



June 8, 2015

Mark A. Lenz, Director  
Tennessee College of Applied Technology  
100 White Bridge Road  
Nashville, TN 37209-4515

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RE: **Final Program Review Determination**  
OPE ID: 00535900  
PRCN: 201130727557

Dear Mr. Lenz:

The U.S. Department of Education's (Department) School Participation Division – Kansas City issued a program review report on October 30, 2012 covering Tennessee College of Applied Technology's (formerly known as Tennessee Technology Center - TTC), 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. TTC's initial response was received on February 28, 2013 and the final response was received on November 15, 2013. A copy of the program review report (and related attachments) and TTC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by TTC 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, (4) close the review, and (5) notify TTC of a possible adverse action. Due to the serious nature of Findings 8 & 9, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse administrative action pursuant to 34 C.F.R. § 668, Subpart G. 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

**Federal Student Aid**

AN OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Kansas City

1010 Walnut Street, Suite 336, Kansas City, MO 64106-2147

StudentAid.gov

provided which will include information on institutional appeal rights and procedures to file an appeal.

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

The total liabilities due from the institution from this program review are **\$118,811.46**.

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, and E also contain PII.

**Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the October 30, 2012 program review report. If TTC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date TTC receives this FPRD. An original and four copies of the information TTC 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

TTC'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 TTC'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 Mr. Rick Moore at 816-268-0421. 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: Cara Suhr, Financial Aid Director  
Tennessee State Board of Regents  
Council on Occupational Education  
Tennessee Student Assistance Corporation

## **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, flash drive, 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**

**Tennessee College of  
Applied Technology –  
Nashville**

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**OPE ID: 00535900  
PRCN 201130727557**

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

**Final Program Review Determination**  
June 8, 2015

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**A. Institutional Information**

Tennessee Technology Center Nashville  
100 White Bridge Road  
Nashville, TN 37209-4515

Type: Public

Highest Level of Offering: Non-Degree Two Year

Accrediting Agency: Council on Occupational Education (COE)

Current Student Enrollment: 696 as of 06/09/2011

% of Students Receiving Title IV: 64% as of 06/09/2011

Title IV Participation (Source: G5, PEPS, Institutional Disbursement Records)

	<u>2010-2011</u>
Federal Pell Grant	\$1,753,514
William D. Ford Federal Direct Loan (Direct Loan)	1,441,933
Federal Family Educational Loan Program (FFELP)	148,467
Federal Supplemental Educational Opportunity Grant (FSEOG)	24,700

Default Rate FFEL/DL:	2011	26.9%
	2010	20.5%
	2009	28.8%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Tennessee Technology Center – Nashville (TTC) from June 20<sup>th</sup>, 2011 to June 24<sup>th</sup>, 2011. The review was conducted by Rick Moore, John Nading and Roy Chaney.

The focus of the review was to determine TTC'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 TTC'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. In addition, seven files were selected for further review of Return to Title IV calculations. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on October 30, 2012.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning TTC'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 TTC 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**

TCAT has taken the corrective actions necessary to resolve findings 5, 6 and 7 of the program review report. Therefore, these findings may be considered closed. Findings with liabilities and/or requiring further action are discussed below.

### **Resolved Finding with Comments**

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

#### **8. *Failure to Publish and Distribute Annual Campus Security Report***

***Citation Summary:*** *The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require institutions by October 1 of each year, to publish and distribute its annual Campus Security Report. It must be distributed to all enrolled students and current employees directly by publications and mailings that include: (1) a statement of the report's availability; (2) a list and brief description of the information contained in the report; (3) the exact electronic address (URL) of the internet or intranet web site at which the report is posted; and (4) a statement saying the institution will provide a paper copy upon request. If an institution chooses to fulfill the distribution requirement by posting the crime report on an internet or intranet web site, an individual notice of such posting must be distributed to each student and current employee. Upon request, an institution must provide its annual campus security report to a prospective student or prospective employee.*

*In general, Federal regulations require that an annual security report contain:*

- (1) Crime statistics, as defined in Federal regulations;*
- (2) A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus;*
- (3) A statement of current policies concerning security of and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities.*
- (4) A statement of current policies concerning campus law enforcement that addresses the enforcement authority of security personnel, encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies, and describes procedures, if any, that encourage pastoral*

*counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics.*

- (5) 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.*
- (6) A description of programs designed to inform students and employees about the prevention of crimes.*
- (7) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.*
- (8) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws.*
- (9) A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws.*
- (10) A description of any drug or alcohol-abuse education programs, as required under section 120(a) through (d) of the Higher Education Amendments (HEA). For the purpose of meeting this requirement, an institution may cross-reference the materials the institution uses to comply with section 120(a) through (d) of the HEA.*
- (11) A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs.*

*When compiling the Campus Security Report an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of specific types of crimes that are reported to local police agencies or to a campus security authority. An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. An institution must also, among other factors, provide a geographic breakdown of the crime statistics according to the following categories: (1) On campus; (2) in or on a non-campus building or property; (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime. 34 C.F.R. § 668.46(c)(1)*

***Noncompliance Summary:*** *TTC has failed to properly compile, publish, and distribute to its students and employees an annual Campus Security Report. Further, although a few informational items that are required to appear in a Campus Crime Report appear elsewhere in the institution's consumer information, the information is not presented in a manner that complies with Federal regulations.*

*For example, the institution's Student Handbook includes an entry titled "Campus Security Act" that makes reference to crime statistics for calendar year 2010. However, contrary to regulatory requirements, the statistics are not compiled by offense, there is no reference to 2009 and 2008 crime statistics, and the statistics are not presented in an overall Campus Crime Report.*

**Required Action Summary:** *In response to this report, TTC must publish and disseminate a Campus Security Report that includes all required information concerning campus crime statistics for the calendar years 2008 through 2011, as well as all other attendant components, in accordance with current Federal regulations and the guidance found in the Federal Student Aid Handbook. A copy of this Campus Security Report, as well as institutional assurances on how it has been disseminated to all students and employees and made available to all prospective students and employees, must be included with TTC's response.*

*In addition, TTC must develop and implement procedures to ensure that an appropriate Campus Security Report will be produced and disseminated on an annual basis to all current students and employees. As part of this process, TTC must review in their entirety the Federal regulations at 34 C.F.R. § 668.46 to ensure that it has made provisions to meet all of the requirements. A copy of the revised procedures should accompany TTC's response to this report. Based on an evaluation of all available information, including TTC's response, the Department will determine if additional action will be required and will advise TTC accordingly in the FPRD.*

**Response Summary:** In its September 24, 2012 response, TTC concurred with the finding and stated that corrective action was taken. First, the TTC Program Manager attended a *Clery Act* training workshop provided by the Tennessee Board of Regents. The institution asserted that the workshop assisted TTC personnel in developing policies and the procedures to ensure compliance with the requirements of the *Clery Act*. (Exhibit 8-1) TTC claimed that the 2012 Annual Security Report (ASR) was published in a timely manner, was materially-complete, and "was distributed to every faculty/staff member, and every student." According to the response, students and employees "reviewed the document and signed a roster to prove that we have compensated for the past oversight of not having three years available [of crime statistics] in the handbook and the website for review." (Exhibit 8-2) Finally, TTC stated that the institution's handbook and website were updated to include required campus safety information and that the "new handbook is being printed for distribution at the beginning of the May trimester." (Exhibit 8-3)

**Final Determination:** Finding 8 of the program review report cited TTC for failing to publish and distribute a 2011 ASR. To be clear, the Department determined that TTC did not produce or distribute a 2011 ASR which it was required to provide to its students and

employees by October 1, 2011. In the program review report, the review team noted that TTC's Student Handbook included very minimal information under the heading, "*Campus Security Act*." This part of the Handbook included crime statistics for calendar year 2010; however, these statistics did not comply with the requirements of the Clery Act since they were not organized by offense classification and geographical category and did not include crime statistics for calendar years 2009 and 2008. Moreover, none of the other campus safety policy and procedural disclosures required by 34 C.F.R. § 668.46(b) were included.

TTC was required to demonstrate that it had published and disseminated a 2012 ASR that included campus crime statistics for calendar years 2008-2011 and all required policies and procedures.

In its response, TTC stated its concurrence with the finding and submitted a copy of the 2012 ASR as well as the institution's new policies and procedures. The institution also represented that the ASR was distributed to all current students and staff and that each recipient signed a delivery confirmation sheet. TTC also stated that each prospective student and/or employee is now notified of the ASR's availability.

The Department carefully reviewed TTC's narrative response and supporting documents and has determined that the materials met minimum requirements. Based on that review and TTC's admission of noncompliance, the finding is sustained. For these reasons, the Department has accepted TTC's response and considers this finding to be closed for purposes of the program review.

Although the finding is now closed, TTC is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. The requirement to compile campus crime statistics and to develop substantive campus safety policies, procedures, and programs and to include them in the ASR is fundamental to the goals of the *Clery Act*. Access to this information permits campus community members and their families to make well-informed decisions about where to study and work and empowers individuals to play a more active role in their own safety and security. TTC was required to initiate remedial measures and as a result of its efforts, has begun to address the conditions that led to these violations. TTC has stated that it has brought its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). Nevertheless, TTC is advised that such actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Because of the serious consequences of such violations, the Department strongly recommends that TTC officials re-examine its campus security, drug and alcohol, and

general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. TTC is further advised to continue to develop the contents of its ASR and to take definitive steps to enhance its overall campus safety program. To that end, TTC officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide on *Clery Act* compliance. The Handbook is online at: [www2.ed.gov/admins/lead/safety/handbook.pdf](http://www2.ed.gov/admins/lead/safety/handbook.pdf). The Department also provides a number of other *Clery Act* training resources. The institution can access these materials at: [www2.ed.gov/admins/lead/safety/campus.html](http://www2.ed.gov/admins/lead/safety/campus.html). The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finally, TTC management is also reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the *Clery Act* to require institutions to compile and disclose statistics for incidents of domestic violence, dating violence, sexual assault, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention and response in their ASRs. All institutions are currently obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and were required to include all new required content in the 2014 ASR. The Department issued Final Rules on the VAWA amendments on October 20, 2014 and therefore, these regulations will go into effect on July 1, 2015, per the Department's Master Calendar. Institution officials may access the text of the Final Rule at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

### **Findings with Final Determinations**

The program review report findings requiring further action are summarized below along with a summary of the institution's response and the Department's final determination for each finding. A copy of the program review report is attached as Appendix C.

