participation Division New York/Boston

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finding in the attached report does not contain any student PII. Instead, the finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample.

### **Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified as a result the September 26, 2013 program review report. If SVC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, SVC must file a written request for an administrative hearing. Please note SVC may appeal financial liabilities only. The Department must receive SVC's request no later than 45 days from the date SVC receives this FPRD. An original and four copies of the information SVC submits must be attached to the request. The request for an appeal must be sent to:

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

SVC'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.

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 SVC'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 SVC has any questions regarding this letter, please contact Mr. Lonny R. Meloon at (617) 289-0092.

Sincerely,



Betty Coughlin  
Division Director

Enclosure:

Protection of Personally Identifiable Information  
Program Review Report (and appendices)  
Final Program Review Determination Report (and appendices)

cc: Susan Rochette, Financial Aid Administrator  
Cassandra Ryan, Vermont Department of Education  
Betty Coldewey, New England Association of Schools and Colleges - CHE (Higher  
Educ)  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

## **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  
Southern Vermont College

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**OPE ID:** 003693-00  
**PRCN:** 2011-401-27621

**Prepared by**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division – Boston/New York**

**Final Program Review Determination**  
June 25, 2015

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**A. Institutional Information**

Southern Vermont College  
982 Manson Drive  
Bennington, Vermont 05201-6002

Type: Private nonprofit

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: New England Association of Schools and Colleges

Current Student Enrollment: 510 (2011)

% of Students Receiving Title IV: 87% (2011)

Title IV Participation (PCNet):

	2011 - 2012	2012 - 2013
Federal Pell Grant (Pell)	\$ 871,885	\$ 1,134,424
Federal Supplemental Educational Opportunity Grant (SEOG)	\$ 92,920	\$ 93,641
Federal Work Study (FWS)	\$ 102,944	\$ 102,944
William D. Ford Direct Loan Program (Direct Loan)	<u>\$ 4,510,785</u>	<u>\$ 4,345,228</u>
Total:	\$ 5,578,534	\$ 5,676,237

Default Rate FFEL/DL:

2011 –	13.0%
2010 –	17.6%
2009 –	9.7%

## **B. Scope of Review**

The U.S. Department of Education (Department) conducted a program review at Southern Vermont College (SVC) from August 8, 2011 to August 12, 2011. The review was conducted by Mr. Gary Caramanis, Ms. Cheryl Marotta and Mr. Stephen Podeszwa.

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

A sample of 30 files was identified for review from the 2009 - 2010 and 2010 - 2011 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names of the students whose files were examined during the program review. A program review report was issued on September 26, 2013.

### **Disclaimer:**

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

## **C. Findings and Final Determinations**

### **Resolved Findings**

#### **Finding 2 and 3**

SVC has taken the corrective actions necessary to resolve Findings 2 and 3 of the program review report. Therefore, these findings may be considered closed. SVC's written response which resolved these findings can be found in Appendix C.

### **Finding with Final Determinations**

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of SVC's response to the finding and the Department's final determination for the finding. A copy of the program review report issued on September 26, 2013 is attached as Appendix B.

**Finding 1. Failure to Meet Federal Work Study (FWS) Community Service Requirement**

***Citation Summary:***

*An institution must use at least seven percent of the sum of its initial and supplemental FWS allocation for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one reading tutoring project that employs one or more FWS students as reading tutors for children who are pre-school age or are in elementary school or a family literacy project that employs one or more FWS students in family literacy activities. The Secretary may waive these requirements if it is determined that an institution has demonstrated that enforcing the requirements would cause a hardship for students at the institution. To request a waiver for an award year, a school must send a waiver request and any supporting information or documentation to the Department by the established deadline date of that award year. The fact that it may be difficult for a school to comply with these requirements is not, in and of itself, a basis for granting a waiver. If there are any questions with respect to the community service expenditure requirements or waiver procedures, you may contact the Department's Campus-Based Call Center at 877-801-7168. 34 C.F.R. § 675.18 (g)*

***Noncompliance Summary:***

*SVC failed to use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2009 - 2010 and 2010 - 2011 award years to compensate students employed in community service activities.*

