September 9, 2015

Dr. Raymond Cummiskey
President
Jefferson College
1000 Viking Drive
Hillsboro, MO 63050-2441

UPS Tracking # ***1Z A87 964 02 9706 1316***

RE: **Final Program Review Determination**
OPE ID: 00246800
PRCN #: 201230727911

Dear Dr. Cummiskey:

The U.S. Department of Education's (Department's) School Participation Division—Kansas City issued a program review report on November 27, 2012, covering Jefferson College's (Jefferson) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. Jefferson's final response was received on November 1, 2013. A copy of the program review report (and related attachments) and Jefferson's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Jefferson 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 Jefferson of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

This FPRD contains one or more findings regarding Jefferson's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime

Statistics Act (the 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 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are **$2,288,462.17**.

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-E. In addition, Appendix F also contains PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the November 27, 2012 program review report. If Jefferson 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 Jefferson receives this FPRD. An original and four copies of the information Jefferson 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

Jefferson'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 Jefferson'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 Ms. Kathy Feith at (816) 268-0406. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

[redacted]

Ralph A. LoBosco
Division Director

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

cc: Ms. Sarah Bright, Director of Financial Aid
Mr. Leroy Wade, Missouri Department of Higher Education
Ms. Karen Solomon, Higher Learning Commission
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Prepared for

Jefferson College

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
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OPE ID 00246800
PRCN 201230727911

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

Final Program Review Determination
September 9, 2015

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

Table of Contents

A. Institutional Information

Jefferson College
1000 Viking Drive
Hillsboro, MO 63050-2441

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: The Higher Learning Commission (HLC)

Current Student Enrollment: 7,165 (2011-2012)

% of Students Receiving Title IV: 58% (2011-2012)

Title IV Participation (G5):

	2010-2011
Federal Pell Grant	$11,753,917.00
Federal Supplemental Educational Opportunity Grant (FSEOG)	$ 73,155.00
Academic Competitiveness Grant (ACG)	$ 361,927.00
Federal Work Study (FWS)	$ 109,241.00
Federal Subsidized Stafford Loan	$ 131,230.00
Federal Unsubsidized Stafford Loan	$ 158,252.00
Direct Subsidized Stafford Loan	$ 4,073,225.00
Direct Unsubsidized Stafford Loan	$ 4,749,728.00
Direct PLUS Loan	$ 13,684.00

Default Rate FFEL/DL:	2011	**21.8%**
	2010	**22.5%**
	2009	**15.7%**

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Jefferson College (Jefferson) from May 21, 2012 to May 25, 2012. The review was conducted by Ms. Kathy Feith, Ms. Jenny Hendrickson, and Ms. Jenny Armontrout.

The focus of the review was to determine Jefferson'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 Jefferson's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (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. Additionally, program reviewers judgmentally selected students for review based on selection categories, including, 4 students who requested Dependency Overrides or Professional Judgments, 5 students admitted under the Ability to Benefit criteria, 4 FSEOG students, and 5 Federal Work Study (FWS) students. As part of the fiscal review, 19 students were judgmentally selected to review Return to Title IV Funds calculations, 9 students were reviewed to examine Jefferson's unofficial withdrawal policy, and 15 students were selected to review Jefferson's ability to document academic related activity for students who are taking Distance Education courses. Finally, 20 students were judgmentally selected to determine if Jefferson was properly disbursing Title IV, HEA credit balances according to Department guidelines and an additional 100 were reviewed based on un-negotiated Title IV, HEA credit balances. Appendices A-E 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 November 27, 2012.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Findings 2, 3, 4, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20

Jefferson has taken the corrective actions necessary to resolve Findings 2, 3, 4, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 of the program review report. Therefore, these findings may be considered closed. Appendix H containing Jefferson's written response related to the resolved findings is attached. Findings requiring further action by Jefferson are discussed below.

Resolved Findings with Comments

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

Finding 21. Failure to Comply with Drug-Free Schools and Communities Act/Part 86 Requirements

Citation Summary: *The Drug Free Schools and Campus Act and Part 86 of the Department's General Administrative Regulations require participating institutions of higher education to conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the program if they are needed; and (2) ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced. 34 C.F.R. §86.100(b)(1)(2)*

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

Noncompliance Summary: *Jefferson failed to conduct a biennial review and prepare a biennial review report as required under the Drug-Free Schools and Communities Act and the Department's regulations. The Department's analysis indicates that no biennial review has been conducted at Jefferson during its time as an educational institution. In addition, Jefferson does not distribute information annually to students or employees regarding the institution's policies and the disciplinary sanctions. The review team notes that some information about policies and sanctions is normally provided during new employee orientation; however, no annual disclosures are distributed.*

Failure to comply with the drug and alcohol abuse education and prevention program requirements deprives students and employees of important information regarding the detrimental health risks and legal and disciplinary consequences of alcohol abuse and illicit drug use. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.

Required Action Summary: *Jefferson was required to take all necessary corrective actions to rectify these violations. To address the specific deficiencies identified in this finding, Jefferson was required to:*

- *Conduct a biennial review to measure the effectiveness of its drug and alcohol prevention programs. Jefferson must describe the research methods and data analysis tools that will be used to determine the effectiveness of the program as well as the responsible official or office that will conduct the review. The biennial report must address how the institution will ensure consistency of its enforcement of its disciplinary sanctions and be available to the public on request. The new biennial review and report must be completed by 12/31/2012 and be submitted to the Department by January 31st, 2013.*

- *Develop and implement procedures for ensuring that the required materials are distributed to every current student who is enrolled for academic credit as well as every employee of Jefferson. Specifically, the institution must make provisions for providing a copy of the drug and alcohol prevention program to employees on an annual basis as well as at the initial hiring time of each employee. Jefferson will be required to provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Drug-Free Schools and Communities Act.*

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

Jefferson's Response: In its official response, Jefferson concurred with most aspects of the finding. The College stated that "although the institution provided a multitude of alcohol and drug abuse prevention programs and maintained policies related to these offenses, a formal review process and report was not completed biennially to measure the effectiveness of these efforts."

College officials also claimed that in the fall of 2012, "a biennial review of the institution's drug and alcohol prevention program was conducted," as required by the Department's report. In addition, Jefferson's response claimed that a task force was formed "to review the effectiveness of its alcohol and other drug (AOD) abuse prevention programs and policies." Per the response, management also asserted that the task force reviewed the student and employee disciplinary systems and also reviewed the adequacy of its consumer information distribution policies.

Jefferson's response also stated that the task force conducted a "SWOT analysis to review AOD prevention programming." The College disclosed that "while many positives were identified, it was also determined that a more aggressive evaluation of prevention education programs is needed." The response also stated that the formation of the College's "Behavioral Concerns Team" allowed institution officials to more effectively identify students and employees that may be struggling with substance abuse and to intercede, as needed. Moreover, the College claimed that it will be able to more effectively track disciplinary violations and ensure consistent enforcement as a result of its acquisition and implementation of a new incident report and database system. Finally, the College represented that DAAPP information including the school's initial biennial review report was "distributed to all employees and students in spring 2013."

Final Determination: Finding #21 of the program review report identified multiple violations of the *DFSCA* and the Part 86 Regulations. Specifically, Jefferson failed to distribute an annual DAAPP disclosure to all employees and students enrolled for academic credit. In addition, Jefferson failed to conduct a biennial review to assess the effectiveness of the institution's DAAPP and as a result, also failed to produce a report of review findings. As a result of these violations, Jefferson was required to produce an annual DAAPP disclosure and to then distribute it in the manner prescribed by Federal regulations. In addition, the College was required to conduct an initial biennial review and prepare a report of findings. In its response, Jefferson substantially concurred with the finding but claimed that various elements of a compliant drug and alcohol program were in place. The College also represented that remedial action was taken and submitted documents in support of its claims.