#### ***1. Late Returns of Title IV Funds***

***Citation Summary:*** *When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a).*

*For a clock hour institution, such as TTC, that is required to take attendance, the withdrawal date is the last date of academic attendance as determined by the institution*

*from its attendance records. The amount of assistance that was earned by the student is based on the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date if that date occurs prior to 60% of the clock hours scheduled to be completed for the payment period or period of enrollment. 34 C.F.R. § 668.22(e)(2).*

*For a clock hour institution, the percentage of a payment period or period of enrollment completed is determined by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date. 34 C.F.R. § 668.22(f)(1)(ii).*

*For an institution that measures its programs in clock hours, the first payment period for a program that is one academic year or less in length is the period of time in which the student successfully completes half of the number of clock hours and half of the number of weeks of instructional time in the program. The second payment period is the period of time in which the student successfully completes the program. 34 CFR § 668.4(c)(1).*

*For eligible programs that are more than one academic year in length, the first payment period in the first academic year and any subsequent full academic years is the period of time in which the student successfully completes half of the number of clock hours and half the number of weeks of instructional time in the academic year. The second payment period is the period of time in which the student successfully completes the academic year. 34 CFR § 668.4(c)(2)(i).*

*For any remaining portion of an eligible program that is more than half an academic year but less than a full academic year in length, the first payment period is the period of time in which the student successfully completes half of the number of clock hours and half of the number of weeks of instructional time remaining in the program. The second payment period is the period of time in which the student successfully completes the remainder of the program. 34 CFR § 668.4(c)(2)(ii).*

*For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program. 34 CFR § 668.4(c)(2)(iii).*

*An institution must calculate and return Title IV funds no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j). A clock hour school that is required to take attendance must make a determination that a student withdrew as soon as possible but no later than 14 days after the student's last date of attendance. See Dear Colleague Letter Gen 04-03(Feb 2004); Dear Colleague Letter Gen 04-12(Nov 2004).*

**Noncompliance Summary:** *During the course of the review, the Department found that TTC failed to perform Return calculations within the required time frames. In five of seven Return calculations reviewed, TTC failed to determine within 14 calendar days whether an absent student intended to return to classes or to withdraw. As a result of this failure, TTC used an incorrect determination date in its Return calculations. In three of seven return calculations reviewed, TTC failed to return Title IV funds within the required time frame.*

**Required Action Summary:** *In response to this finding, TTC was required to provide comprehensive information for all Title IV recipients who officially or unofficially withdrew during the 2009/10, 2010/11, and 2011/12 award years. TTC was required to identify and review the files of all Title IV recipients for whom a Return calculation was performed or should have been performed in any of the three award years. For Returns that were found to have been paid late, not paid, improperly paid, improperly calculated, or not calculated, TTC was required to provide a new calculation and a spreadsheet including detailed information on the Title IV disbursements for each student.*

*Additionally, TTC was required to review and revise its internal policies and procedures to ensure that Return of Title IV Funds calculations are performed properly and in a timely manner in the future and to provide a copy of these procedures.*

**Response Summary:** TTC concurred with this finding. TTC conducted a thorough review of its internal policies and procedures in regards to the determination and processing of student withdrawals to ensure that Return of Title IV Funds calculations are performed properly and in a timely manner. TTC noted that in addition to the lack of enforcement of the withdrawal policy by administration during the time period covered by the review, the financial aid office was under staffed. As the administration's focus was on processing awards and disbursements for currently enrolled students, processing of return of Title IV funds calculations were not completed in the required timeframes. Since the review, the financial aid staff has been expanded to two full-time employees.

TTC completed a comprehensive review of all Title IV recipients who officially or unofficially withdrew during 2009-10, 2010-11 and 2011-12 award years. TTC provided a spreadsheet that identified all returns that were found to have been paid late, not paid, improperly paid, improperly calculated or not calculated.

**Final Determination:** The Department reviewed TTC's program review response and accompanying documentation provided which also included revised Return of Title IV calculations for each student where necessary. The program review response and the Department's review of that response pertain to this finding and finding 2 below.

TTC is liable for the amounts of incorrect or unmade return of Title IV funds and for interest due on those amounts for a total of \$75,983.31. The following is a breakdown of the total amount owed by the institution.

TTC is responsible for returning **\$31,879.00** in Federal Pell Grant Funds to the Department on behalf of the students referenced in Appendix B. Additionally, TTC is responsible for the cost of funds (interest) associated with improper returns calculations. The total cost of funds liability due to the Department as a result of the failure to return Federal Pell Grant funds for improper/unmade returns is **\$731.18**. The interest charges were computed using the cost of funds for Federal Pell Grants published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of the institution's program review response. Detailed information about this cost of funds liability determination may be found in Appendix E.

TTC is responsible for returning **\$29,447.08** in Federal Direct Loan Funds on behalf of the students referenced in Appendix B. TTC is responsible for returning **\$11,565.28** in Federal Family Education Loan funds to the lenders on behalf of the students referenced in Appendix B.

Additionally, TTC is responsible for the cost of funds (interest) associated with improper returns calculations. The total cost of funds liability due to the Department as a result of the failure to return Federal Direct and Federal Family Education Loan funds for improper/unmade returns is **\$623.33**.

As part of the computation of Federal Direct and FFEL cost of funds, TTC is also liable for returning certain interest to students on the Subsidized and Unsubsidized Federal Family Education Loan funds identified in Appendix B. The total cost of funds liability due to students as a result of the failure to return Federal Family Education Loan funds for improper/unmade returns is **\$1,737.44**.

The interest charges were computed using the cost of funds for Federal Direct and Federal Family Education Loans published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of the institution's program review response. Detailed information about this cost of funds liability determination may be found in Appendix E.

TTC 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.

## **2. Improper/Missing Return to Title IV Funds Calculations**

**Noncompliance Summary:** *As noted above, an institution's payment periods or periods of enrollment are critical to a determination of how much of the Title IV funds disbursed a student has earned when he/she withdraws. The Department determined that TTC improperly calculated Title IV Returns by using incorrect payment periods in the calculation. TTC has defined their academic year as 1296 clock hours. Based on the Title IV regulations, the payment periods for each full academic year should be 648 hours each. For administrative purposes, TTC divides the 1296 clock hours into enrollment periods—or "terms"—of 432 clock hours each and disburses funds based on each of these terms of 432 clock hours. TTC then uses these terms in its Return calculations. This is inconsistent with the Title IV regulations. When performing Return calculations, TTC must use the 648-clock hour payment period required under the Title IV regulations.*

**Required Action Summary:** *Because Finding 1 required TTC to review the records of all Title IV recipients who officially or unofficially withdrew from July 1, 2009 through the present, and identify any late, unmade, improperly paid, improperly calculated, or uncalculated Returns, no additional reconstructive action was required as a result of this finding. The institution was informed that its response to Finding 1 would be used to determine any liabilities associated with this finding.*

*TTC was required to review and revise its policies and procedures to ensure that, effective immediately, Return calculations are performed using a correct payment period and corresponding institutional charges. A copy of these revised policies and procedures was required to accompany TTC's response.*

**Response Summary:** TTC concurred with this finding. On September 22, 2011, the Department conducted a Federal Title IV workshop for the financial aid staff. This training was the culmination of work between the Tennessee Board of Regents and the Department to bring the financial aid processes into compliance. Following this training TTC revised its return calculation policy to complete calculations based on payment period and corresponding institutional charges.

TTC completed a comprehensive review of all Title IV recipients who officially or unofficially withdrew during 2009-10, 2010-11 and 2011-12 award years. TTC provided a spreadsheet that identified all returns that were found to have been paid late, not paid, improperly paid, improperly calculated or not calculated.

**Final Determination:** The Department reviewed TTC's program review response and accompanying documentation provided which also included revised Return of Title IV calculations for each student where necessary. The liabilities for this finding are included in Finding 1 above.

**3. Improper Disbursement – Federal Pell Grant Disbursed Prior to Midpoint/  
Incorrectly Prorated**

**Citation Summary:** *Institutions must disburse Title IV funds on a payment period basis. 34 C.F.R. § 668.164(b). As noted above, TTC has an academic year consisting of 1296 clock hours and 45 weeks of instruction. Consequently, the payment periods for a full academic year would be 648 clock hours each. Under these regulations, an institution may not disburse a second payment of Pell Grant funds to a student until he/she has completed the requisite hours for which Pell disbursements have previously been made. 34 C.F.R. § 690.75(a)(3)(i).*

**Noncompliance Summary:** *The Department discovered that although TTC is a clock hour school, it attempted to make its Title IV disbursement under a term based schedule. TTC established a disbursement schedule using three 432 clock hours terms each academic year. This is inconsistent with the Title IV disbursement requirements. In addition, TTC improperly pro-rated Pell awards for students who were not attending full time. Since TTC is a clock hour institution, the pro-ration requirements for do not apply.*

**Required Action Summary:** *TTC was required to review the disbursement history of all students who enrolled and attended courses at TTC from July 1, 2009 to the date of the report and appropriately adjust disbursements to ensure students have not received more than 50% of an annual Federal Pell Grant award prior to the student successfully completing one half of the clock hours and weeks of instructional time in the academic year.*

*Along with this review, TTC was also required to review all Pell Grant disbursements during this time frame that were prorated incorrectly based on less than full time status and provide a listing of all students who were either under awarded or over awarded Pell disbursements and the amounts of the underpayments or overpayments.*

*In response to this finding, TTC was required to provide comprehensive information for all Title IV recipients who received Pell Grant disbursement prior to the appropriate midpoints and/or who received incorrectly pro-rated Pell disbursements during the 2009-10, 2010-11, and 2011-12 award years, including any adjustments made on a student specific basis.*

**Response Summary:** *TTC concurred with this finding. TTC stated that it has made adjustments to its awarding and payment procedures to ensure that Title IV, HEA financial assistance will be appropriately awarded and disbursed based on applicable regulatory guidelines established for such programs. TTC acknowledged that it had not been diligent in ensuring that a student had completed the hours and weeks in the payment period before disbursing funds for subsequent payment periods.*

During the training provided by the Department on September 22, 2011, the error in paying students for the payment period from multiple award years was discovered. TTC immediately changed its awarding policy to ensure that students are awarded and paid for the entire payment period from one award year even if the payment period and academic term of enrollment cross over award years.

TTC completed a comprehensive review of the disbursement history for all students who have been enrolled and attend courses during the 2009-10, 2010-11 and 2011-12 award years. TTC provided a spreadsheet that identified all Title IV recipients who received Pell Grant disbursements prior to the appropriate midpoints and/or who received incorrectly pro-rated Pell disbursements.

**Final Determination:** The Department reviewed TTC's program review response and accompanying documentation provided. Although there were several instances of improper Pell disbursements as described above, TTC will only be liable for those amounts where students did not ultimately complete enough time and hours to become eligible for the disbursements which were made. TTC will be liable for ineligible disbursements made to these students.

TTC is liable for ineligible Federal Pell Grant disbursements and for interest due on those amounts. The total of ineligible Federal Pell Grants for this finding is \$3,584.00. Students who had liabilities duplicated in another finding have been removed and therefore, TTC is liable for a total of **\$2,980.00**. The following is a breakdown of the total amount owed by the institution.

TTC is responsible for returning \$2,980.00 in Federal Pell Grant Funds to the Department on behalf of the students referenced in Appendix B. Additionally, TTC is responsible for the cost of funds (interest) associated with the ineligible disbursements. The total cost of funds liability due to the Department as a result of the ineligible Federal Pell Grant disbursements is \$67.13. The interest charges were computed using the cost of funds for Federal Pell Grants published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of the institution's program review response. Detailed information about this cost of funds liability determination may be found in Appendix E.

TTC 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.