***Required Action Summary:***

*SVC was required to identify each community service employer used to satisfy any portion of the seven percent requirement and submit supporting documents, to include appropriate payroll records, any off-campus work study agreements, and FWS time sheets listing the total dollar value earned by each student and the total dollar value and percentage used to satisfy the community service requirement for the 2009 - 2010 and 2010 - 2011 award years. If SVC was unable to demonstrate that it used all or a portion of its FWS allocation to satisfy this requirement, the amount of the difference between seven percent and the amount used to satisfy the requirement would be considered a liability.*

***SVC's Response:***

In its response, SVC provided copies of its Fiscal Operations Report and Application to Participate (FISAP) for the 2009 - 2010 and 2010 - 2011 award years. The FISAPs reflected that SVC's FWS allocation was \$102,944 for both the 2009 - 2010 and 2010 - 2011 awards years. SVC submitted documentation which demonstrated that it had awarded \$12,039.90 to compensate FWS students employed in community service related occupations for the 2009 - 2010 award year.

The documentation also demonstrated that SVC had awarded \$6,583.25 to compensate students employed in community service related occupations for the 2010 - 2011 award year.

**Final Determination:**

The Department has determined that SVC used at least seven percent of its 2009 - 2010 FWS allocation to compensate students employed in community service occupations.

However, SVC failed to use at least seven percent of its 2010 - 2011 FWS allocation to compensate students who were employed in community service occupations.

Based on its FWS allocation for the 2010 – 2011 award year, SVC was required to award \$7,206.08 to students employed in community service occupations. Since SVC did use a portion of its 2010 - 2011 FWS funds towards the community service requirement, the difference of \$622.83 (\$7,206.08 - \$6583.25) is considered an institutional liability.

2010 - 2011 Federal Work Study Principal (Federal Share)	\$622.83
2010 - 2011 Federal Work Study Interest	\$ 11.49
Totals:	\$634.32

Details of this liability can be found in Appendix D. The total liability for this finding is \$634.32.

**D. Summary of Liability**

The total amount calculated as a liability from the findings in the program review determination is as follows.

Liability	FWS	
Finding 1	\$622.83	
<b>Sub Total 1</b>	\$622.83	
Finding 1 Interest		
<b>Subtotal 2</b>	\$ 11.49	
<b>Total</b>	\$634.32	
<b>Payable To:</b>		<b>Totals</b>
<b>Department</b>		\$634.32

## **E. Payment Instructions**

### **Adjusting Federal Work Study (FWS) Liability:**

#### Finding 1

The appropriate methodology for returning the FWS liability involves making revisions to the FISAP report for the 2010 - 2011 award year. Instructions for completing these revisions are described below.

### **FISAP Corrections**

SVC must make corrections to its FISAP for award year 2010 - 2011 as follows:

- Log into eCB and make changes to the Working Copy, click on Submit and choose "Change Request". Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number 2011-401-27621.
- Once the request is approved, submit the changes within 5 days.
- Changes to the FISAP may result in changes to subsequent FISAPS. Contact the eCB Call Center at (877) 801-7168 for assistance in making this determination.
- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 in accordance with the automated notification from eCB. If the school has not drawn down its full authorization, the authorization will be reduced.

SVC must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to Lonny R. Meloon **within 45 days of the date of this letter**.

## **F. Appendices**

Appendix A: Student Sample

Appendix B: Program Review Report Dated September 26, 2013

Appendix C: Institution's Written Response to the Program Review Report

Appendix D: Cost of Funds – Federal Work Study – Community Service



September 26, 2013

Karen Gross, J.D.  
President  
Southern Vermont College  
982 Mansion Drive  
Bennington, VT 05201-6002

UPS Tracking #:  
1Z A54 67Y 02 9617 7186

RE: **Program Review Report**  
OPE ID: 003693  
PRCN: 2011 40127621

Dear President Gross:

From August 8, 2011 through August 12, 2011, Gary Caramanis, Cheryl Marotta and Stephen Podeszwa conducted a review of Southern Vermont College's administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by Southern Vermont College. The response should include a brief, written narrative for each finding that clearly states Southern Vermont College's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Southern Vermont College 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<sup>1</sup> 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.

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

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

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response will not be attached to the FPRD. However, it will be retained and available for inspection by Southern Vermont College 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 Gary Caramanis of this office within 30 calendar days of receipt of this letter.

**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 Gary Caramanis at 617 289 0134 or [gary.caramanis@ed.gov](mailto:gary.caramanis@ed.gov).