The Department carefully examined Jefferson's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the institution's response. Based on that review and Jefferson' admission of noncompliance, the violations identified in the finding and during the response analysis are sustained. The Department also determined that Jefferson's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of Jefferson are put on notice that the institution must take all necessary action to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the response to the Department's report and as may otherwise be needed to ensure that these violations do not recur. To that end, the institution must ensure that it has conducted its 2014 biennial review and has done so in a manner that is substantive and well-documented.

Although this program review finding is now closed, Jefferson is reminded that the exceptions identified above constitute very serious and persistent violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. Jefferson was instructed to develop a compliant drug and alcohol program and by doing so, has finally begun to address the conditions that led to these violations. Jefferson has stated that it has brought its programming and operations into compliance with the *DFSCA* as required by its Program Participation Agreement (PPA).

While this is an important first step, Jefferson officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to maintaining a safe and healthy learning environment, especially in light of the fact that more than 90% of all violent campus crimes involve the use of abuse of drugs and/or alcohol. The compliance failures documented by the Department deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. The failure to conduct biennial reviews also deprived the institution of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. For these reasons, Jefferson is advised that its remedial actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Because of the serious consequences of such violations, the Department strongly recommends that Jefferson re-examine its drug and alcohol and general Title IV policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with Federal regulations. To that end, Jefferson is reminded that it must take specific steps to document its efforts to comply with the Department's consumer information distribution requirements including those that apply to the annual DAAPP disclosure. Moreover, the institution is reminded of its obligation to conduct comprehensive biennial reviews and to prepare substantive reports of findings and recommendations going forward and is specifically advised that its next biennial review report must contain substantially more information about the actual conduct of the review. Moreover, the findings and recommendations must be supported by valid evidentiary data. The regulations governing the *DFSCA* can be found at *34 C.F.R. Part 86*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of Jefferson's new DAAPP policies and procedures.

Finding 22. Campus Security Requirements Not Met—Policy and Procedural Deficiencies in Sexual Assault Policies

Citation Summary: *The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) requires the annual security report to include* *notification to students of existing on and off-campus counseling, mental health, or other student services for victims of sex offenses. Additionally, an institution must include a description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and nonforcible sex offenses; procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported; information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel; notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available; procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense; and sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or nonforcible sex offenses. 34 C. F. R. § 668.46(b)(11)(i)-(vi)(A)(B)(vii)*

***Noncompliance Summary**: Jefferson does not address its sexual assault policies consistently in its publications. Failure to consistently address sexual assault policy requirements deprives students and employees of important information regarding necessary steps to take in the event of an assault on campus as well as to provide parties with what remedy is available. For example, on page 31 of the Student Handbook, Jefferson addresses sexual assault and makes the following statement: "sexual assault is a serious violation of the Student Conduct Code, and violators will be subject to disciplinary action according to the Student Conduct Code procedures and/or legal prosecution". When reviewing the disciplinary section of the Student Handbook, however, the information provided regarding sexual assault victims and the proceedings does not correlate with Clery guidelines. On page 40 of the Student Handbook, the following reference is provided regarding disciplinary action and notification of a victim: "if the subject matter of the disciplinary proceeding involves a crime(s) of violence and/or sex offense(s) and the accused is determined to have committed the act, the Associate Vice President of Student Services is required to notify the victim of the outcome of the disciplinary proceedings within five business days after the proceedings have been concluded". The Clery guidelines does not specify institutions are only required to notify victims if the accused is found guilty; as discussed in 34 C.F.R. §668.46, institutions are required to provide information to victims and the accused in all instances.*

Additionally, although Jefferson has the appropriate policies and procedures related to the reporting of sexual assaults and guidance to victims on actions to take, there is no *discussion or mention of sexual assault educational programs in materials published online or in the Student Handbook.*

***Required Action Summary**: Jefferson must review its policies and procedures posted in all materials (both on-line and in print) in relation to sexual assaults to ensure they are in compliance with federal regulations. Additionally, Jefferson, as part of their response to this program review report, must document the updated policy information has been provided to all currently enrolled students and employees. The institution must include a copy of those procedures as well as their updated sexual assault policies with its response to the Department for this finding.*

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

Jefferson's Response: In its official response, Jefferson concurred with most aspects of the finding. Specifically, the College stated that "although the institution did address sexual assault policies and programs, they could have been more clearly presented in past publications."

Per the response, Jefferson performed a "thorough review of the College's policies and procedures" and revised its sexual assault policy. In addition, management asserted that a new sexual assault policy was drafted and is undergoing internal review to "ensure compliance with Federal regulations." The College estimated that the new policy would be adopted in the spring of 2014, thereby allowing adequate time to include it in the next printing of the Student Handbook. Jefferson claimed that the new policy "will correlate with Clery guidelines" and will make clear that in alleged cases of sexual assault, the accuser and the accused are entitled the following: 1) an advisor to support them throughout the disciplinary process and 2) to be informed of the outcomes reached and sanctions imposed by a disciplinary authority. The College's response also stated that "in light of the proposed policy, procedures have been developed to comply with Clery guidelines." In addition, the College claimed that it developed a new handout called "Sexual Assault Awareness and Reporting Procedures." Per the response, this resource is posted on the College's portal and is available for both students and staff.

Finally, Jefferson's response represented that an "R U OK?" tab was also added to the portal. Per the response, this link contains information about the student complaint process as well as information about educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses. The response indicated that all students and employees were informed about the "R U OK?" tab and sexual assault information via e-mail.

Final Determination: Finding #22 of the program review report cited Jefferson for its failure to develop and implement accurate and complete policies and procedure regarding sexual assault education, prevention, and disciplinary procedures and as a result, failed to include this information in its 2011 ASR. In addition, the review team found that the sexual assault-related information that was included in the 2011 ASR conflicted with disclosures on the same topics that were included in other College publications. Moreover, on page 40 of the Student Handbook, the following reference is provided regarding disciplinary action and notification of a victim: "if the subject matter of the disciplinary proceeding involves a crime(s) of violence and/or sex offense(s) and the accused regarding disciplinary action and notification of a victim: "if the subject matter of the disciplinary proceeding involves a crime(s) of violence and/or sex offense(s) and the accused is determined to have committed the act, the Associate Vice President of Student Services is required to notify the victim of the outcome of the disciplinary proceedings within five business days after the proceedings have been concluded". This statement was inaccurate and misleading because the Department's regulations require that both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense. Furthermore, the regulations do not state that notification should only take place when the accused is determined to have committed the offense. As a result of these violations, Jefferson was required to review and revise its ASR and other official publications and to develop new policies and procedures to the extent necessary to address the deficiencies. In its response, the College stated its concurrence with most of the finding while asserting some information about sexual assaults was included in College's publications. Jefferson stated that all necessary corrective action was taken to address the violations identified by the review team and submitted documents including its 2012 ASR in support of its claims.

The Department carefully examined Jefferson's narrative response and supporting documentation. The review team's examination showed that the identified violations were satisfactorily addressed in the 2012 ASR. Based on that review and the College's partial admission of noncompliance, the violations identified in the finding are sustained. This determination is based on the fact that the required sexual assault policies and procedures noted in the "Citation" section above were not included in Jefferson's 2011 ASR. The Department has also determined that Jefferson's corrective action plan meets minimum requirements. For these reasons, the Department has accepted Jefferson's response and considers this finding to be closed.

Although the finding is now closed, Jefferson 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" a violation of this type once it occurs. The College was required to initiate all necessary remedial measures and in doing so, has begun to remediate the conditions that led to these violations. Jefferson has stated that it has brought its overall campus security program into compliance with the *Clery Act* as required by its PPA. Nevertheless, the College 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 Jefferson officials re-examine its campus safety and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. To that end, Jefferson officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide on *Clery Act* compliance. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. The College can access these materials at:

www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at *34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.*

Finally, Jefferson 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 went 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

<u>Findings with Final Determinations</u>

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of Jefferson's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on November 27, 2012, is attached as Appendix G.