#### **4. Satisfactory Academic Progress Not Adequately Developed/Monitored**

**Citation Summary:** *In order to be eligible to receive Title IV, HEA program aid, a student must maintain Satisfactory Academic Progress (SAP) in accordance with the institution's published standards of satisfactory progress. 34 C.F.R. § 668.32(f). An institution's policy must be the same or stricter than the satisfactory academic progress standards applied to a student who is not receiving Title IV, HEA program aid. 34 C.F.R. § 668.34(a)(1). The policy must have both a qualitative component, such as grades, that are measureable against a norm and a quantitative component that consists of a maximum time frame in which the student must complete the educational program. 34 C.F.R. §§ 668.34(a)(4,5).*

*In addition, the quantitative component must be divided into increments not to exceed one academic year and must include a schedule designating the amount of work that a student must successfully complete at the end of each increment to complete the educational program within the maximum time frame. 34 C.F.R. §§ 668.34(a)(5)(i). The policy must define the effect of course incompletes, withdrawals, repetitions, noncredit remedial courses, and transfer credits from another institution on SAP, both GPA and pace of completion. Credit hours from another institution that are accepted toward a student's educational program must count as both attempted and completed hours. 34 C.F.R. § 668.34(a)(6).*

*In addition, the policy must describe the financial aid warning and financial aid probation statuses. The policy must also inform students that if placed on financial aid warning they are still eligible to receive Title IV, HEA funds for one more payment period, and if placed on financial aid probation they may receive Title IV, HEA funds for one payment period after an approved SAP appeal. At the end of one payment period the student must meet the institution's SAP standards or meet the requirements of an academic plan developed by the institution in order to continue eligibility for Title IV aid. 34 C.F.R. § 668.34(a)(8).*

**Noncompliance Summary:** *The Department discovered that TTC's SAP policy in place during the award years under review included an erroneous time frame policy which caused several students to receive more Title IV aid than they were entitled to receive. The policy stated that students could continue to receive Title IV, HEA funds until they had been enrolled for 150% of their scheduled hours.*

*SAP regulations define the maximum timeframe for a program measured in clock hours, as being a period no longer than 150% of the published length of the program as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time. A student in a clock hour program cannot receive aid for hours beyond those in the program; the maximum timeframe applies to the amount of calendar time the student takes to complete the hours.*

*In addition, TTC's SAP policy in place during the award years under review also included an attendance provision that required students to complete 90.3% of the scheduled hours for each trimester in which the student was enrolled. The student handbook also included Tennessee Board of Regents policies that state when a student's absences exceed 9.7% of the scheduled hours enrolled, that student will be suspended. Institutional officials also told reviewers that students would be withdrawn if their absences exceeded 9.7%.*

**Required Action Summary:** *TTC was required to submit a copy of their revised SAP policy along with their response to this report. TTC was also required to review the financial aid files of all Title IV, HEA recipients who attended the institution from July 1, 2009 to the present and apply the appropriate Satisfactory Academic Program policies to all students including those whose absences exceeded 9.7% along with those who may have received Title IV aid in excess of 100% of their eligibility. TTC previously provided a listing of students who had been awarded aid in excess of 100% of their scheduled program hours. This review was to include that list of students along with any additional students identified as a result of this review.*

**Response Summary:** TTC concurred that the SAP policy in place during the award years under review included an erroneous time frame policy which caused several students to receive more Title IV aid than they were entitled to receive. TTC did not agree that students whose absences exceeded 9.7% were deemed to be meeting SAP and continued to receive Title IV aid.

In regards to the erroneous time frame policy, when this error came to the attention of the Tennessee Board of Regents Tennessee Technology Center Staff (TBR), TTC immediately began working with the Department to clarify and correct the policy. As a result, TTC immediately ceased awarding Title IV aid to students beyond the published program length.

The SAP policy in place during the award years under review required students to maintain at least a "C" average for each academic term and complete 90.3% of the scheduled hours for which the student was enrolled for the term. The 90.3% completion rate equates to the 9.7% excused absence policy. Satisfactory progress was evaluated at the end of each academic term. Any student that failed to meet the SAP requirements lost eligibility for financial assistance for the next disbursement period.

As required by the SAP policy, at the end of each academic term, the financial aid office reviewed each Title IV recipients' transcript to determine if the student was meeting the SAP requirements. For any Title IV recipient that was determined to not meet SAP, they were notified by letter of their failure to meet the SAP requirements and informed that they were not eligible for additional Title IV disbursements and given the opportunity to

appeal their lack of progress. No further aid was disbursed unless the student completed an appeal and their appeal was approved. If their appeal was approved, their subsequent disbursement was reduced by the number of hours that exceeded the allowed absence policy.

Beginning with the 2011-12 award year, new SAP policies became effective. The TBR TTC staff and Financial Aid Committee began working with the Department during March, 2011 to revise the SAP policy to be in compliance with the new regulations. TTC implemented the new SAP policy with the beginning of the 2011-12 year. As the new SAP regulations require SAP to be checked at the end of a payment period, TTC has implemented procedures to track students according to their expected payment period end dates.

TTC reviewed the financial aid files for all Title IV recipients who attended the institution during the 2009-10, 2010-11 and 2011-12 award years and applied the appropriate SAP policies to all students including those whose absences exceeded 9.7%, along with those who received Title IV aid in excess of 100% of their scheduled program hours. TTC provided a spreadsheet that identified all students who had been awarded aid in excess of 100% of their scheduled program hours.

**Final Determination:** The Department reviewed TTC's program review response and accompanying file review documentation provided. TTC is liable for repayment of Federal Pell Grant funds that were incorrectly applied to student accounts identified in the institution's file review based on the incorrect interpretation of the maximum time frame requirements.

TTC is liable for ineligible Federal Pell Grant disbursements and for interest due on those amounts for a total of \$39,781.00. The following is a breakdown of the total amount owed by the institution.

TTC is responsible for returning **\$38,685.00** in Federal Pell Grant Funds to the Department on behalf of the students referenced in Appendix B. Additionally, TTC is responsible for the cost of funds (interest) associated with the ineligible disbursements. The total cost of funds liability due to the Department as a result of the ineligible Federal Pell Grant disbursements is **\$1,096.00**. The interest charges were computed using the cost of funds for Federal Pell Grants published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of the institution's program review response. Detailed information about this cost of funds liability determination may be found in E.

TTC 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.

**9. Failure to Develop and Implement a Drug and Alcohol Abuse Prevention Program**

**Citation Summary:** *The Drug-Free Schools and Communities Act (DFSCA) and the Department's regulations require each institution to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.*

*On an annual basis, the institution must provide, at a minimum, the following information in writing to each employee and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study:*

- (1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;*
- (2) A description of the applicable legal sanctions under local, state, or federal law for the unlawful possession or distribution of illicit drugs and alcohol;*
- (3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;*
- (4) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and*
- (5) A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, state, and federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct, as defined in federal regulations.*

*In addition, institutions must conduct a biennial review to determine the effectiveness of its drug and alcohol prevention program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies for violators. The biennial review materials must be maintained by the institution and made available to the Department upon request. 34 C.F.R. § 86.100*

**Noncompliance Summary:** *TTC has failed to develop and implement a Drug and Alcohol Abuse Prevention Program that is in keeping with Federal regulations. A review of TTC's consumer information, student handbooks, and other pertinent publications disclosed no indication that a Drug and Alcohol Abuse Prevention Program is or has ever been in place for TTC students.*

**Required Action Summary:** *In response to this report, TTC must develop and implement a Drug and Alcohol Abuse Prevention Program that conforms to federal regulations, including all of the required elements in the Drug-Free School Act.*

*TTC must also conduct a biennial review to measure the effectiveness of its drug and alcohol abuse education and prevention programs. TTC must describe the methods and data analysis tools that will be used to determine the effectiveness of the program, and identify the responsible official or office that will conduct the biennial review.*

*Copies of TTC's drug and alcohol abuse education and prevention program plan, its biennial review, and the policies and procedures it has devised to conduct the review were to accompany the institution's response to this report.*

**Response Summary:** In its September 24, 2012 response, TTC disputed the Department's finding that no Drug and Alcohol Abuse Prevention Program (DAAPP) was in place. TTC also stated that an acceptable DAAPP has always been in place. The institution also asserted that information on its Drug and Alcohol Abuse Prevention Program is "available on our website" (Exhibit 9-1) and "is also available in our student handbook." (Exhibit 9-2) Finally, TTC stated that the policy is "discussed with incoming students annually as part of our required annual disclosures." (Exhibit 9-3)

With regard to the biennial review component of the finding, TTC claimed that it "conducts a review of the Drug and Alcohol Abuse Prevention Program annually" and that as part of the review, the Student Handbook is reviewed and revised, as needed. During this review, the institution stated that "all website links, phone numbers and addresses are reviewed to ensure they are current and correct. Since TTC does not have residential facilities, it does not have a counseling center. No statistics are kept in regards to the number of referrals that are made for Drug and Alcohol assistance. As a measure of the program's effectiveness, during the last three years there has been only one instance of a violation of alcohol on campus."

Finally, TTC stated that it "will make efforts to strengthen our existing program. By direction of the campus director, new posters have been ordered for display in our student areas and classrooms. Additional emphasis will be placed on drug awareness along with hand outs and contact information of local help agencies during every student orientation. Student services will be responsible to ensure the existing policies and drug prevention activities are more visible and take place for each student at orientation. Instructors are being provided materials to talk with their students about the hazards of drugs in the school labs and in the workplace, as our labs emulate the work environments they are headed for."

**Final Determination:** Finding 9 cited TTC for not having a DAAPP that conforms to Federal requirements. As a result of this violation, TTC was required to develop and

implement a compliant DAAPP and then conduct a biennial review. In its response, TTC disputed the finding and stated that it currently has an adequate DAAPP and that the program has been in place for several years. The institution claimed that the review team did not request the DAAPP and that program materials would have been provided upon request. As part of its response, TTC submitted documentation that indicates a DAAPP was in place and that it meets minimum requirements. However, TTC did not provide any evidence showing that program information was actively distributed on an annual basis to all employees and students enrolled for academic credit. In this regard, TTC also was unable to demonstrate that the Student Handbook is delivered directly to each required recipient every year. Moreover, the direct internet link to the DAAPP provided by the institution is broken and does not lead to the program materials.<sup>1</sup>

Based on the review team's analysis and TTC's response, the Department has determined that TTC also failed to conduct a substantive biennial review. TTC's response referred to various items that were fact-checked on an annual basis including the accuracy of phone numbers and addresses that are referenced in the policy. As noted in the program review report, the biennial review is to be a substantive examination of the effectiveness of an institution's drug and alcohol programs. However, as noted in the response, TTC does not even maintain statistics regarding the number of students and employees that are referred for drug and alcohol abuse counseling or treatment. The response also noted that only one student had been cited for an alcohol violation in the last three years as proof of the program's effectiveness. The fact that only one violation was identified does not indicate that the plan is in fact, effective. Indeed, this fact may point to specific weaknesses in the program that permit offenders to evade detection and/or that TTC officials are not inclined to enforce the policy. The point of this determination is that TTC's review did not include consideration about the relative success of the plan. In addition, TTC did not produce a report of findings or assemble other program materials that clearly indicate relative success or failure of the program. The Department does take note that the response indicated that the Campus Director is taking steps to raise awareness of drug and alcohol abuse on-campus.

The Department carefully reviewed all available information about TTC's DAAPP program including TTC's response. Based on that review, the Department has determined that all elements of this finding are sustained except for the initial determination that TTC did not have a DAAPP in place at the time of the site visit. Moreover, the institution's response did not adequately document certain purported improvements to substantiate TTC's assertion that adequate remedial measures were taken to address the identified deficiencies.

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<sup>1</sup> This link was tested on several occasions during the response analysis phase of the Department's review. The link was tested for the last time on March 24, 2014 and was found to be inoperable at that time.

For this reason, the Department has determined that this finding will be closed for purposes of the program review and this matter will be referred to the Clery Act Compliance Division (CACD) for additional analysis. As part of that referral, TTC must provide credible documentation showing that remedial action was taken to address certain elements of the finding listed below. If no suitable documentation is available or no remedial action was taken in a particular area, TTC must clearly state that no remedial action was taken and must immediately initiate all necessary action to finally and fully address any remaining deficiencies and submit suitable documentation to substantiate its claims as detailed below.

As noted above, TTC did not provide suitable evidence that its annual DAAPP disclosure was actively distributed in the required manner. In addition, the Department has determined that TTC did not conduct a biennial review of the effectiveness of its DAAPP. The institution also failed to produce a report that set out its methodology for conducting the review or a summary of outcomes and recommendations for substantive improvements.