Sincerely,



Tracy M. Nave  
Compliance Manager

cc: Joel Phelps, Financial Aid Administrator

Enclosure:  
Protection of Personally Identifiable Information

Prepared for

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**Southern Vermont College**

**OPE ID 003693  
PRCN 2011 40127621**

**Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division- New York/Boston**

## **Program Review Report**

September 26, 2013

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**A. Institutional Information**

Southern Vermont College  
982 Manson Drive  
Bennington, Vermont 05201-6002

Type: Private nonprofit

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: New England Association of Schools and Colleges

Current Student Enrollment: 510 (2011)

% of Students Receiving Title IV: 87% (2011)

Title IV Participation:

Award Year -2011/2012	
Federal Pell Grant (Pell)	\$1,011,877
Federal Supplemental Educational Opportunity Grant (SEOG)	\$92,920
Federal Work Study (FWS)	\$77,209
William D. Ford Direct Loan Program (Direct Loan)	\$4,510,785

Default Rate FFEL/DL:	2010 – 12.8%
	2009 – 6.8%
	2008 – 11.2%

## **B. Scope of Review:**

The U.S. Department of Education (the Department) conducted a program review at Southern Vermont College (SVC) from August 8, 2011 to August 12, 2011. The review was conducted by Mr. Gary Caramanis, Ms. Cheryl Marotta and Mr. Stephen Podeszwa.

The focus of the review was to determine SVC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of SVC'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 34 files was identified for review from the 2009/10 and 2010/11 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

## **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning SVC'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 SVC 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 SVC to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding 1. Failure to Meet FWS Community Service Requirement**

**Citation:** An institution must use at least seven percent of the sum of its initial and supplemental FWS allocation for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one reading tutoring project that employs one or more FWS students as reading tutors for children who are pre-school age or are in elementary school or a family literacy project that employs one or more FWS students in family literacy activities. The Secretary may waive these requirements if it is determined that an institution has demonstrated that enforcing the requirements would cause a hardship for students at the institution. To request a waiver for an award year, a school must send a waiver request and any supporting information or documentation to the Department by the established deadline date of that award year. The fact that it may be difficult for a school to comply with these requirements is not, in and of itself, a basis for granting a waiver. If there are any questions with respect to the community service expenditure requirements or waiver procedures, you may contact the Department's Campus-Based Call Center at 877-801-7168. Reference 34 C.F.R. § 675.18 (g).

**Noncompliance:** SVC failed to use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2009/10 and 2010/11 award years to compensate students employed in community service activities.

**Required Action:** A school that is not compliant with the FWS community service requirements may be subject to a Limitation, Suspension, and Termination proceeding, through which the school could be denied future participation in the FWS Program and possibly other FSA programs and/or subject to a substantial fine.

In its response to this finding, SVC must identify each Community Service employer used to satisfy any portion of the seven percent requirement, and submit supporting documents, including appropriate payroll records, any off-campus work study agreements, and FWS time sheets listing the total dollar value earned by each student and the total dollar value and percentage used to satisfy the community service requirement for the 2009/10 and 2010/11 award years. If SVC is unable to demonstrate that it used all or a portion of its FWS allocation to satisfy this requirement, the amount of the difference between seven percent and the amount used to satisfy the requirement will be considered a liability. Instructions for repayment of any liability will be provided in the FPRD letter.

### **Finding 2. Failure to Send Loan Disbursement Notifications**

**Citation:** Except in the case of a post-withdrawal disbursement made in accordance with § 668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, FFEL, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of -

- The anticipated date and amount of the disbursement;

- The student's right or parent's right to cancel all or a portion of that loan, loan disbursement TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, the TEACH Grant proceeds returned to the Secretary;
- The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

The institution must provide the notice described in paragraph (a)(2) of this section in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or no earlier than 30 days before, and no later than seven days after, crediting the student's account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i) of this section.

**Noncompliance:** SVC did not send the required loan disbursement notifications to any of the loan recipients in the sample.

**Required Action:** SVC must revise its current policies and procedures to ensure that the required written notification is sent to the student and or parent within the required timeframe. Please include a copy of the required notice and revised procedures with your response to this report.