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

Finding 1. Improper Return of Title IV Funds Calculations

Citation Summary: *Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds (Return) calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in pertinent Federal regulations. <u>See</u> 34 C.F.R. § 668.22 (a)(6). See also 2010-2011 & 2011-2012 Federal Student Aid Handbook, Volume 5, Chapter 2 at Page 5-113.*

Institutionally scheduled breaks of five or more consecutive days are excluded from the Return calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of Title IV, HEA funds earned. This provides for more equitable treatment of students who officially withdraw near either end of a scheduled break. In those instances, at institutions not required to take attendance, a student who withdrew after the break would not be given credit for earning an additional week of funds during the scheduled break, but would instead earn funds only for the day or two of training the student completed after the break. If a scheduled break occurs prior to a student's withdrawal, all days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded from both the numerator and denominator in calculating the percentage of the term completed. If a student officially withdraws while on a scheduled break of less than five days, the actual date of the student's notification to the institution is the student's withdrawal date. (Note that if the withdrawal occurs prior to a scheduled break, the days in the break are excluded only from the denominator.)

Please note the beginning date of a scheduled break is defined by the institution's calendar for the student's program. In a program where classes only meet on Saturday and/or Sunday, if a scheduled break starts on Monday and ends on Friday, the five week-days between the weekend classes do not count as a scheduled break because the break *does not include any days on which classes are scheduled. Therefore, the five days would not be excluded from the numerator or denominator of a Return calculation.*

Where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the Return calculation. (The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break.) If classes were taught on either weekend for the programs that were subject to the scheduled break, those days would be included rather than excluded. 2010-2011 & 2011-2012 Federal Student Aid Handbook, Volume 5, Chapter 2, page 5-103.

Federal regulations state that for a student who ceases attendance at an institution that is required to take attendance, including a student who does not return from an approved leave of absence, or a student who takes a leave of absence that does not meet the Department's requirements, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date determined in accordance with Department requirements and maintain the documentation as of the date of the institution's determination that the student withdrew.

An institution is required to take attendance if—

(1) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance;

(2) The institution itself has a requirement that its instructors take attendance; or

(3) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program. 34 C.F.R. § 668.22(b)(3)(2011).

The Return of Title IV Funds regulations do not dictate an institutional refund policy. Instead, a school is required to determine the earned and unearned portions of Title IV, HEA funds as of the date the student ceased attendance based on the amount of time the student spent in attendance or, in the case of a clock-hour program, was scheduled to be in attendance. Up ***through the 60% point*** *in each payment period or period of enrollment, a prorata schedule is used to determine the amount of Title IV, HEA funds the student has earned at the time of withdrawal.* ***After the 60% point*** *in the payment period or period of enrollment, a student has earned 100% of the Title IV, HEA funds he or she was scheduled to receive during the period.*

For a student who withdraws after the 60% point-in-time, there are no unearned funds; however, a school must still determine whether the student is eligible for a Post-withdrawal disbursement. 2010-2011 & 2011-2012 Federal Student Aid Handbook, Volume 5, Chapter 2, page 5-113.

Noncompliance Summary: *In three respects, Jefferson improperly performed Return of Title IV Funds calculations.*

Incorrect Withdrawal Date Determination: *On a systemic basis, Jefferson has improperly used the 50 percent point in a payment period as the last date of attendance and withdrawal date for students who unofficially withdrew during the 2010-2011 and 2011-2012 award year.*

Jefferson has maintained a policy requiring that, for students who unofficially withdraw in a semester, the 50 percent point is always employed as the withdrawal date. Jefferson has pursued this policy in the belief that it is, in the Department's definition, an institution that is not required to take attendance. However, on July 1, 2011, the Department's definition of what constitutes an institution that is not required to take attendance changed significantly. At the present time, Jefferson is defined as an institution that is required to take attendance because it does, in fact, require its faculty to maintain attendance records for its students throughout the semester in the Banner system as well as in a grade book-type document which was made available to program reviewers. Consequently, Jefferson is excluded from using the fifty percent point of a payment period as a substitute withdrawal date for unofficial withdrawals effective July 1, 2011.

For example, the financial aid file of ***student #50*** *indicates the student began attendance in the fall 2011 semester on 08/22/2011. According to institutional attendance records, the student's last date of attendance was 09/05/2011; however, the Return calculation shows the student's last date of attendance to be 08/29/2011 which conflicts with documented attendance records. Jefferson, employed the midpoint in the Return calculation as the student unofficially withdrew; however, as an institution that is now required to take attendance, Jefferson was obligated to use the recorded last date of attendance in its Return calculation, retaining 6.80 percent of Title IV, HEA funds opposed to 50 percent.*

Likewise, the financial aid file of ***student #55*** *indicates the student began attendance in the fall 2011 semester on 08/22/2011. According to institutional attendance records, the student's last date of attendance was 08/25/2011. Because the student unofficially withdrew Jefferson, employing the fifty percent rule, calculated a Return calculation for the student using four completed days in the 118-day payment period. However, as an institution that is now required to take attendance, Jefferson was obligated to obtain the last date of attendance from faculty and use the recorded last date of attendance in its Return calculation, retaining 4.2 percent of Title IV, HEA funds opposed to 50 percent.*

During interviews with the program review team, institutional officials confirmed Jefferson has consistently employed the 50 percent point of the payment period as the withdrawal date in cases of unofficial withdrawals, even if faculty records substantiated the student's actual last date of academically related activity.

Incorrect calculation of days in payment period: *In six of 19 2010-2011 and 2011-2012 Return calculations reviewed, including Student #51, #52, and #59 not discussed in detail below, Jefferson failed to correctly calculate the total number of days in a payment period. Three additional examples noted during the program review are below:*

Student #54: *The financial aid file reflects the student unofficially withdrew from the fall 2010 semester which began on 08/16/2010. A Return calculation was performed on 12/15/2010 that reflected the payment period contained 123 total days. However, a review of the institution's class schedule for that semester indicates there were 118 days in the payment period.*

The student returned to Jefferson for the spring 2011 semester which began on 01/10/2011. The financial aid file reflects the student unofficially withdrew from the spring 2011 semester. A Return calculation was performed on 05/26/2011 that reflected the payment period contained 120 total days. However, a review of the institution's class schedule for that semester indicates there were 115 days in the payment period. This student is also cited in Finding 5.

Student #64: *The financial aid file reflects the student officially withdrew from the fall 2010 semester, which began on 08/16/2010, on 10/06/2010. Jefferson performed a Return calculation on 01/06/2011 that reflected the payment period contained 123 total days. However, a review of the institution's class schedule for that semester indicates there were 118 days in the payment period. This student is also cited in Finding 3 and 5.*

Student #66: *The financial aid file reflects the student unofficially withdrew from the spring 2011 semester which began on 01/10/2011. A Return calculation was performed on 06/06/2011 that reflected the payment period contained 120 total days. However, a review of Jefferson's class schedule for that semester indicates there were 115 days in the payment period. This student is also cited in Finding 5.*

No return calculation performed for students who were enrolled and/or presumed to be attending courses through the 60% period of term: *In seven of 19 2010-2011 and 2011-2012 Return calculations reviewed, Jefferson failed to perform calculations for students who withdrew after the perceived 60% point in the semester. or who ceased attendance in the semester early enough to require Title IV, HEA funds to be returned to the Department, including students #56, #65, and #67 not discussed below.*

Student #49: *The financial aid file reflects the student unofficially withdrew from the fall 2010 semester which began on 08/16/2010 with a documented last date of attendance listed as 10/29/2010. However, there is no evidence in the file to indicate a Return calculation was done. This student is also cited in Finding 5.*