Within 10 days of its receipt of this FPRD, TTC must provide documentation showing that the DAAPP materials were actively distributed to all required recipients in calendar years 2014, 2013, and 2012. This material must be submitted to the attention of Mr. Richard Moore of the Kansas City School Participation Division at: [richard.moore@ed.gov](mailto:richard.moore@ed.gov).

Furthermore, TTC must conduct a substantive biennial review to measure the effectiveness of its DAAPP, the consistency of its enforcement process, and to identify necessary program improvements. As noted in the program review report, TTC's biennial review report must describe the research methods and data analysis tools that were used in the conduct of the review and do so with specificity. The report must also identify the official(s) who conducted the review. The biennial review report must also address how the institution analyzed whether or not its disciplinary standards and codes of conduct regarding illegal drug use and alcohol abuse were consistently enforced. Finally, the biennial review report must indicate that it was approved by the institution's President and/or its board. TTC's biennial review must be completed by July 31, 2015 and TTC's report must be submitted to Mr. Moore via email by August 15, 2015.

Finally, TTC must submit copies of its two most-recent biennial review reports as well as copies of all policies and procedures related to the institution's efforts to comply with the *DFSCA* dating from 2010 to the present. If any of the requested documents are not available or do not exist, the institution must clearly state that fact and to the extent possible explain with particularity the circumstances related to the failure to produce these records. In this context, TTC is specifically advised to not create any new documents for past periods for the purpose of complying with this required document production. TTC is further advised that any failure to respond to the CACD's request for

production will result in a referral for the imposition of adverse administrative actions in addition to any such referral that may be made to address the original violations identified in Finding #9 of the program review report.

Once these materials are submitted, reviewed, and determined to be at least minimally adequate, CACD will close its review of the issue. Nevertheless, TTC is reminded that the exceptions identified above constitute very serious and persistent violations of the *DFSCA* that by their nature cannot be cured. TTC will be required to finally initiate substantive corrective actions and in so doing, will start to remediate the conditions that led to these violations. The institution has stated its intention to finally comply with the *DFSCA* as required by its PPA. Notwithstanding any remedial efforts taken thus far, TTC officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to maintaining a safe and healthy learning environment. These compliance failures deprive students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. TTC's failure to conduct a comprehensive biennial review has deprived the institution of important information about the effectiveness of any drug and alcohol programs that were in place. For these reasons, the institution is advised that any remedial measures, whether already completed or planned for the future, 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 additional corrective measures as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that TTC re-examine its drug and alcohol policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the institution's new policies and procedures.

**D. Summary of Liabilities**

The total amount calculated as liabilities from the findings in the program review determination is shown in the table below. The liability amounts in the first chart reflect total liability amounts for each finding although some amounts are duplicated because some students appear in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding.

The second chart below reflects unduplicated liabilities. If a student is listed in more than one finding, the total liability owed will not duplicate these amounts. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

<b><u>Actual Liabilities By Finding – Including Duplicate Liabilities</u></b>		
<b>Liabilities</b>	Pell (Closed Award Year)	<u>DL / FFEL</u>
Findings 1 & 2	\$31,879.00	\$41,012.36
Finding 3	\$3,584.00	
Finding 4	\$38,685.00	

<b><u>Established Liabilities – Duplicate Liabilities Removed</u></b>			
<b>Liabilities</b>	Pell (Closed Award Year)	<u>DL / FFEL</u>	<u>Interest</u>
Findings 1 & 2	\$31,879.00	\$41,012.36	\$3,091.95
Finding 3	\$2,980.00		\$67.13
Finding 4	\$38,685.00		\$1,096.02
<b><u>Subtotal</u></b>	\$73,544.00	\$41,012.36	
Interest	\$1,894.33	\$2360.77	\$4,255.10
<b><u>TOTAL (\$118,811.46)</u></b>	\$75,438.33	\$43,373.13	
<b><u>Payable to:</u></b>			
<b><u>Department (\$76,061.66)</u></b>	\$75,438.33		\$623.33
<b><u>Lenders/Servicers/Students (\$42,749.80)</u></b>		\$41,012.36	\$1,737.44

**E. Payment Instructions**

**1. Liabilities Owed to the Department**

**Liabilities Owed to the Department \$1,000 or More but Less Than \$100,000**

TTC owes to the Department \$76,061.66. 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 finding(s) 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: \$76,061.66**  
**TIN: 562654369**  
**PRCN: 201130727557**  
**DUNS: 878927581**

**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. TTC is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Debt and Payment Management Group at (202) 245-8080 and ask to speak to TTC's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Debt and Payment Management 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, TTC 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 TTC from the Federal Government. **TTC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, TTC 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 FFEL Lenders and the Department in the case of Direct Loans**

**Federal Family Education Loan (FFEL) Liabilities**

Finding: 1 & 2  
 Appendices: B, E

FFEL			
Amount (Principal)	Amount (Interest to Students)	Amount (Interest to Department)	Award Year
\$11,565.28	\$1,737.44	\$66.33	2009-2010
<b>Total Principal</b>	<b>Total Interest</b>		
\$11,565.28	\$1,737.44		

TTC must pay the amount (principal and interest due to students/lender) above (\$13,302.72) to the holders of the FFEL loans on behalf of the students identified in the

appendices listed above. TTC must issue an individual check to the loan holder for each student borrower for whom funds must be returned. TTC must complete and include the Federal Direct/FFEL Student Loan Liability Roster and corresponding letter from Appendix F with the check(s) submitted to the loan holder. Appendix B lists each of the applicable students and the corresponding amount owed to the student's FFEL loan. TTC must access NSLDS to determine if the FFEL loans have been purchased and/or are serviced by the Department. See Chapter 4, Volume 4 (Returning funds from FFEL loans purchased/serviced by the Department) of the FSA Handbook for additional guidance.

The imputed interest amount due to the Department (\$66.33) is included in the total amount due to the Department in the payment instructions in section 1 above.

As proof of payment, a copy of the front and back of the canceled checks, or proof of electronic transfer of the funds, and a copy of all Federal Direct/FFEL Student Loan Liability Rosters must be provided to Rick Moore within 60 days of the date of this letter, for each student loan borrower for whom funds were returned.

TTC must notify all borrowers in writing regarding payments made on their behalf. This notice must include the amount and date of the payments made.

**If any checks are returned to your school from a loan holder, please contact Rick Moore.**

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

**Direct Loan Archived Award Years**

Finding: 1 & 2

Appendices: B, E:

TTC must repay the following Direct Loan liabilities:

<b>DL Archived Award Years</b>		
<b>Amount (Principal)</b>	<b>Amount (Interest)</b>	<b>Award Year</b>
\$2,181.36	\$52.00	2009-2010
\$27,265.72	\$505.00	2010-2011
<b>Total Principal</b>	<b>Total Interest</b>	
\$29,447.08	\$557.00	

TTC must pay the principal amount identified above to the servicer of the Direct Loans on behalf of the students identified in Appendix B. Appendix B lists each of the applicable students and the corresponding amount owed. TTC must access NSLDS to determine the student's current Direct Loan Servicer. Once TTC has identified the correct servicer, payments should be made directly to the applicable Direct Loan Servicer payment address. TTC must issue an individual check to the loan servicer for each student borrower for whom funds must be returned. The borrower name, Social Security Number, and Direct Loan Award Identifier must be noted on the face of the check to ensure correct processing of the payment amount. TTC must complete and include the Federal Direct/FFEL Student Loan Liability Roster and corresponding letter from Appendix H with the check(s) submitted to the loan servicer.

The imputed interest liability amount is included in the total amount due to the Department in the payment instructions in Section 1 above.

As proof of payment, a copy of the front and back of the canceled checks, or proof of electronic transfer of the funds, and a copy of all Federal Direct/FFEL Student Loan Liability Rosters must be provided to Rick Moore **within 45 days of the date of this letter, for each student loan borrower for whom funds were returned.**

TTC must notify all borrowers in writing regarding payments made on their behalf. This notice must include the amount and date of the payments made.

**If any checks are returned to your school from a loan holder, please contact Rick Moore.**

### **3. Liabilities Owed to the Department in the case of Title IV Grants**

#### **Pell Grant – Closed Award Years**

Finding: 1 & 2  
Appendices B, E:

TTC must repay:

<b>Pell Grant Closed Award Year</b>			
<b>Amount (Principal)</b>	<b>Amount (Interest)</b>	<b>Title IV Grant</b>	<b>Award Year</b>
\$13,786.00	\$435.16	Pell Grant	2009-2010
\$11,895.00	\$220.44	Pell Grant	2010-2011

\$6,198.00	\$75.58	Pell Grant	2011-2012
Total Principal	Total Interest		
<b>\$ 31,879.00</b>	<b>\$731.18</b>		

Finding: 3  
 Appendices B, E:

TTC must repay:

Pell Grant Closed Award Year (duplicates removed)			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$1,361.00	\$37.54	Pell Grant	2009-2010
\$1,619.00	\$29.59	Pell Grant	2010-2011
Total Principal	Total Interest		
<b>\$2,980.00</b>	<b>\$67.13</b>		

Finding: 4  
 Appendices B, E:

TTC must repay:

Pell Grant Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$25,904	733.93	Pell Grant	2009-2010
\$12,781	362.09	Pell Grant	2010-2011
Total Principal	Total Interest		
<b>\$38,685.00</b>	<b>\$1,096.02</b>		

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 the appendices.

**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 Rick Moore **within 60 days of the date of this letter.**

### **Request Extended Processing**

COD adjustments are necessary for the closed award years listed above. Before any student level adjustments can be processed, TTC 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 Financial Aid Administrator 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).

**Appendix C: October 30, 2012 Program Review Report**

Prepared for

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

PROUD SPONSOR of  
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**Tennessee Technology  
Center Nashville**

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**OPE ID: 00535900**

**PRCN: 201130727557**

Prepared by

**U.S. Department of Education**

**Federal Student Aid**

**School Participation Team – Kansas City**

**Program Review Report**

October 30, 2012

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Tennessee Technology Center - Nashville  
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**A. Institutional Information**

Tennessee Technology Center Nashville  
100 White Bridge Road  
Nashville, TN 37209-4515

Type: Public

Highest Level of Offering: Non-Degree Two Year

Accrediting Agency: Council on Occupational Education (COE)

Current Student Enrollment: 696 as of 06/09/2011

% of Students Receiving Title IV: 64% as of 06/09/2011

Title IV Participation (Source: G5, PEPS, Institutional Disbursement Records)

	<u>2010-2011</u>
Federal Pell Grant	\$1,753,514
William D. Ford Federal Direct Loan (Direct Loan)	1,441,933
Federal Family Educational Loan Program (FFELP)	148,467
Federal Supplemental Educational Opportunity Grant (FSEOG)	24,700

Default Rate FFEL/DL:	2010	15.5%
	2009	23.2%
	2008	16.5%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Tennessee Technology Center – Nashville (TTC) from June 20<sup>th</sup>, 2011 to June 24<sup>th</sup>, 2011. The review was conducted by Rick Moore, John Nading and Roy Chaney.

The focus of the review was to determine TTC'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 TTC'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. In addition, seven files were selected for further review of Return to Title IV calculations. Appendices A and B list 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 TTC'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 TTC 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 TTC to bring operations of the financial aid programs into compliance with the statutes and regulations.

#### **1. Late Returns of Title IV Funds**

**Citation:** An institution must calculate and return Title IV funds no later than 45 days after the date of the institution's determination that the student withdrew. 34 CFR § 668.22(j)

For the purposes of the Return to Title IV (Return) Funds calculations, the "date of the institution's determination that the student withdrew" varies depending on the type of withdrawal. For example, if a student begins the official withdrawal process or provides official notification to the school of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date the student began the official withdrawal process, or the date of the student's notification, whichever is later. If a student did not begin the official withdrawal process or provide notification of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date that the school becomes aware that the student ceased attendance. 34 CFR § 668.22(l)

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance (LDA) as determined by the institution from its attendance records.