### **Finding 3. FWS Time Card Not Certified**

**Citation:** In administering its FWS program, an institution shall establish and maintain an internal control system that includes a certification by the student's supervisor, an official of the institution or off-campus agency, that, each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time card record showing the hours each student worked in clock time sequence or the total hours worked per day. Reference 34 C.F.R. §675.19 (b)(2)(i)

**Noncompliance:** SVC's standardized FWS time card used for all students for the 2009/10 and 2010/11 award years did not contain a statement by the supervisor indicating that the student had worked and earned the amount being paid. Although the statement was missing, the time cards were signed by the supervisors.

**Required Action:** During the program review, SVC officials provided the reviewers with a revised standardized FWS time card that includes the required supervisor's certification statement. School officials indicated that the revised time card would be used for all FWS students effective immediately. Therefore, no further action is required.

Prepared for

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**Southern Vermont College**

**OPE ID 003693  
PRCN 2011 40127621**

**Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division- New York/Boston**

## **Program Review Report**

September 26, 2013

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## **B. Scope of Review:**

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

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## **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 SVC to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding 1. Failure to Meet FWS Community Service Requirement**

**Citation:** An institution must use at least seven percent of the sum of its initial and supplemental FWS allocation for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one reading tutoring project that employs one or more FWS students as reading tutors for children who are pre-school age or are in elementary school or a family literacy project that employs one or more FWS students in family literacy activities. The Secretary may waive these requirements if it is determined that an institution has demonstrated that enforcing the requirements would cause a hardship for students at the institution. To request a waiver for an award year, a school must send a waiver request and any supporting information or documentation to the Department by the established deadline date of that award year. The fact that it may be difficult for a school to comply with these requirements is not, in and of itself, a basis for granting a waiver. If there are any questions with respect to the community service expenditure requirements or waiver procedures, you may contact the Department's Campus-Based Call Center at 877-801-7168. Reference 34 C.F.R. § 675.18 (g).

**Noncompliance:** SVC failed to use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2009/10 and 2010/11 award years to compensate students employed in community service activities.

**Required Action:** A school that is not compliant with the FWS community service requirements may be subject to a Limitation, Suspension, and Termination proceeding, through which the school could be denied future participation in the FWS Program and possibly other FSA programs and/or subject to a substantial fine.

In its response to this finding, SVC must identify each Community Service employer used to satisfy any portion of the seven percent requirement, and submit supporting documents, including appropriate payroll records, any off-campus work study agreements, and FWS time sheets listing the total dollar value earned by each student and the total dollar value and percentage used to satisfy the community service requirement for the 2009/10 and 2010/11 award years. If SVC is unable to demonstrate that it used all or a portion of its FWS allocation to satisfy this requirement, the amount of the difference between seven percent and the amount used to satisfy the requirement will be considered a liability. Instructions for repayment of any liability will be provided in the FPRD letter.

### **Finding 2. Failure to Send Loan Disbursement Notifications**

**Citation:** Except in the case of a post-withdrawal disbursement made in accordance with § 668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, FFEL, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of -

- The anticipated date and amount of the disbursement;

- The student's right or parent's right to cancel all or a portion of that loan, loan disbursement TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, the TEACH Grant proceeds returned to the Secretary;
- The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

The institution must provide the notice described in paragraph (a)(2) of this section in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or no earlier than 30 days before, and no later than seven days after, crediting the student's account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i) of this section.

**Noncompliance:** SVC did not send the required loan disbursement notifications to any of the loan recipients in the sample.

**Required Action:** SVC must revise its current policies and procedures to ensure that the required written notification is sent to the student and or parent within the required timeframe. Please include a copy of the required notice and revised procedures with your response to this report.

### **Finding 3. FWS Time Card Not Certified**

**Citation:** In administering its FWS program, an institution shall establish and maintain an internal control system that includes a certification by the student's supervisor, an official of the institution or off-campus agency, that, each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time card record showing the hours each student worked in clock time sequence or the total hours worked per day. Reference 34 C.F.R. §675.19 (b)(2)(i)

**Noncompliance:** SVC's standardized FWS time card used for all students for the 2009/10 and 2010/11 award years did not contain a statement by the supervisor indicating that the student had worked and earned the amount being paid. Although the statement was missing, the time cards were signed by the supervisors.

**Required Action:** During the program review, SVC officials provided the reviewers with a revised standardized FWS time card that includes the required supervisor's certification statement. School officials indicated that the revised time card would be used for all FWS students effective immediately. Therefore, no further action is required.