Student #52: *The financial aid file reflects the student unofficially withdrew from the spring 2011 semester which began on 01/10/2011 with a last documented date of* *attendance listed as 02/23/2011. Using this date, the student did not earn all Title IV, HEA funds. However, there is no evidence to show a Return calculation was performed or any funds returned to the Department.*

***<u>Student #62</u>**: The financial aid file reflects the student unofficially withdrew from the fall 2011 semester which began on 08/22/2011 with a documented last date of attendance listed as 10/20/2011. There is no evidence in the file to indicate a Return calculation was done; however, there is a "60% 10-31-2011" notation. As this student was enrolled during a period which Jefferson was considered a required attendance-taking institution, a calculation should have been performed to reflect the student's last date of attendance. The student officially only completed 51.7% of the semester. This student is also cited in Finding 5.*

***<u>Student #63</u>**: The financial aid file reflects the student unofficially withdrew from the fall 2010 semester which began on 08/16/2010 with a documented last date of attendance listed as 10/28/2010. There is no evidence in the file to indicate a Return calculation was done; however, there is a notation on an academic transcript with indicates, "had an I and attended a class til 60% mark 10-28-2010". This student is also cited in Finding 5.*

***Required Action Summary:** In response to this finding, Jefferson was required to provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2009-2010, 2010-2011, and 2011-2012 award years. Jefferson was required to identify and review the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed in any of the four award years and provide the required information in relation to each student by award year. Jefferson was required to provide a sample of 25 revised and/or new Return calculations performed initially based on the program review within 30 days of receipt of this report.*

Additionally, Jefferson was required to review all students who officially or unofficially withdrew during the 2012-2013 award year (to date) to ensure all required Return calculations were performed accurately and in compliance with Department guidelines and make any corrections necessary, including the return of any applicable funds to the Department for students found to have an improperly completed Return calculation.

Finally, Jefferson was required to review and revise its internal policies and procedures to ensure Returns are performed properly and in a timely manner in the future and provide a copy of these procedures with its response to this report.

Jefferson's Response: Jefferson indicated they did not agree with the determination that during the 2011-2012 award year the institution was considered to be attendance taking. Based on this assertion, the institution used the midpoint for completing Return of Title IV calculations for students who unofficially withdrew from courses rather than using a last date of attendance. Although the institution indicated they are aware of guidance provided by the Department on July 1, 2011, the institution still believed they were not required to take attendance; therefore, the institution did not adjust its practices to use a last date of attendance when students received "F" grades to calculate earned aid and did not request a last date of attendance when "W" grades were assigned". The institution asserted in the response that reviewers did not distinctly notify the school they were considered attendance taking until the program review report was issued; therefore, reviewers increased potential liability to the school for any student who withdrew or failed to complete their courses during the spring 2012 semester.

Jefferson acknowledged they were aware that breaks of five or more days must be excluded from a payment period calendar; however, the institution determined a clerical error caused a break to be included in the payment period during one of the years of the review. Additionally, the institution is aware that a payment period does include the week of final exams even though the institution's academic calendar did not specify this in relation to the dates of coursework for each semester.

The institution indicated they are now completing return calculations for all students, even though who have attended through the 60% point of the payment period to ensure students have earned the correct amount of Title IV funds.

As required in the program review, Jefferson has reviewed all students discussed in the program review report and provided the required files and documents. As part of the reconstruction, Jefferson recalculated the total number of days in the 2009-2010, 2010-2011, and 2011-2012 payment periods using the actual start date for the fall 14-week terms, the final exam dates identified on the academic calendars, and the approved exclusion of days in each spring break and attached these items in Exhibit A. For the 2011-2012 return calculation, Jefferson recalculated the returns using the last date of attendance rather than the midpoint as previously done.

Additionally, Jefferson indicated they have revised internal policies and procedures to meet the requirements of an institution required to take attendance and to ensure return calculations are performed in a timely manner. The institution has also taken steps to ensure attendance is maintained in Blackboard software for the 2013-2014 award year to ensure faculty record attendance.

Final Determination: The Department reviewed the school's response to Finding 1, including the file reconstruction provided as part of Appendix H. Although the institution indicates they were not provided directives while the program review team was on-site in May 2012, it should be noted that program reviewers conducted an exit conference with the institution to discuss preliminary issues identified during the on-site review. In this discussion, institutional representatives were advised that they were considered an attendance-taking institution effective with the 2011-2012 award year based on their own practices to take attendance and require faculty to take attendance.

The Department, in its evaluation of the file reconstruction, considered the institution eligible to use the 50% point of the payment period for returns done prior to the 2011-2012 award year when guidance was issued regarding institutions which are considered required to take attendance. Consequently, the Department concurs with Jefferson's argument for the 2009-2010 and 2010-2011 award year that they were not required to operate as an attendance taking institution and use the last day of attendance in the return calculation. However, for the 2011-2012 award year the institution was considered attendance taking; therefore, Jefferson was required to use the last date of attendance in the Return calculation.

As part of the Finding 1 file review performed by Jefferson for the 2009-2010 award year, the institution identified 22 Stafford loan recipients who were awarded and disbursed funds when they failed to begin attendance in any courses. Since the students did not begin attendance, a Return calculation would not be required; consequently, any liabilities associated with these students will be assessed in Finding 5.

Additionally, as part of the Finding 1 file review performed, Jefferson identified 325 Pell Grant recipients who were awarded funds improperly as they either failed to begin attendance in any courses or did not begin attendance in the number of hours used to calculate their Pell Grant fund awards. In the case of one student, reviewers found a student who was both considered as part of Findings 1 and 5; consequently, the liability for Finding 5 was calculated first and then the Return calculation was performed to ensure the return calculation was accurate. Since the students referenced above (with the exception of the one student previously identified) failed to begin attendance, a Return calculation would not be required. Consequently, any liabilities associated with these students will be assessed in Finding 5.

Overall, Jefferson must return **$63,906.00** in Federal Pell Grant funds and **$84,172.00** in Stafford Loan funds to the Department on behalf of the students identified in the program review as well as the subsequent file reconstruction.

Additionally, Jefferson is liable for the cost of funds associated with the improper use of Title IV, HEA funds. The total cost of funds liability due to the Department as a result of the failure to return Federal Pell Grant and Stafford Loan funds based on improper return calculations is **$1,546.00** ($524.40 in Pell Grant interest, *rounded* and $1,021.97 in Stafford Loan fund interest, *rounded*). The interest charges were computed using the cost of funds for Pell Grants and published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of the issuance of the program review report. Detailed information about this cost of funds liability determination may be found in Appendix J.

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

Finding 5. Attendance Not Verified Prior to Disbursement

Citation Summary: *In order to demonstrate to the Secretary the institution is capable of adequately administering the Title IV, HEA programs, it must establish and maintain records required under the individual Title IV, HEA program regulations.*
34 C.F.R. § 668.16(d)(1)

An institution is required to establish and maintain, on a current basis, program records that document its disbursement and delivery of Title IV, HEA funds.
34 C.F.R. § 668.24(a)(6)

If the student doesn't begin attendance in all of his or her classes, resulting in a change in the student's enrollment status, institutions must recalculate the student's award based on the lower enrollment status. A student is considered to have begun attendance in all of his or her classes if the student attends at least one day of class for each course in which that student's enrollment status was determined for Federal Pell Grant eligibility. Schools must have a procedure in place to know whether a student has begun attendance in all classes for purposes of the Federal Pell Grant Program. A student is considered not to have begun attendance in any class in which the school is unable to document that attendance. 2010-2011& 2011-2012 Federal Student Aid Handbook, Volume 3, Chapter 3 at 3-63.