If a student provides notification to the school of his or her withdrawal prior to the date that the school normally would determine that the student withdrew, the date of determination is the date of the student's notification. The school is not required to administratively withdraw a student who has been absent for 14 days (or less if applicable). However, after 14 days, it is expected to have determined whether the student intends to return to classes or to withdraw. If the student is eventually determined to be a withdrawal, the end of the 14-day period begins the time frame for completing a Return of Title IV Funds calculation.

If a school has a policy that states the maximum number of excused absences that can occur after which a student will be administratively withdrawn, it may delay contacting the student until that date. However, if the student eventually is determined to be withdrawn, the date of determination of the student's withdrawal remains 14 days from the student's last day of attendance. If the number of days in the school's policy is less than 14 days, then the date of the school's determination that the student withdrew is the date the school's policy indicates that the student will be administratively withdrawn. A school must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after it determines or should have determined that the student withdrew. In addition, if a student is due a post-withdrawal disbursement, then the date of the school's determination must allow for the school to meet the 30-day post-withdrawal disbursement notification requirement.

This requirement does not affect a student's withdrawal date. At a school that is required to take attendance, a student's withdrawal date is always the last date of attendance. 34 CFR § 668.22(b)(1); *2011/12 Federal Student Aid Handbook*, Volume 5, Chapter 2

**Noncompliance:** In two respects, addressed in detail below, TTC failed to perform Return calculations within the required time frames.

***Failure to Determine Student's Intent Within 14 Days:*** In five of seven Return calculations reviewed, TTC failed to determine within 14 calendar days whether an absent student intended to return to classes or to withdraw, nor did it employ the 14-day time frame for withdrawn students. As a result of this failure, TTC also employed an incorrect determination date in its Return calculations. Some examples are shown below:

Student #33: The financial aid file indicates that the student's last date of attendance, as determined by TTC's attendance records, was 7/12/10. Because the date of determination cannot be more than 14 days from the LDA for a withdrawn student, TTC should have used a determination date that was no later than 7/26/10 for the Return calculation. However, the determination date that TTC used was 9/15/10, a date that was 51 days beyond the allowable time frame. It is also noted that the student's files contained no documentation suggesting that TTC contacted or attempted to contact the student within 14 calendar days to determine if the student intended to return to classes or withdraw.

Student #35: The financial aid file indicates that the student's last date of attendance was 10/22/10. Because the date of determination cannot be more than 14 days from the LDA for a withdrawn student, TTC should have used a determination date that was no later than 11/5/10 for the Return calculation. However, the determination date that TTC used was 12/16/10, a date that was 41 days beyond the allowable time frame. Also, the student's files contained no documentation suggesting that TTC contacted or attempted to contact the student within 14 calendar days to determine if the student intended to return to classes or withdraw.

Student #36: The financial aid file indicates that the student's last date of attendance was 10/27/10. Because the date of determination cannot be more than 14 days from the LDA for a withdrawn student, TTC should have used a determination date that was no later than 11/10/10 for the Return calculation. However, the determination date that TTC used was 12/16/10, a date that was 36 days beyond the allowable time frame. Also, the student's files contained no documentation suggesting that TTC contacted or attempted to contact the student within 14 calendar days to determine if the student intended to return to classes or withdraw.

Incorrect dates of determination were also identified in the Return calculations for students #32 and #34.

***Refund Process Not Completed Within 45 Days:*** In three of seven return calculations reviewed, TTC failed to return Title IV funds within the required time frame.

Student #32: The financial aid file indicates that the student withdrew on 3/3/10. TTC's date of determination that the student withdrew was 4/13/10 although, as discussed in the previous section of this finding, the actual date of determination should have been no later than 3/17/10. TTC performed a Return calculation on 5/11/10 that identified a Return of \$345 in Pell Grant funds. The Department's Common Origination and Disbursement (COD) System reflects that \$423 in Pell Grant funds was returned on 6/30/10. Consequently, the Return was made 33 days late using TTC's incorrect date of determination, and 60 days late using a correct date of determination.

Student #33: The financial aid file indicates that the student withdrew on 7/12/10. TTC's date of determination that the student withdrew was 9/15/10, although the actual date of determination should have been no later than 7/26/10. TTC performed a Return calculation, on 11/10/10, that identified a Return of \$356 in Pell Grant funds. The Department's COD System reflects that \$356 in Pell Grant funds was returned on 11/12/10. Consequently, the Return was made 13 days late using TTC's incorrect date of determination, and 64 days late using a correct date of determination.

Student #36: The financial aid file indicates that the student withdrew on 10/27/10. TTC's date of determination that the student withdrew was 12/16/10, although the actual date of determination should have been no later than 11/10/10. TTC performed a Return calculation, also on 12/16/10, that identified a Return of \$418 in Pell Grant funds. The Department's COD System reflects that \$418 in Pell Grant funds was returned on 3/14/11. Consequently, the Return was made 43 days late using TTC's incorrect date of determination, and 79 days late using a correct date of determination.

**Required Action:** In response to this finding, TTC must provide comprehensive information for all Title IV recipients who officially or unofficially withdrew during the 2009/10, 2010/11, and 2011/12 award years. TTC must identify and review the files of

all Title IV recipients for whom a Return calculation was performed or should have been performed in any of the three award years. For Returns that are found to have been paid late, not paid, improperly paid, improperly calculated, or not calculated, TTC must provide the following information:

- (1) A spreadsheet that contains, for each Title IV recipient who officially or unofficially withdrew, the following information:
  - (a) Award year;
  - (b) Student's last name, first name;
  - (c) Student's Social Security number;
  - (d) Type of program (traditional [T] or distance education[DE]);
  - (e) Student's withdrawal date;
  - (f) The beginning date of terminal LOA, if applicable;
  - (g) The end date of terminal LOA, if applicable;
  - (h) The date that TTC determined that the student withdrew;
  - (i) The date that the original Return was calculated;
  - (j) The amount of Title IV funds returned, if applicable (organized by Title IV program);
  - (k) The date(s) the Return(s) were made (organized by Title IV program);
  - (l) Amount of post-withdrawal disbursement (PWD), if applicable;
  - (m) Title IV program from which PWD was made;
  - (n) Date PWD was paid;
  - (o) Date of corrected Return of Title IV Funds calculation, if applicable;
  - (p) Corrected amount of Return, if applicable;
  - (q) Title IV program to which corrected Return(s) was made;
  - (r) Date of corrected Return;
  - (s) Amount of corrected PWD, if applicable;
  - (t) Title IV program from which PWD was made;
  - (u) Date corrected PWD was paid.
- (2) The spreadsheet should be organized first by award year, then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM or other appropriate storage format;
- (3) A copy of the complete original Return calculation worksheet for each Title IV recipient who withdrew in the 2009/10, 2010/11, and 2011/12 award years (TTC must identify calculations that were first performed as a result of the PRR);
- (4) A copy of the complete corrected Return calculation, if applicable;
- (5) 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 funds, if applicable;
- (6) Copies of all pertinent LOA requests and LOA approvals;
- (7) 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 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 programs by check, then a legible copy of the cancelled check, front and back, must be submitted;

- (8) A copy of TTC's official withdrawal form (or other official withdrawal documentation) for each Title IV recipient who officially withdrew, with the official date of withdrawal notated.
- (9) Copies of all pertinent attendance records supporting TTC's determination of the student's last date of attendance.
- (10) In cases where a post-withdrawal disbursement was calculated, copies of documentation establishing that the post-withdrawal disbursement was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is necessary, TTC 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;
- (11) For unearned Title IV aid that is required to be returned by a student, copies of all supporting documentation establishing that TTC contacted the student and made appropriate repayment arrangements, as outlined in Federal regulations.

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

Award year	Student's last name, first name	SSN	Program type	Withdrawal date	Beginning date of terminal LOA
2007/08	Doe, Jane	***	T	6/20/08	n/a
“ “	Doe, Jill	“	DE	“ “	n/a
“ “	“ “	“	“	“ “	n/a

(continued)

End date of terminal LOA	Date of determination	Date Return calculation performed	Amount of Return, if applicable	Title IV program	Date Return was made
n/a	6/24/08	6/25/08	\$2,000	DL Unsub	7/6/08
n/a	“ “	“ “	\$1,356	DL Sub	7/6/08
n/a	“ “	“ “	\$312	Pell	7/4/08

(continued)

Amount of PWD, if applicable	PWD program	Date PWD paid	Date of corrected Return calculation, if applicable	Corrected amount of Return, if applicable	Title IV program
n/a	n/a	n/a	6/24/08	\$2,000	DL Unsub
“ “ “	“ “	“ “	“ “	\$1,356	DL Sub
“ “ “	“ “	“ “	“ “	\$517	Pell

(continued)

Date corrected Return was made	Amount of corrected PWD, if applicable	PWD program	Date corrected PWD paid
7/6/08	n/a	n/a	n/a
7/6/08	“ “ “	“ “	“ “
6/7/10	“ “ “	“ “	“ “

The file review spreadsheet must also clearly indicate the particular Title IV program or programs that a particular Return was or should have been made to. The following abbreviations should be used in the spreadsheet to indicate the programs TTC has participated in: Pell, FFEL Sub, FFEL Unsub, FFEL PLUS, DL Sub, DL Unsub, and DL PLUS.

Additionally, TTC must review and revise its internal policies and procedures to ensure that Return of Title IV Funds calculations are performed properly and in a timely manner in the future. A copy of these procedures must accompany TTC's response to this report.

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. TTC must not attempt to repay any funds owed to the Department until the FPRD is issued.

## 2. Improper/Missing Return to Title IV Funds Calculations

**Citation:** Federal regulations state that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance (not including Federal Work Study or the non-Federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date.

If the total amount of Title IV grant or loan assistance, or both, that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. If the total amount of Title IV grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. 34 C.F.R. § 668.22(a)

Federal regulations require an institution to calculate and return Title IV funds no later than 45 days after the date of the institution's determination that the student withdrew 34 C.F.R. § 668.22(j)

Federal regulations define the *first payment period* for an eligible program that measures progress in clock hour and that is one academic year or less in length as the period of time in which the student successfully completes half of the number of credit hours or

clock hours, as applicable, in the program and half of the number of weeks of instructional time in the program. The *second payment period* is the period of time in which the student successfully completes the program or the remainder of the program.

For eligible programs that are more than one academic year in length—

- (1) For the first academic year and any subsequent full academic year the first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the academic year and half of the number of weeks of instructional time in the academic year. The second payment period is the period of time in which the student successfully completes the academic year;
- (2) For any remaining portion of an eligible program that is more than half an academic year but less than a full academic year in length, the first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the remaining portion of the program and half of the number of weeks of instructional time remaining in the program. The second payment period is the period of time in which the student successfully completes the remainder of the program.

For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program. 34 CFR § 668.4(c)

Federal regulations state that Federal Pell Grant funds must be disbursed on a payment period basis, unless the institution is paying the student for prior payment periods in which the student was an eligible student for Pell Grant purposes, in which case the institution may pay Pell Grant funds in one lump sum. 34 CFR §§ 668.164(b); 690.76(b)

**Noncompliance:** On a systemic basis, TTC has improperly performed Return calculations or has not completed Return calculations when required to do so.

TTC has defined their academic year as 1296 clock hours. For administrative purposes, TTC divides the 1296 clock hours into enrollment periods—or “terms”—of 432 clock hours each and disburses funds based on each of these terms of 432 clock hours.

However, TTC’s terms do not meet the Department’s definition of a payment period. Consequently, for disbursements of Title IV funds, the 1296 clock hour academic year results in two payment periods of 648 clock hours each. The Department has determined that the institution may disburse funds based on its enrollment periods of 432 clock hours. However, when determining the proper amount of aid to be disbursed or when determining the proper amount of funds to return as a result of performing Return calculations, the institution must use 648 clock hours (half of the academic year) as the basis for those determinations.

When performing Return calculations, TTC has used the 432 clock-hour term as the basis for the calculation, rather than the 648-clock hour payment period, as required. This has resulted in TTC retaining more Title IV funds than it is entitled to by Federal regulations.

*Incorrect Calculations:*

Student #32: The financial aid file indicates that the student withdrew on 3/3/10, and TTC performed a Return calculation on 5/11/10. The calculation reflects that \$1,783 in Pell Grant funds was disbursed to the student during the period in question. The calculation also reflects that at the time of the student's withdrawal, 246 clock hours had been scheduled in a 432-clock hour payment period, resulting in a payment period completion percentage of 56.9%.

However, because the correct payment period is actually 648 clock hours, the correct payment period completion percentage was 38.0, and the correct amount of Pell that was and should have been disbursed was \$2,675 (the full amount of the Pell Grant disbursement for the first term based on institution's definition of 432 hours, plus half of the Pell Grant disbursement that made for the second 432 hour term). Because of the incorrect completion percentage and Title IV disbursement amounts used by TTC in the calculation, the institution retained more Title IV funds than it should have retained.

TTC's focus on the incorrect time period for use in Return calculations also leads to discrepancies with the reported institutional charges. In the case of student #32, TTC identified \$800 in institutional charges for the Return calculation. However, the \$800 represented the charges for the 'term' and not the 'payment period'.

To be in compliance with Federal regulations, the institutional charges used in the Return calculation should have represented the student's total charges for TTC's first term, combined with the charges for the first half of the second term. When performing a Return calculation, the amount of institutional charges must always represent the total charges for the payment period in question, regardless of an institution's academic and billing practices.

Student #35: The financial aid file indicates that the student withdrew on 10/22/10, and TTC performed a Return calculation on 12/16/10. The calculation reflects that \$1,850 in Pell Grant funds was disbursed to the student. The calculation also reflects that at the time of the student's withdrawal, 216 clock hours had been scheduled in a 432 clock hour payment period, resulting in a payment period completion percentage of 50.0.

However, because the payment period is actually 648 clock hours, the correct payment period completion percentage was 33.3, and the correct amount of funds that should have been disbursed was \$2,775 (the full amount of the Pell Grant disbursement for the first 432 term, plus half of the Pell Grant disbursement for the second 432 term). Because of

the incorrect completion percentage, TTC retained more Title IV funds than it should have retained.

It is noted that, in general, TTC disburses Title IV funds once each 432 clock-hour term. Over the course of the three-term academic year, the three disbursements equate to a complete award of Title IV funds. It is also noted that with respect to the second—or “middle”—term, TTC attempts to disburse half of the allocated Title IV aid in the first half of the term, and the remainder in the second half. Theoretically, this would ensure no portion of what represents the disbursement for the second half of the academic year is made before the student has completed the clock hours in the first half of the academic year. While this disbursement method is allowed by the Department, and may be considered technically correct, TTC must still perform Return calculations in such a way as to reflect that the payment period was the first half of the academic year, and not the particular 432 clock hour term the student may have been in at the time.

It is also noted that although the Department’s calculations make provisions for using an enrollment period rather than a payment period as the basis for the completion percentage, TTC’s enrollment periods do not meet the Department’s definition of an enrollment period and, consequently, cannot be used for calculating Returns. Period of enrollment is defined as the academic year or the length of the program if the program is shorter than an academic year.

Because of this, some calculations were not completed as required for students who may have completed 60% of a 432 clock hour term but completed less than 60% when correctly based on the correct 648 hour period.

*Missing Calculation:*

Student #3: No Return calculation was performed for this student. A departure form in the student’s file indicated that the student withdrew on 01/27/11. The student had completed 160.5 hours during his current enrollment. He had previously completed 764.5 for a total of 925 hours. A Return calculation should have been performed based on a completion percentage of 42.7%, 277 hours completed out of 648 in the period.

**Required Action:** Because Finding 1 requires TTC to review the records of all Title IV recipients who officially or unofficially withdrew from July 1, 2009 through the present, and identify any late, unmade, improperly paid, improperly calculated, or uncalculated Returns, no additional reconstructive action will be required as a result of this finding at this time.

However, TTC must review and revise its policies and procedures to ensure that, effective immediately, Return calculations are performed using a correct payment period and corresponding institutional charges. A copy of these revised policies and procedures must accompany TTC’s response.

**3. Improper Disbursement – Federal Pell Grant Disbursed Prior to Midpoint/  
Incorrectly Prorated**

**Citation:** For a student who is enrolled in an eligible program that measures progress in clock hours and the program is more than one academic year in length, the payment periods are determined as follows:

- (i) For the first academic year and any subsequent full academic year—
  - (A) The first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the academic year and half of the number of weeks of instructional time in the academic year; and
  - (B) The second payment period is the period of time in which the student successfully completes the academic year;

- (ii) For any remaining portion of an eligible program that is more than half an academic year but less than a full academic year in length—

- (A) The first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the remaining portion of the program and half of the number of weeks of instructional time remaining in the program; and
- (B) The second payment period is the period of time in which the student successfully completes the remainder of the program; and

- (iii) For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program. 34 C.F. R. §668.4(c).

A student successfully completes clock hours if the institution considers the student to have passed the coursework associated with those hours. 34 C.F.R. § 668.4(h)(2).

In determining whether a student successfully completes the clock hours in a payment period, an institution may include clock hours for which the student has an excused absence (i.e., an absence that a student does not have to make up) if—

- (i) The institution has a written policy that permits excused absences; and
- (ii) The number of excused absences does not exceed the lesser of—
  - (A) The policy on excused absences of the institution's accrediting agency or, if the institution has more than one accrediting agency, the agency designated under 34 C.F.R. §600.11(b);

- (B) The policy on excused absences of any State agency that licenses the institution or otherwise legally authorizes the institution to operate in the State; or
- (C) Ten percent of the clock hours in the payment period. 34 C.F.R. § 600.11(b).

In general, an institution must disburse Title IV, HEA program funds once each payment period. However, in accordance with 34 C.F.R. § 690.76, an institution may choose to disburse Federal Pell Grant funds to make more than one disbursement in each payment period. 34 C.F.R. § 668.164(b). An institution may pay Federal Pell Grant funds to a student at such times and in such installments as it determines will best meet the student's needs within each payment period. 34 C.F.R. §690.76(a).

In addition, Pell Awards are not reduced for part-time enrollment status. For clock-hour programs, enrollment status only makes a difference if the student is attending less-than-half-time. In nonterm programs, the student's Pell award is not reduced for part-time enrollment unless the student is enrolled less than half-time in which case the student's cost of attendance must be adjusted. *Federal Student Aid Handbook Volume 3, Calculating Awards, (2009-10, 2010-11)*

**Noncompliance:** If a program measures progress in clock hours, it is always treated as a nonterm program. Although TTC attempts to fit all of its programs into a standard fall/spring semester-based term format, the payment period for clock-hour programs that use terms are determined in the same way as for nonterm clock hour programs. The student must successfully complete all the clock hours in the payment period before receiving any more FSA funds. If a student doesn't complete all the hours scheduled for a term, each payment period still contains the number of clock hours originally scheduled, even if this means that none of the student's succeeding payment periods coincide with the terms.

For Federal Title IV aid disbursement purposes, clock hour programs do not have terms (semesters, trimesters, quarters, etc.) All Title IV, HEA disbursement time frames are based upon payment periods which are determined by a student successfully completing the clock hours and instructional weeks within specifically defined periods. A school may have an academic calendar and/or a billing cycle but neither of these impact the length or completion of Title IV payment periods.

TTC offers coursework in 432 clock hour periods. TTC's academic year definition is 1296 clock hours and 45 weeks of instruction. TTC awards and disburses Title IV, HEA funds based on 432 clock hour payment periods, disbursing one third of an annual Federal Pell Grant award each 432 clock hours. TTC's terms do not meet the Department's definition of a payment period. Consequently, for disbursements of Title IV funds, the 1296 clock hour academic year results in two payment periods of 648 clock hours each. However, The Department has determined that the institution may disburse funds based on its enrollment periods of 432 clock hours provided that no more than 50% of the Pell award is awarded prior to the midpoint of 648 hours.

The institution attempts to abide by this requirement by disbursing 1/3 of a Pell award for the first 432 hour period. At the beginning of the second 432 hour period, 1/6 of a Pell award is disbursed. In the middle of the second period, upon reaching 648 hours, a second disbursement of 1/6 of a Pell award is disbursed. A final disbursement of 1/3 of a Pell award is made when the student begins the third 432 hour period.

In some cases, TTC disbursed more than 50% of an annual award prior to the student successfully completing one half of the hours and weeks of instructional time in the program's academic year. Based on a 1296 clock hour academic year definition, students at TTC must successfully complete 648 clock hours to gain eligibility for subsequent Title IV, HEA disbursements.

As discussed in Finding 2, TTC's failure to award and disburse Title IV, HEA funds based on rules established for clock hour programs also led to incorrect Return calculations for some students who ceased attendance prior to the end of a payment period because some aid that should have been disbursed or could have been disbursed was not included in the Return calculations.

Also, on a systemic basis, if a student is enrolled in less than 432 clock hours in a period, TTC is erroneously prorating the Pell award and making prorated disbursements at the beginning of each term.

Student #9: The student was enrolled in an 870 clock hour program consisting of three 290 hour periods and 45 weeks. The student was not eligible to receive more than 50% of the scheduled award until successfully completing 435 clock hours and 23 weeks. TTC disbursed 1/3 (\$1197) of the scheduled Pell award (\$3591) for the first 290 hour period on 2/8/10 and disbursed another 1/3 of the Pell award for the second 290 hour period on 6/18/10. The student did not complete 50% of the clock hours in the program until 6/23/10. The student went on to complete the required clock hours so there is no liability associated with this student for this finding.

Student #10: The student was enrolled in a 1296 clock hour, 45 week program and began enrollment on 01/04/2010. The student was eligible to receive a scheduled annual Pell award of \$5,350 for the 2009-2010 award year. TTC disbursed 1/3 (\$1,783) of the scheduled Pell award on 02/19/10, and disbursed another 1/3 of the Pell award for the second 432 hour period on 6/18/10. As of 6/30/10, the student had only completed 627 hours and was not yet eligible to receive more than 50% of the scheduled Pell award. Consequently, the student received \$892 in Pell Grant funds that the student was not eligible to receive prior to successfully completing half of the clock hours (648) and weeks (23) of instruction in the academic year. The student went on to complete the required clock hours so there is no liability associated with this student for this finding.

Student #11: The student was enrolled in a 1728 clock hour, 60 week program and began enrollment on 9/1/2009. The student was eligible to receive a scheduled annual Pell Grant award of \$1,400 for the 2009-2010 award year. TTC disbursed \$467 on 10/13/09, and \$466 on 2/19/10. As of 2/19/10, the student had only completed 614 hours and was not yet eligible to receive more than 50% of the scheduled Pell award. Consequently, the student received \$233 in Federal Pell Grant funds that the student was not eligible to receive prior to successfully completing half of the clock hours (648) and weeks (23) of instruction in the academic year. The student went on to complete the required clock hours so there is no liability associated with this student for this finding.