Noncompliance Summary: *Program reviewers, in discussions with Jefferson's Financial Aid and Registrar's Office staff regarding confirmation of student attendance in all scheduled courses, were informed Jefferson faculty are required to report the names of students who did not begin attendance as of the institution's census date (ten days into semester). However, both offices indicated faculty members did not consistently report this information to the Registrar and Financial Aid Office.*

The Financial Aid Office staff indicated they frequently learn students did not begin attendance at the end of the semester when forced to complete Return calculations for students who withdraw during the semester or failed to earn passing grades. Although efforts are made to reach faculty to obtain documentation regarding student attendance, staff indicated they are not always able to obtain a response from faculty.

A brochure provided to students discusses the effects of non-attendance in relation to Title IV, HEA funds, explaining, "If you are not attending classes, you are expected to complete the official withdrawal of the College. This official withdrawal date is considered to be your last date of attendance. If you enroll, attend none, and do not officially withdraw from classes, you will be responsible for a 100% overpayment of any federal aid disbursements you receive".

Students #49, #50, #54, #55, #59, #62, #63, #64, #66, and #76 serve as examples of students instructors failed to report as non-attendees during the census reporting period, *even though instructors, reported the student as non-attendees when program reviewers requested additional information.*

Student #49: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 for the spring 2011 semester. The student did not begin attendance in one three hour course (HST 203), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00. This student is also cited in Finding 1.*

Student #50: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 for the fall 2011 semester. The student did not begin attendance in two three hour course (GUD 136 and CIS 133 per faculty comments), dropping the student's enrollment status to half-time. At a half-time enrollment status, the student was only eligible for a Federal Pell Grant award of $1,388.00.*

For the spring 2012 semester, the student again received a Federal Pell Grant award based on full-time enrollment status of 12 credit hours in the amount of $2,775.00. The student did not begin attendance in one three hour course (GUD 136), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00. This student is also cited in Finding 1 and 2.

Student #54: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 during the fall 2010 semester. The student did not begin attendance in one three hour course (MGT145), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00.*

The student also received a Federal Pell Grant award based on full-time enrollment status in the amount of $2,775.00 during the spring 2011 semester. For the spring semester, the student did not begin attendance in three courses (MGT 103, MGT 132, and MGT 150), dropping the student's enrollment status to less-than-half-time. At a less-than-half-time enrollment status, the student was only eligible to receive a Federal Pell Grant award of $694.00. This student is also cited in Finding 1.

Student #55: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 during the fall 2011 semester. The student did not begin attendance in two courses (CIS 125 and COL 101), dropping the student's enrollment status to half-time. At a half-time enrollment status, the student was only eligible for a Federal Pell Grant award of $1,388.00. This student is also cited in Finding 1 and 2.*

Student #59: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 for the fall 2010 semester. The student did not begin attendance in one three hour course (GEO 103), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00.*

Student #62: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 during the fall 2011 semester. The student did not begin attendance in one three hour course (BIT 112), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00. This student is also cited in Finding 1.*

Student #63: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 during the fall 2010 semester. The student did not begin attendance in one three hour course (HST 103), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00. This student is also cited in Finding 1.*

Student #64: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 during the fall 2010 semester. The student did not begin attendance in one three hour course (MTH 134), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00. This student is also cited in Finding 1 and 3.*

Student #66: *The student received a Federal Pell Grant award based on a full-time enrollment status of 12 credit hours in the amount of $2,775.00 during the spring 2011 semester. The student did not begin attendance in a one hour course (BIT 100), dropping the student's enrollment status to three-quarter time. At a three-quarter time enrollment status, the student was only eligible for a Federal Pell Grant award of $2,081.00. This student is also cited in Finding 1.*

Student #76: *The student received a Federal Pell Grant award based on a three-quarter time enrollment status of 9 credit hours in the amount of $2,081.00 during the fall 2011 semester. The student did not begin attendance in one three hour course (ART 107), dropping the student's enrollment status to half-time. At a half-time enrollment status, the student was only eligible for a Federal Pell Grant award of $1,388.00.*

Required Action Summary: *Jefferson was required to review the financial aid files of all Federal Pell Grant recipients who attended the institution during the 2010-2011 and 2011-2012 award years and failed to earn a passing grade in one or more courses* *(grades of W, I, F) and provide the required information in the spreadsheet format as well as provide the legible hard copies of the required documents discussed as part of this finding. For any students whose enrollment was not verified who subsequently withdrew or had other actions which prompted a Return calculation to be performed as discussed in Finding 1, Jefferson was required to adjust the amount of Title IV, HEA funds disbursed to reflect the amount of funds that should have been disbursed based on the student's enrollment status for courses in which the student began attendance. As such, Jefferson was required to perform any action for Finding 5 prior to any reconstruction action for Finding 1.*

Additionally, Jefferson was required to review all Federal Pell Grant recipients who attended the institution during the 2012-2013 award year (to date) and failed to earn a passing grade in one or more courses (grades of W, I, F) to ensure the student began attendance in all courses. For any student determined to not have begun attendance in all courses which affect the student's enrollment status, Jefferson was required to recalculate the award to ensure the disbursement accurately matches the confirmed attendance status and make the necessary corrections, returning any applicable funds to the Department as required.

Finally, Jefferson was required to review and revise its internal policies and procedures to ensure that the institution has appropriate mechanisms in place to report information regarding students who fail to begin attendance in a course to the Financial Aid Office in a timely fashion and provide a copy of these procedures with the institution's response to this report.

Jefferson's Response: Jefferson, in its response indicated it did not agree with this finding; however, the institution did undertake the corrective action required. As part of its response, Jefferson indicated that even though the institution had implemented a "never attended" tracking system, full participation by staff in reporting students who failed to begin attendance was never achieved; therefore, attendance was never fully verified as required prior to disbursement of Title IV, HEA funds. After the program review report was issued, Jefferson contacted faculty to obtain documentation to support attendance in courses. For those attendance records which could not be obtained whose aid was not adjusted to correlate with attendance which could be confirmed, Jefferson notated these students on the reconstruction for this finding and made the necessary revisions, including for Students #49, #50, #54, #55, #59, #62, #63, #64, #66, and #76 who were cited in the program review report. A review of the students affected for the years in the program review indicated approximately 18% of the Title IV, HEA recipients' attendance could not be verified to confirm the students began all courses which were covered by Title IV funds as no attendance records were available. The institution asserted that approximately 1,100 students listed in the reconstruction were reported as nonparticipants as there were no records available even though the students might have participated in some capacity.

Jefferson indicated they took many corrective actions as part of the program review to ensure the institution could substantiate attendance and provide accurate Title IV awards to students. Jefferson fully implemented its attending reporting system which requires faculty to report attendance for all courses effective with the 2012-2013 award year and were able to recalculate Title IV funds for students during the 2012-2013 award year who did not begin all courses which they were scheduled to complete. For the 2013-2014 award year, the institution created a more enhanced tracking system which identifies students who fail to begin attendance in a course; instructors can indicate the academically-related activity completed by each student daily and allows students who fail to participate to be determined quickly. For students who take courses in the online format, the institution uses Blackboard software to confirm academically related activity occurs. As part of the implementation, Jefferson used the Department's definition of academically related activity as the gauge to ensure students who merely logged into a course were not considered as attending. The institution, through the tracking system, now is able to identify students whose awards and cost of attendance must be adjusted to reflect their actual attendance and are able, with confidence, to assure the Department of accurate financial aid disbursements. Finally, Jefferson has provided additional written consumer information to its students to remind them of their obligation to attend courses and actively participate in courses to be entitled to receive Title IV, HEA funds.

Jefferson indicated in its response that each year the institution serves approximately 4,200 Title IV recipients. The institution estimates approximately 375 federal aid recipients (approximately 9%) required never attended adjustments during the 2012-2013 award year—a much smaller number than the 18% which was determined based on the file reconstruction performed by the institution. Jefferson requested that the Department use the 9% identified by the institution rather than the 18% calculated on the basis of missing records to determine liability as the lesser amount would be more indicative and reflective of the institution's attendance issues.