Student #13: The student was enrolled in a 1296 clock hour, 45 week program and began enrollment on 01/04/2010. The student was eligible to receive a scheduled annual Federal Pell Grant award of \$1,867 for the 2009-2010 award year. TTC disbursed \$933 on 2/19/10, and \$934 on 6/14/10. As of 6/14/10, the student had only completed 592 hours and was not yet eligible to receive more than 50% of the scheduled Pell award. Consequently, the student received \$467 in Federal Pell Grant funds that the student was not eligible to receive prior to successfully completing half of the clock hours (648) and weeks (23) of instruction in the academic year. The student went on to complete the required clock hours so there is no liability associated with this student for this finding.

Student #27: The student was enrolled in the Barbering program, 1500 clock hours, and began attendance on a part time basis of less than 432 hours per term. The student was eligible to receive a scheduled Pell Grant award of \$5,550 for the 2010-11 award year. Upon beginning the program, the student was eligible for a Pell disbursement of 50% (\$2,775) of the scheduled award. However, the institution incorrectly prorated the Pell award based on scheduled hours of 200 hours for the first payment period and disbursed Pell in the amount of \$856.

To be consistent with its normal practices, the institution could have disbursed 1/3 of the scheduled award, \$1850, at the beginning of the period and could have disbursed another 1/6 of the scheduled award, \$925, once the student reached 433 hours. The student could not have been disbursed more than 50% of the scheduled award before reaching 648 clock hours. Once the student completed 648 hours, another disbursement for 50% of the scheduled award could have been made as long as the student had remaining Pell eligibility in the appropriate award year.

A subsequent Pell disbursement of \$1242 was made for the second enrollment period for a total of \$2,098 disbursed when the student was eligible to have received a total disbursement of \$2,775. Therefore the student was under awarded Pell in the amount of \$677.

Student #28: The student was enrolled in the Business Systems Technology program, 1296 clock hours, and began attendance on a part time basis of less than 432 hours per term. The student began enrollment in the 2009-10 award year but no Title IV Aid was

Federal Pell Grant award prior to the student successfully completing one half of the clock hours and weeks of instructional time in the academic year.

Along with this review, TTC must also review all Pell Grant disbursements during this time frame that were prorated incorrectly based on less than full time status and provide a listing of all students who were either under awarded or over awarded Pell disbursements and the amounts of the underpayments or overpayments.

In response to this finding, TTC must provide comprehensive information for all Title IV recipients who received Pell Grant disbursement prior to the appropriate midpoints and/or who received incorrectly pro-rated Pell disbursements during the 2009-10, 2010-11, and 2011-12 award years. For Pell grant disbursements that ultimately resulted in an over award or an under award, TTC must provide the following information:

- (1) A spreadsheet that contains, for each Pell Grant recipient who received incorrect disbursements, the following information:
  - (a) Award year;
  - (b) Student's last name, first name;
  - (c) Student's Social Security number;
  - (d) Program enrolled;
  - (e) Program length
  - (f) Scheduled Pell Grant award
  - (g) Amounts of Pell Grant disbursements;
  - (h) Dates of Pell Grant disbursements;
  - (i) Hours completed at time of disbursements
  - (j) Any ineligible disbursements;
  - (k) Indicate if student ultimately become eligible for the disbursement;
  - (l) Any incorrectly prorated Pell awards;
  - (m) Amount of under awards resulting from incorrect prorating;
- (2) The spreadsheet should be organized first by award year, then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM or other appropriate storage format;
- (3) A copy of all pertinent student account cards for the improper disbursements identified above;
- (4) Copies of all pertinent attendance records supporting TTC's disbursement dates;

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

Award year	Student's last name, first name	SSN	Program	Program Length	Scheduled Pell award	Pell Disbursements
2007/08	Doe, Jane	***	T			

disbursed for the 2009-10 award year. For the 2010-11 award year, the student was eligible for a scheduled Pell Grant award of \$1900. Since the student had not yet reached 50% of the program, 648 hours, he was eligible for a disbursement in the amount of half of the scheduled award, \$950.

However, the institution incorrectly prorated the Pell disbursements and only awarded Pell in the amount of \$856 for the entire 2010-11 award year. Therefore the student was under awarded Pell in the amount of \$94 for the 2010-11 award year. If the student went on to complete more than 648 hours and was Pell eligible for the 2011-12 award year, he would have been eligible for another Pell disbursement in the amount of 50% of the scheduled award for that award year.

To be consistent with its normal practices, the institution could have disbursed 1/3 of the scheduled award, \$633, at the beginning of the period and could have disbursed another 1/6 of the scheduled award, \$317, once the student reached 433 hours. The student could not have been disbursed more than 50% of the scheduled award before reaching 648 clock hours. Once the student reached 648 hours, another disbursement for 50% of the scheduled award could have been made as long as the student had Pell eligibility in the appropriate award year.

Student #30: The student was enrolled in the Computer Information Technology program, 1728 clock hours, and began attendance on a part time basis of less than 432 hours per term. For the 2010-11 award year, the student was eligible for a scheduled Pell Grant award of \$3,600. Upon beginning the program, the student was eligible for a Pell disbursement of 50% (\$1,800) of the scheduled award. However, the institution incorrectly prorated the Pell award based on scheduled hours of 300 hours for the first payment period and disbursed Pell in the amount of \$833.

To be consistent with its normal practices, the institution could have disbursed 1/3 of the scheduled award, \$1200, at the beginning of the period and could have disbursed another 1/6 of the scheduled award, \$600, once the student reached 433 hours. The student could not have been disbursed more than 50% of the scheduled award before reaching 648 clock hours. Once the student reached 648 hours, another disbursement for 50% of the scheduled award could have been made as long as the student had remaining Pell eligibility in the appropriate award year.

A subsequent Pell Grant disbursement of \$1100 was made for the second enrollment period and a \$1200 disbursement for the third enrollment period for a total of \$3133 when the student was eligible to have received a total disbursement of \$3,600. Therefore the student was under awarded Pell in the amount of \$467.

**Required Action:** TTC must review the disbursement history of all students who have enrolled and attended courses at TTC from July 1, 2009 to the present and appropriately adjust disbursements to ensure students have not received more than 50% of an annual

(continued)

Date of Disbursement	Hours/weeks completed at time of disbursement	Ineligible Disbursement	Did Student become eligible for disbursement	Incorrectly Prorated Pell Awards	Amount of Under Award

TTC must provide a written discussion of this review, including any adjustments made on a student specific basis. TTC must also provide assurance that in the future, it will appropriately award and disburse Title IV, HEA financial assistance based on applicable regulatory guidelines established for such programs.

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. TTC must not attempt to repay any funds owed to the Department until the FPRD is issued.

**4: Satisfactory Academic Progress Policy Not Adequately Developed/Monitored**

**Citation:** In order to be eligible to receive Title IV, HEA program aid, a student must maintain Satisfactory Academic Progress (SAP) in accordance with the institution’s published standards of satisfactory progress. 34 C.F.R. § 668.32(f). An institution’s policy must be the same or stricter than the satisfactory academic progress standards applied to a student who is not receiving Title IV, HEA program aid. 34 C.F.R. § 668.34(a)(1). The policy must have both a qualitative component, such as grades, that are measureable against a norm and a quantitative component that consists of a maximum time frame in which the student must complete the educational program. In addition, the quantitative component must be divided into increments not to exceed one academic year and must include a schedule designating the amount of work that a student must successfully complete at the end of each increment to complete the educational program within the maximum time frame. Also, the policy must define the effect of course incompletes, withdrawals, repetitions, noncredit remedial courses, and transfer credits from another institution on SAP, both GPA and pace of completion. Credit hours from another institution that are accepted toward a student’s educational program must count as both attempted and completed hours. 34 C.F.R. § 668.34(a)(5-6).

If the institution places students on financial aid warning or financial aid probation, as defined in 34 C.F.R. § 668.34(b), the institution must have a policy that describes these statuses. This policy must also inform students that a student who is placed on financial aid warning is still eligible to receive Title IV, HEA funds for one more payment period despite the fact the student is not making SAP, and that a student on financial aid probation may receive Title IV, HEA funds for one payment period after an approved SAP appeal. At the end of one payment period the student must meet the institution’s SAP standards or meet the requirements of the academic plan developed by the

institution, if the institution chooses to develop academic plans for financial aid probation students. 34 C.F.R. § 668.34(a)(8)(i-ii).

**Noncompliance:** TTC's SAP policy in place during the award years under review included an erroneous time frame policy which caused several students to receive more Title IV aid than they were entitled to receive. The policy stated that students could continue to receive Title IV, HEA funds until they had been enrolled for 150% of their scheduled hours.

SAP regulations define the maximum timeframe for a program measured in clock hours, as being a period no longer than 150% of the published length of the program as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time. A student in a clock hour program cannot receive aid for hours beyond those in the program; the maximum timeframe applies to the amount of calendar time the student takes to complete the hours.

In addition, TTC's SAP policy in place during the award years under review also included an attendance provision that required students to complete 90.3% of the scheduled hours for each trimester in which the student was enrolled. The student handbook also included Tennessee Board of Regents policies that state when a student's absences exceed 9.7% of the scheduled hours enrolled, that student will be suspended. Institutional officials also told reviewers that students would be withdrawn if their absences exceeded 9.7%.

However, there were several instances found where students' absences exceeded 9.7% yet they were still deemed to be meeting SAP and the students were not dropped or suspended as previously stated and continued to receive Title IV, HEA aid.

Student #18: This student was enrolled in a 2160 clock hour program. The student only completed 1917 clock hours and was recorded as being absent for 176 hours for a total of 2093 hours. The student was allowed to graduate with this total of 2093 hours. There was no explanation as to why the student was allowed to graduate without either completing the hours required for the program or meeting the excused absence requirements. The total number of hours absent or not completed was 243 which was an attendance rate of 88.75%

Student #19: This student exceeded the 100% time frame to complete her program and was incorrectly awarded aid in excess of 100% of the eligible award per the institution's incorrect SAP policy. The student was enrolled in a 1296 hour program and was scheduled to receive a full time Pell Grant award of \$3,900 for the 2009-10 award year based on an EFC of 1472. Since 1296 hours was the length of the student's program as well as the length of the academic year, the student was not eligible to receive more than one full Pell award. The institution made three Pell disbursements for 2009-10 totaling \$3,819 (98% eligibility used). Because the student failed to complete the required

courses as scheduled, she enrolled in another term, (432 hours). The institution incorrectly awarded and disbursed an additional Pell Grant in the amount of \$1,850 for the 2010-11 award year based on a scheduled award of \$5,550 with and EFC of 0.

Student #24: This student was enrolled in a 1296 hour program. The student was allowed to graduate and given a diploma even though the student had only completed 1152 hours (1122 present, 30 absent). The total number of hours absent or not completed was 174 which was an attendance rate of 86.6%. It could not be determined why the student was allowed to graduate without completing the hours in her program.

Student #29: This student was enrolled in a 2160 clock hour program and was still enrolled at the time of the review. During two trimesters of enrollment, the student was absent for more than 9.7% of the scheduled hours and the student's cumulative absence rate was over 9.7%. However, the student was neither withdrawn from the institution nor counseled regarding SAP or given any warnings about the possible loss of Title IV funding.

**Required Action:** TTC must submit a copy of their revised SAP policy along with their response to this report. TTC must review the financial aid files of all Title IV, HEA recipients who attended the institution from July 1, 2009 to the present and apply the appropriate Satisfactory Academic Program policies to all students including those whose absences exceeded 9.7% along with those who may have received Title IV aid in excess of 100% of their eligibility. TTC previously provided a listing of students who had been awarded aid in excess of 100% of their scheduled program hours. This review should include that list of students along with any additional students identified as a result of this review.