Final Determination: The Department reviewed Jefferson's response to this finding. Institutions are required to have a method to ensure students begin attendance prior to disbursement in all scheduled courses, especially as Pell Grant recipient aid varies according to enrollment. Further, as an attendance taking institution, Jefferson is required to have a mechanism in place to determine when students do not begin courses at all or begin a reduced load which differs from the scheduled load. While the Department understands the challenge of ensuring all faculty members comply with institutional policies, it is ultimately the school's responsibility to enforce its policies. Although the Department appreciates Jefferson's request for any liabilities determined to be calculated based on what the institution considers a "realistic" number of 9% rather than the 18% which was identified in the file reconstruction, the Department requires accurate Title IV, HEA funds to be provided to students in all instances. Consequently, any liabilities determined will be based on the information provided in the file reconstructions completed by the institution.

The Department reviewed the file reconstruction performed by Jefferson to assess the funds which were improperly disbursed based on substantiated attendance and determined the amount of funds which must be returned. Jefferson's spreadsheet, compiled by semester, provided comprehensive details regarding Title IV, HEA funds which were improperly disbursed. In instances where students were linked to both Finding 1 and Finding 5, the Department ensured the attendance calculation liability determination was done prior to the reconstruction for Finding 1 to ensure no duplication of liabilities occurred and all liabilities were categorized appropriately in the correct finding.

In the initial program review report, Jefferson was required to do the attendance reconstruction for the 2010-2011 and 2011-2012 award years; however, the institution was also required to review the 2009-2010 award year in relation to Return of Title IV calculations which directly impacts attendance validation. For any student who was determined by Jefferson to have improper disbursements during the 2009-2010 award year in the reconstruction for Finding 1, those liabilities were reallocated to this finding. The total principal liability for improper attendance verification for the 2009-2010 through 2011-2012 years is $1,519,776.00 as illustrated in the table by year and Title IV, HEA program below:

Award Year	Federal Pell Grant Funds	Cost of Funds—Federal Pell Grant	FEEL/Direct Loan Funds	FFEL/Direct Loan Cost of Funds	Total Liability for Award Year
2009-2010	$278,465.00	$ 15,414.30	$42,758.00	$6,762.39	$343,399.69
2010-2011	$659,913.00	$12,940.29	$14,285.00	$265.00	$687,403.29
2011-2012	$503,730.00	$4,973.37	$19,332.00	$182.00	$528,217.37
Total Liability Overall—**Principal**	**$1,442,108.00**		**$76,375.00**		**$1,518,483.00**
Total Liability Overall—**Cost of Funds**		**$33,328.00**		**$7,209.00**	**$40,537.00**

Student specific liabilities are outlined in Appendices A-F and J.

Jefferson is also responsible for the cost of funds associated with the failure to ensure attendance was properly documented and confirmed. The cost of funds liability due to the Department as a result of the improper attendance verification in relation to Federal Pell Grant funds is **$33,328.00** ($33,327.96, *rounded*). The cost of funds liability due to the Department/Lender as a result of the holding of Federal Direct and FFEL Loan funds is **$7,209.00** ($7,209.39, *rounded*). The interest charges were computed using the cost of funds for Federal Pell Grants and Direct Loans published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of the issuance of the program review report. A copy of the results of the cost of funds calculations is included as Appendix J.

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

Finding 6. Inadequate Monitoring of Title IV, HEA Credit Balances – Un-negotiated Checks

Citation Summary: *A Title IV, HEA credit balance occurs whenever an institution credits Title IV, HEA funds to a student's account and the total amount of those Title IV, HEA funds exceed the student's allowable charges. 34 C.F.R. §668.164(e).*

If an institution has lost contact with a student who is due a Title IV, HEA credit balance, the institution must use all reasonable means to locate the student. If the institution still cannot find the student, the credit balance must be returned to the appropriate Title IV, HEA program(s). 34 C.F.R. § 668.164(h)(1). If an institution attempts to disburse the credit balance by check or EFT and the check is not cashed or the EFT is rejected, the institution must return the funds no later than 240 days after the date it issued that check or made the EFT. However, if a check is returned to an institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of the initial 45-day period. The institution must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check.

An institution must have a process that ensures Title IV, HEA funds never escheat to a state, or reverts to the institution or any other third party. A failure to have such a process in place would call into question an institution's administrative capability, its fiscal responsibility, and its system of internal controls required under the Title IV, HEA regulations. 34 C.F.R. §668.164(h); 2010-2011 & 2011-2012 Federal Student Aid Handbook, Volume 4, Chapter 2

Noncompliance Summary: *Jefferson failed to return Title IV, HEA credit balances to the Department in a timely manner after attempts to pay the credit balances to students were unsuccessful.*

During the on-site portion of the program review, Jefferson officials identified 100 students (Appendix E) with a combined ***$20,960.00*** *in Title IV, HEA credit balance funds the institution was unable to return to students. The Title IV, HEA credit balances identified were created between 01/08/2008 and 11/18/2011. Additionally, Jefferson provided program reviewers a comprehensive list of Title IV, HEA recipients, with outstanding un-*

negotiated checks; of this list, 29 additional students would have outstanding checks over 240 days old if still un-negotiated as of the program review report issuance; thus the institution would be required to return additional Title IV, HEA funds to the appropriate entity.

Required Action Summary: *Jefferson was required to review the student accounts of all Title IV, HEA recipients, beginning with the 2008-2009 award year and working forward to the present, and identify all Title IV, HEA credit balances the institution disbursed via check that were uncashed by the student (or parent, in the case of PLUS Loan funds) and were unpaid to the Department within the prescribed 240 day timeframe. Jefferson must compile a report based on this file review, and submit the report with its response.*

Additionally, Jefferson must develop and implement policies and procedures to ensure all Title IV, HEA credit balances that cannot be returned to students and/or parents within the timeframes required by Federal regulations are returned to the applicable Title IV, HEA program and provide a detailed discussion of these policies and procedures with its response to this report.

Jefferson's Response: Jefferson indicated they agreed with the Department and now understands the importance of returning outstanding credit balances within the required timeframe to the Department rather than maintaining the funds. As part of this finding, Jefferson indicated they reviewed their policies and procedures in relation to ensuring un-negotiated credit balances which cannot be provided to students within the regulatory timeframe are returned to the appropriate Title IV, HEA account fund.

Final Determination: The Department reviewed the list of students Jefferson identified whose credit balances were still outstanding over 240 days which were retained by the institution rather than returned to the appropriate Title IV, HEA fund. Based on this examination, reviewers identified more than 100 students whose credit balance was unpaid to the student as of the program review issuance. During this process, Jefferson made contact with the review team and identified two additional students whose outstanding credit balance exceeded the 240 day timeframe after the institution's initial identification. Reviewers advised the Financial Aid Director to provide this information to be included with the reconstruction; however, these students would not be deemed as an additional liability as the institution identified the students at the 240 day timeframe and consulted with reviewers regarding a plan of action.

Reviewers also reviewed the updated policies and procedures Jefferson implemented in relation to monitoring outstanding Title IV, HEA credit balances are processed within regulation. Consequently, Jefferson is responsible for returning **$19,988.00** (**$**19,988.17, *rounded*) to the appropriate Title IV, HEA fund accounts. The fund breakdown is as follows:

$16,763.67 in Federal Grant funds;

$256.50 in ACG funds;
$1,413.00 in Direct Subsidized Loan funds;
$1,069.00 in Direct Unsubsidized Loan funds;
$176.00 in FFEL Subsidized Loan funds; and
$310.00 in FFEL Unsubsidized Loan funds.

Jefferson is also responsible for the cost of funds associated with the failure to return credit balances to the appropriate program within the required timeframe. Overall, Jefferson must repay **$627.00** ($627.27, *rounded*).