For each student who received a disbursement of Title IV, HEA funds without meeting the corrected SAP requirements, TTC must provide the following information in a spreadsheet format:

- (1) Student's name;
- (2) Last four digits of the student's Social Security Number;
- (3) Date of ineligible disbursement(s);
- (4) Student's degree program;
- (5) Total hours in program;
- (6) Total hours attempted;
- (7) Total hours earned;
- (8) Student's quantitative completion percentage at the time of disbursement;
- (9) Student's cumulative GPA at the time of disbursement;
- (10) Amount of Title IV, HEA funds disbursed to the student, organized by Title IV, HEA program; and
- (11) Date student regained eligibility for Title IV, HEA funds, if applicable.

For each student who received a disbursement of Title IV, HEA funds without meeting the institution's SAP requirements, TTC also must provide legible copies of the following documents:

- (1) Student account card;
- (2) Academic transcript;
- (3) Copies of SAP Appeals if applicable;
- (4) Pertinent COD screen shots indicating amounts and dates of disbursements and NSLDS screen shots for Pell and Direct Loans indicating amounts and dates of disbursements.

In addition, TTC must provide assurance that it will appropriately monitor SAP in the future and will withhold Title IV, HEA funds to students subject to financial aid suspension and/or termination.

## **5. Incomplete Audit Trail**

**Citation:** Federal regulations stipulate that an institution must keep fiscal records to demonstrate its proper use of Title IV funds. An institution's fiscal records must provide a clear audit trail that shows that funds were received, managed, disbursed, and returned in accordance with Federal requirements. Institutions are required to account for the receipt and expenditure of all Federal Student Aid (FSA) program funds in accordance with generally accepted accounting principles. An institution must establish and maintain, on a current basis, financial records that reflect each FSA program transaction, and general ledger control accounts and related subsidiary accounts that identify each FSA program transaction and separate those transactions from all other school financial activity.

The fiscal records that a school must maintain include, but are not limited to:

- (1) Records of all FSA program transactions;
- (2) Bank statements for all accounts containing FSA funds;
- (3) Records of student accounts, including each student's institutional charges, cash payments, FSA payments, cash disbursements, refunds, returns, and overpayments required for each enrollment period;
- (4) General ledger (control accounts) and related subsidiary ledgers that identify each FSA program transaction (FSA transactions must be separate from school's other financial transactions);
- (5) Applicable records that support data appearing on required reports, such as Pell Grant Statements of Accounts, GAPS cash requests and quarterly or monthly reports, FSA program reconciliation reports, Audit reports and school responses, state grant and scholarship award rosters and reports, Accrediting and licensing

agency reports, records used to prepare the Income Grid on the FISAP. 34 C.F.R. § 668.164(b); *The Blue Book*, October 2005

**Noncompliance:** In one respect, TTC has failed to create an adequate audit trail for the administration of Title IV funds.

On a systemic basis, TTC does not maintain an individual general ledger sub-account or sub-ledger that records the Title IV disbursements and other credit and debit activity for an individual student, and that separates that activity from transactions relating to other students.

Consequently TTC cannot provide, for the purposes of establishing a clear audit trail, a unique and comprehensive record of an individual student's financial interaction with the institution, including the amounts and dates of Title IV disbursements, the amounts and dates of other financial aid disbursements, and the creation and payment of Title IV credit balances.

It is noted that TTC uses computer "vendor screens" to reflect Title IV funds that are disbursed as credit balances directly to a student. However, the information is not consolidated into a sub-ledger or account that is specific to a student. Also, Title IV funds that are applied directly to a student's institutional charges do not appear on any student-specific ledger.

**Required Action:** TTC must develop and implement a unique sub-account or sub-ledger for each Title IV recipient, and use the account to record all of a student's fiscal activity, including but not limited to the amounts and dates of Title IV disbursements, the amounts and dates of other financial aid disbursements and cash payments, and the creation and payment of credit balances and living expense stipends. This is information that must be readily available to students which provides information about all funds and charges that have been applied to their accounts.

A discussion of these newly-devised policies and procedures for maintaining a student account record, as well examples of the new record, must accompany TTC's response to this report.

## 6. Verification Violations

**Citation:** 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 that application. There are five required data elements that must be verified:

- i. Household size,
- ii. Number enrolled in college,
- iii. Adjusted gross income,
- iv. U.S. income tax paid, and
- v. Other untaxed income and benefits.

Supporting documentation collected from the student/parents is compared to the information that was reported on the student's Institutional Student Information Record (ISIR). Verification documentation collected must be retained in the student's file as evidence that the process was completed. 34 C.F.R. § 668.16(f), 34 C.F.R. § 668.24(c)(1)(i), and 34 C.F.R. § 668.56.

**Noncompliance:** For one student who was selected for verification, TTC disbursed Title IV funds to that student prior to completing the verification process.

Student #28: This student was selected for verification in the 2010-11 award year. Although verification was completed correctly, the institution disbursed Title IV funds prior to completing the verification process. As a result of verification, the student's EFC changed and the original disbursement was incorrect and had to be revised. The institution did adjust the Title IV awards so there will be no liability associated with this student for this finding.

**Required Action:** In response to this report, TTC must devise and implement procedures that will ensure, in the future, the verification process is properly and timely completed for all students. A copy of those procedures must accompany TTC's response.

## 7. Inadequate FSEOG Selection Policy

**Citation:** In each award year, an institution must select its FSEOG recipients from among those eligible students with the lowest EFCs who will also receive Federal Pell Grant funds in that award year. 34 C.F.R. § 676.10 (a)(1). If, after awarding FSEOG to all eligible Federal Pell Grant recipients, additional FSEOG funds remain, the institution must then award FSEOG to those eligible students with the lowest EFCs who did not receive Federal Pell Grant funds in that award year. 34 C.F.R. § 676.10(a)(2). Finally, if an institution's allocation of FSEOG funds is directly or indirectly based on the financial need of less-than-full-time students or independent students, the institution must offer a reasonable portion of its FSEOG allocation to those students. 34 C.F.R. § 676.10(b).

**Noncompliance:** The institution has a limited amount of FSEOG funds available. However, during the review, it was found that the institution did not always award FSEOG funds to the students with the greatest economic need (lowest EFCs). The institution's FSEOG awarding policy appears to be inadequate. Priority should be given to those

students with the lowest EFCs. One student with a higher EFC was awarded FSEOG funds while several other students with zero EFCs did not receive FSEOG funds.

Student #24: This student had an EFC of 2031 for the 2010-11 award year and received an FSEOG award of \$200. Although the student was Pell eligible, there were several other students who had zero EFC amounts that did not receive FSEOG awards.

**Required Action:** With its response to this report, TTC must submit a copy of its policies and procedures that will ensure it awards FSEOG funds to the neediest students and that FSEOG funds are made reasonably available to those students.

## 8. Failure to Publish and Distribute Annual Campus Security Report

**Citation:** The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require institutions by October 1 of each year, to publish and distribute its annual Campus Security Report. It must be distributed to all enrolled students and current employees directly by publications and mailings that include: (1) a statement of the report's availability; (2) a list and brief description of the information contained in the report; (3) the exact electronic address (URL) of the internet or intranet web site at which the report is posted; and (4) a statement saying the institution will provide a paper copy upon request. If an institution chooses to fulfill the distribution requirement by posting the crime report on an internet or intranet web site, an individual notice of such posting must be distributed to each student and current employee. Upon request, an institution must provide its annual campus security report to a prospective student or prospective employee.

In general, Federal regulations require that an annual security report contain:

- (1) Crime statistics, as defined in Federal regulations;
- (2) A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus;
- (3) A statement of current policies concerning security of and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities.
- (4) A statement of current policies concerning campus law enforcement that addresses the enforcement authority of security personnel, encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies, and describes procedures, if any, that encourage pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics.
- (5) 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.
- (6) A description of programs designed to inform students and employees about the prevention of crimes.
  - (7) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.
  - (8) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws.
  - (9) A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws.
  - (10) A description of any drug or alcohol-abuse education programs, as required under section 120(a) through (d) of the Higher Education Amendments (HEA). For the purpose of meeting this requirement, an institution may cross-reference the materials the institution uses to comply with section 120(a) through (d) of the HEA.
  - (11) A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs.

When compiling the Campus Security Report an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of specific types of crimes that are reported to local police agencies or to a campus security authority. An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. An institution must also, among other factors, provide a geographic breakdown of the crime statistics according to the following categories: (1) On campus; (2) in or on a non-campus building or property; (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime. 34 CFR § 668.46(c)(1)

**Noncompliance:** TTC has failed to properly compile, publish, and distribute to its students and employees an annual Campus Security Report. Further, although a few informational items that are required to appear in a Campus Crime Report appear elsewhere in the institution's consumer information, the information is not presented in a manner that complies with Federal regulations.

For example, the institution's Student Handbook includes an entry titled "Campus Security Act" that makes reference to crime statistics for calendar year 2010. However, contrary to regulatory requirements, the statistics are not compiled by offense, there is no reference to 2009 and 2008 crime statistics, and the statistics are not presented in an overall Campus Crime Report.

**Required Action:** In response to this report, TTC must publish and disseminate a Campus Security Report that includes all required information concerning campus crime statistics for the calendar years 2008 through 2011, as well as all other attendant components, in accordance with current Federal regulations and the guidance found in the *Federal Student Aid Handbook*. A copy of this Campus Security Report, as well as institutional assurances on how it has been disseminated to all students and employees and made available to all prospective students and employees, must be included with TTC's response.

In addition, TTC must develop and implement procedures to ensure that an appropriate Campus Security Report will be produced and disseminated on an annual basis to all current students and employees. As part of this process, TTC must review in their entirety the Federal regulations at 34 CFR § 668.46 to ensure that it has made provisions to meet all of the requirements. A copy of the revised procedures should accompany TTC's response to this report. Based on an evaluation of all available information, including TTC's response, the Department will determine if additional action will be required and will advise TTC accordingly in the FPRD.

#### **9. Failure to Develop and Implement a Drug and Alcohol Abuse Prevention Program**

**Citation:** The Drug-Free Schools and Communities Act and the Department's regulations require each institution to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, the institution must provide, at a minimum, the following information in writing to each employee and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study:

- (1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
- (2) A description of the applicable legal sanctions under local, state, or federal law for the unlawful possession or distribution of illicit drugs and alcohol;
- (3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- (4) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and
- (5) A clear statement that the institution will impose disciplinary sanctions on students and employees (consistent with local, state, and federal law), and a

description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct, as defined in federal regulations.

In addition, institutions must conduct a biennial review to determine the effectiveness of its drug and alcohol prevention program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies for violators. The biennial review materials must be maintained by the institution and made available to the Department upon request. 34 CFR § 86.100

**Noncompliance:** TTC has failed to develop and implement a Drug and Alcohol Abuse Prevention Program that is in keeping with Federal regulations. A review of TTC's consumer information, student handbooks, and other pertinent publications disclosed no indication that a Drug and Alcohol Abuse Prevention Program is or has ever been in place for TTC students.

**Required Action:** In response to this report, TTC must develop and implement a Drug and Alcohol Abuse Prevention Program that conforms to federal regulations, including all of the required elements in the Drug-Free School Act.

TTC must also conduct a biennial review to measure the effectiveness of its drug and alcohol abuse education and prevention programs. TTC must describe the methods and data analysis tools that will be used to determine the effectiveness of the program, and identify the responsible official or office that will conduct the biennial review.

Copies of TTC's drug and alcohol abuse education and prevention program plan, its biennial review, and the policies and procedures it has devised to conduct the review should accompany the institution's response to this report.