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

Finding 7. Incorrect Calculation of Cost of Attendance

Citation Summary: *When determining the amount of Title IV, HEA funds a student is entitled to receive, an institution must calculate each student's "cost of attendance" (COA) under the guidelines set forth in the statute. The statute provides the specific elements that should be included in the calculation for each category of students. The statute makes clear that when calculating the COA an institution must ensure that the costs associated with room and board, child care, and other miscellaneous expenses must not exceed those a student is reasonably expected to incur. The tuition and fees to be included in the calculation are those assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.* *<u>See</u> 20 U.S.C. §108711.*

The amount of need of any student for financial assistance is equal to—
- *(1) the cost of attendance of such student, minus*
- *(2) the expected family contribution for such student, minus*
- *(3) estimated financial assistance not received under the Title IV, Higher Education Act of 1965 Sec.471*

For the purpose of calculating Title IV, HEA assistance, the term ''cost of attendance'' means—
- *(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;*
- *(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;*

(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—
(a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;
(b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and
(c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
(4) for less-than-half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;
(5) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents;
(6) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;
(7) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;
(8) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and
(9) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan. Higher Education Act of 1965 Sec.472

Noncompliance Summary: *During the onsite review, program reviewers determined Jefferson systemically utilized a cost of attendance consistent with full-time tuition costs for all students, even though a significant number of students enrolled were not enrolled in this status. Overall, 20 of the 30 student files (Students #2-4, 6, 9-11, 14, 15, 17-21, and 24-29) selected as part of the initial student sample reflected the institution utilized an incorrect COA budget which reflected the students were enrolled as full-time students, even though their enrollment status did not mirror this. By utilizing incorrect COA budgets, institutions are susceptible to potential over-awarding of Title IV, HEA funds.*

A discussion of six students reviewed from the 2010-2011 and 2011-2012 award years is provided below:

Student #3: *A review of the student's academic and financial aid file indicates the student was enrolled as a less-than-half-time student for the fall 2010 semester and no additional enrollment was reflected in the award year details. A review of the student's COA budget indicates the student's budget (including the specific components requiring adjustment for students enrolled as less-than-half-time students), was not adjusted.*

Student #9: *A review of the student's academic and financial aid file indicates the student was enrolled as a half-time student for fall 2010 and summer 2011 semesters; however, a review of the student's COA budget included fall 2010, spring 2011, and summer 2011 semesters, even though the student did not attend the spring 2011 semester. This student is also cited in Finding 12 and 20.*

Student #14: *A review of the student's academic and financial aid file indicates the student was enrolled as a half-time student for the summer 2011 semester; however, a review of the student's financial aid file indicates Jefferson included the summer 2011 semester in the COA budget, even though the student was not enrolled during the summer 2011 semester. This student is also cited in Finding 7 and 18.*

Student #15: *A review of the student's academic and financial aid file indicates the student was enrolled as a less-than-half-time student for fall 2010, spring 2011, summer 2011, fall 2011, and spring 2012 semesters. A review of the student's COA budgets indicates the student's budget (including the specific components requiring adjustment for students enrolled as less-than-half-time students), was not adjusted during any of the above cited semesters.*

Student #17: *A review of the student's academic and financial aid file indicates the student was enrolled as a less-than half-time student for the fall 2011 semester, a half-time student for the spring 2012 semester, and a less-than-half-time student for the summer 2012 semester. A review of the student's COA budget indicates the student's budget (including the specific components requiring adjustment for students enrolled as less-than-half-time students) was not adjusted during any of the above cited semesters.*

Student #21: *A review of the student's academic and financial aid file indicates the student was enrolled as a half-time student for the fall 2010 and spring 2011 semesters. Additionally, the student continued as a less-than full-time student for the 2011-2012 award year, enrolling as a less-than-half-time student for the fall 2011 semester and as a half-time student for the spring 2012 semester. A review of the student's COA budget indicates the student's budget (including the specific components requiring adjustment for students enrolled as less-than-half-time students) was not adjusted during any of the above cited semesters.*

Required Action Summary: *In response to this finding, Jefferson was required to provide revised COA determinations for each student referenced above to demonstrate whether the students would have been over-awarded if correct COA figures had been used. Additionally, Jefferson was required to review the student files of all Title IV, HEA recipients that were enrolled less than full-time in any term in the 2010-2011 and 2011-2012 award years who received need-based assistance (including institutional funds) in addition to Federal Pell Grant funds and provide information requested in the initial spreadsheet along with the pertinent hard copy documentation. Lastly, Jefferson was required to provide revised policies and procedures which ensure Jefferson recalculates all student cost of attendance budgets based on accurate costs for students carrying a less than full-time enrollment status and provide a copy of these policies and procedures in response to this report.*

Jefferson's Response: Jefferson indicated in their response they disagreed with this finding; however, the institution has performed the required actions, including revising COA budgets based on student enrollment. The institution, mirroring practices used by many of its other institutional colleagues, indicated they had previously used only a full-time and less-than-half-time campus based and Pell Grant cost of attendance using student data populated from the IPEDS and Missouri Department of Higher Education (MDHE) data. The institution previously did not recalculate any student's budgets when the enrollment was less than full time, even though costs are different based on the enrollment status. Additionally, although school software, BANNER, did allow a report to be generated which monitored student budgets, the reports were not generated regularly in the past to locate these students and make required adjustments.

As part of the program review response, the institution has reviewed students #3, #15, #17, and #21 discussed in the report and do concur with the Department that these students were enrolled at a level that was less-than-half time even though their budgets were not adjusted. However, the institution contends that since the students only received Pell Grant funds the budget adjustments were unnecessary as no over-award existed. In the case of student #9 and #15, Jefferson found the student's budgets should have been adjusted.

As part of the corrective action for this finding, the institution revised its cost of attendance budgets to account for students who enroll in various statuses. Jefferson uses average costs to compile its budget. Jefferson still initially packages all students for Pell Grant funds using a full-time cost of attendance but does adjust budgets if students request Direct loans or any campus based aid, including scholarships, are applied. As an institution, Jefferson uses a standard fall/spring budget and later will adjust to include summer as necessary. Likewise, financial aid staff adjusts the budgets for students who do not enroll in the scheduled semesters.

Final Determination: The Department reviewed Jefferson's written response as well as the reconstructions provided which reflected adjustments made to ensure the cost of attendance budgets mirrored the student enrollment. Although Jefferson does appear to have had a mechanism in place to ensure enrollment levels were reflected in the overall cost of attendance, it does not appear the reports which were developed were utilized, causing students to potentially be over-awarded. The Department understands Jefferson's point regarding students who do not receive funds other than Pell Grant not being over-awarded; however, the institution must still ensure cost of attendance budgets are adjusted regardless to ensure students who in the future may opt for more Title IV, HEA funds have accurate budgets which then properly demonstrate the amount of aid which is available. Institutions are not permitted to maintain inflated cost of attendance budgets for students which could potentially create over-awards, even though inadvertent.

The total amount of Direct Loan funds (Subsidized and Unsubsidized) disbursed to students whose COA was not adjusted to mirror enrollment is **$446,702.00**. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount but rather for the estimated actual or potential loss that the government may incur with respect for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is **$12,511.00** ($12,511.29, *rounded*). A copy of the results of the calculation is included as Appendix I.

Finding 9. Verification Incomplete/Incorrect.

***Citation Summary**: An institution must establish and use written policies for verifying information on an applicant's financial aid application. 34 C.F.R. §668.53.*

The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. 34 C.F.R. § 668.56.

Supporting documentation collected from the student or parents is compared to the information that was reported on the student's ISIR. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. §§ 668.16(f), 668.24(c)(1)(i), and 668.56; 2010-2011 & 2011-2012 Application and Verification Guide, Chapter 4

***Noncompliance Summary**: Jefferson did not correctly complete the verification process for one student selected for review for the 2010-2011 award year and four students selected for verification for the 2011-2012 award year.*

<u>Student #8:</u> *The student was selected for verification and was disbursed Title IV, HEA funds based on completed verification of Transaction 04 (4443 EFC) of the student's 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid information was properly verified. However, a review of the 1040 tax return collected as part of the verification process indicates the parent received $2,931.00 in an IRA deduction on Line 32 of the 1040 tax return that was not included as other untaxed income on the student's ISIR.*

<u>Student #19:</u> *The student was selected for verification and was disbursed Title IV, HEA funds based on completed verification of Transaction 02 (0 EFC) of the student's 2011-2012 ISIR. The student's household size, number in college, and AGI were properly verified. However, a review of the student's 1040 tax return collected as part of the verification process indicates the student received $800.00 in Making Work Pay credits that was not included as other untaxed income on the student's ISIR.*

<u>Student #23:</u> *The student was selected for verification and was disbursed Title IV, HEA funds based on completed verification of Transaction 02 (0 EFC) of the student's 2011-2012 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the student's verification worksheet, in addition to the 1040 tax return, indicates the student received $3,000.00 in child support and $400.00 in Making Work Pay tax credits that was not included as other untaxed income on the student's ISIR. This student is also cited in Finding 10.*

<u>Student #24:</u> *The student was selected for verification and was disbursed Title IV, HEA funds based on completed verification of Transaction 04 (882 EFC) of the student's 2011-2012 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the student's 1040 tax return collected as part of the verification process indicates the student received $800.00 in Making Work Pay tax credits that was not included as other untaxed income on the student's ISIR.*

<u>Student #30:</u> *The student was selected for verification and was disbursed Title IV, HEA funds based on completed verification of Transaction 04 (3713 EFC) of the 2011-2012 ISIR. The student's number in college, AGI, and taxes paid were properly verified. On the FAFSA, the student shows four household members, however, the verification documents revealed five household members. Additionally, the student and parent's tax return collected as part of the verification process indicates the student received $400.00 in Making Work Pay tax credits and the parent received $800.00 in Making Work Pay tax credits that was not considered as other untaxed income on the student's ISIR.*

Required Action Summary: *In response to this report, Jefferson was required to resolve the verification deficiencies for the above-referenced students, obtaining the documentation necessary to complete the process. If the resolution of the issue involves changes to the student's income, or the addition of parental income not previously* *reported, Jefferson was required to attempt to collect the required tax returns or other income-related information and recalculate the student's Title IV, HEA eligibility accordingly. If Jefferson is unable to properly complete the verification process for any or all of the students, the institution may be held liable for all Title IV, HEA aid disbursed to those students in the relevant award years.*

As part of its response to the PRR, Jefferson was required to review the student files of all Title IV, HEA recipients for the 2010-2011 and 2011-2012 award years and provide the documentation required in the file reconstruction. Jefferson was given the option to perform this file review for only the remainder of the statistical sample not tested by the Department during the program review as an option intended to reduce the burden on the institution of conducting a full file review.

Additionally, Jefferson was required to review all students selected for verification for the 2012-2013 award year (to date) to ensure the students were verified according to Department guidelines and make any necessary corrections to ensure any inappropriately disbursed funds were returned to the Department as required.

Finally, Jefferson was required to review its policies and procedures in relation to the verification process and provide copies to the Department as part of its response to the PRR.

Jefferson's Response: Jefferson concurred with the Department's initial determination regarding the improper verification of items considered to be untaxed income. As a way to ensure this has been corrected for future, the institution now requests additional documentation, such as 1099Rs and ensures all relevant information between the verification and the ISIR match. In the case of Student #8 and #23, the institution agrees the information should have been collected and verified to ensure all untaxed income is properly accounted for.

As part of the review of Student #19, #23, #24, and #30 the institution determined they had failed to include Making Work Pay tax credits on the ISIR. Jefferson indicated this oversight was made as the 2010-2011 handbook when initially published did not reference this as a required verifiable item.

Jefferson elected to use the sampling option provided by the Department in the program review report and only performed the required document review for those students which encompass the remainder of the statistical sample. For the years in question, Jefferson reviewed 646 students and provided the necessary information to the Department.

Finally, Jefferson reviewed its policies and procedures in relation to verification. The institution elected to continue to use the Application and Verification Guide provided on IFAP as its manual to ensure verification is performed within Department standards.

Final Determination: The Department reviewed Jefferson's explanation for the student above as well as their procedures to ensure verification is completed as required in the future.

Jefferson elected to review the remainder of the statistical sample for the 2010-2011 and 2011-2012 award years; the Department provided these samples to Jefferson and reviewed the results and projected liabilities based on the results of the valid statistical sample. The calculation and corresponding projected liability for each Title IV, HEA program for Finding 9 is summarized in the tables below:

2010-2011 Award Year

Title IV, HEA Program	Total Amount of Ineligible Disbursements	# of Students in Sample	Average Liability	Multiplied by Total # Students in Population (NSLDS Unduplicated)	Projected Liability
Federal Pell Grant	$36,615.50	327	$111.97	2161	$241,967.17
Academic Competitiveness Grant	$3,075.00	327	$9.43	2161	$20,378.23
				Finding 9: Total 2010-2011 Projected Liabilities	**$262,345.40**

2011-2012 Award Year

Title IV, HEA Program	Total Amount of Ineligible Disbursements	# of Students in Sample	Average Liability	Multiplied by Total # Students in Population (NSLDS Unduplicated)	Projected Liability
Federal Pell Grant	$47,608.00	319	$149.24	1850	$276,094.00
Subsidized—Direct Loan	$3,500.00	319	$10.97	1850	$20,294.50
Unsubsidized—Direct Loan	$6,200.00	319	$19.44	1850	$35,964.00
Finding 9: Total 2011-2012 Projected Liabilities					**$334,091.50**

The total amount of projected Federal Grant funds disbursed to students whose verification was not properly completed for Finding 9 is **$518,061.00** ($518,061.17, *rounded*). The total amount of projected ACG funds disbursed to students whose verification was not properly completed for Finding 9 is **$20,378.00** ($20,378.23, *rounded*). Jefferson is also responsible for the cost of funds associated with the ineligible disbursement of Federal Pell Grant and ACG funds. The total amount of cost of funds is **$4,844.00** ($4,843.89, *rounded*).

The total amount of Direct Loan funds (Subsidized and Unsubsidized) disbursed to students whose verification was not properly completed is **$56,259.00** ($56,258.50, rounded). In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount but rather for the estimated actual or potential loss that the government may incur with respect for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is **$3,409.00** ($3,408.96, *rounded*). A copy of the results of the calculation is included as Appendix I.

All liabilities attributable to Finding 9 were included for each student identified in the statistical sample submitted by Jefferson to project liabilities established in the final determination of this finding. The Department projected liabilities based on the results of a review of a valid statistical samples completed by Jefferson. An average liability was calculated for the statistical sample for each Title IV, HEA program with liabilities and this average was multiplied against the population being reviewed.

D.

Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects **unduplicated** liabilities 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 payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

Liabilities	Pell (Closed Award Year)	ACG	DL / FFEL	EALF DL	
Finding 1	$63,906.00		$84,172.00		
Finding 5	$1,442,108.00		$76,375.00		
Finding 6	$16,763.67	$256.50	$2,968.00		
Finding 7				$12,511.00	
Finding 9	$518,061.00	$20,378.00		$3,409.00	
Subtotal	**$2,040,838.67**	**$20,634.50**	**$163,515.00**	**$15,920.00**	
Interest/SA	$38,940.00	$294.00	$8,320.00		
TOTAL	**$2,079,778.67**	**$20,928.50**	**$171,835.00**	**$15,920.00**	$2,288,462.17
Payable To:					**Totals**
Department	$846,495.85	$20,928.50	$8,320.00	$15,920.00	**$**
Lenders /Servicer			$161,480.00		
COD Adjustments	$1,233,282.82		$2,035.00		