



August 2, 2019

Dr. Kirk Peterson
President
Chowan University
One University Place
Murfreesboro, North Carolina 27855-1850

UPS Tracking Number
1ZA87964NY99656267

RE: Final Program Review Determination
OPE ID: 00291600
PRCN: 201830429854

Dear Dr. Peterson:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on July 11, 2018 covering Chowan university's (CU) 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 2016-2017 and 2017-2018 award years. CU's final response was received on September 7, 2018. A copy of the program review report (and related attachments) and CU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CU 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 CU that 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 CU'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

Federal Student Aid

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School Participation Division - Atlanta
61 Forsyth Street Room 18T40
Atlanta, Georgia 30303-8918
www.StudentAid.gov

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. However, as noted above, this FPRD is being referred to AAASG for possible adverse administrative action. If an adverse administrative action is initiated, additional information regarding CU's appeal rights with regard to such an action will be included as part of AAASG's notice.

This FPRD contains one or more findings regarding CU's failure to comply with the requirements of the Drug-Free Schools and Communities Act Amendments of 1989 as reflected in Section 120 of the HEA, 20 U.S.C. § 1011(i), and the Department's regulations in 34 C.F.R. Part 86. Since such a finding does not result in a financial liability it may not be appealed at this time. However, as noted above, this FPRD is being referred to AAASG for possible adverse administrative action. If an adverse administrative action is initiated, additional information regarding CU's appeal rights with regard to such an action will be included as part of AAASG's notice.

The total liabilities due from the institution from this program review are \$1,509.40.

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

Protection of Personally Identifiable Information (PII):

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

Appeal Procedures:

If CU elects to appeal to the Secretary of Education for a review of the financial liabilities established by this FPRD, the institution must file a written request for a hearing. Please note that institutions may appeal financial liabilities only. The Department must receive CU's request no later than 45 calendar days from the date CU receives this FPRD. **The Department requests that CU submit an original and four copies of its complete request for review.** The request must be sent to:

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

CU'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; and
- (3) include a copy of the FPRD received by the school.

When it submits its request for appeal, the institution may also include documentation it believes the Department should consider in support of the appeal if such documentation is submitted, please provide one copy on an electronic format, preferably as a PDF, such as on a flash drive. Please provide the additional copies in hard copy format.

If any appeal documents include personally identifiable information (PII), the PII must be redacted, except for the student's name and last four digits of his/her social security number (please see the enclosed document, "Protection of Personally Identifiable Information," for instructions on how to mail records containing PII).

If the institution's appeal is timely, the request for appeal will be transmitted to the Department's Office of Hearings and Appeals (OHA), for an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The Hearing Official assigned to the case will issue an order scheduling the submission of briefs and supporting evidence in accordance with 34 C.F.R. § 668.114(c). The institution may therefore submit additional documentation supporting its appeal request at that time. Further, if the institution is appealing a projected liability amount, it may provide detailed liability information from a complete file review, either at the time it initially submits its appeal request or pursuant to the proceedings at OHA. The procedures followed with respect to CU's appeal are those provided at 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 Jon Finkelstein at 404-974-9341. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

A black rectangular redaction box covering the signature of Chris Miller.

Chris Miller
Division Director

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

cc: Ruth Casper, Financial Aid Administrator
Southern Association of Colleges and Schools Commission on Colleges
NC Board of Governors of the University of North Carolina (EXEMPT)
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

D. Summary of Liabilities

The total liabilities by finding and Title IV program are as follows:

Finding 1	Pell	Direct Loan	Cost of Funds - Fund	Total
2016 - 2017	\$772.87	\$66.00	\$11.95 - Pell \$1.00 – Direct Loan	\$851.82
2017 – 2018	\$35.35	\$620.00	\$.23 – Pell \$2.00 – Direct Loan	\$657.58

Total: \$1,509.40

E. Payment Instructions

CU owes to the Department **\$1,509.40**. Payment must be made by forwarding a check made payable to the “U.S. Department of Education” to the following address within 45 days of the date of this letter:

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

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

If the check is sent special delivery (signature/receipt required), the check must be sent to the following address:

U.S. Bank
1005 Convention Plaza
St. Louis, MO 63101

Attn: Government. Lockbox Tram MO-SL-C2GL
Re: For Dept. of Ed. 979026

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable

findings and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$1,509.40
DUNS: 075574434
TIN: 560554199
Program Review Control Number: 201830429854

Terms of Payment

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

If full payment cannot be made within 45 days of the date of this letter, contact the Centralized Receivables Service (CRS) at 1-855-549-2683 to apply for a payment plan. Interest charges and other conditions apply.

If within 45 days of the date of this letter, CU has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due CU from the Federal Government. CU may object to the collection by offset only by challenging the existence or amount of the debt. To challenge the debt, CU must timely appeal this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

Pell - Closed Award Years

Finding 1 Appendix D

CU must repay:

Pell Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$772.87	\$11.95	2016-2017
\$35.35	\$.23	2017-2018

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

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

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

Direct Loan - Closed Award Years

Finding: 1 Appendix: D

CU must repay:

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$66.00	\$1.00	2016-2017
\$620.00	\$2.00	2017-2018

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

Request Extended Processing

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

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

Prepared for

Chowan University

Federal Student Aid
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**OPE ID 00291600
PRCN 201830429854**

**Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Atlanta**

Final Program Review Determination August 2, 2019

**School Participation Division – Atlanta
61 Forsyth Street Room 18T40
Atlanta, Georgia 30303-8918
www.FederalStudentAid.gov**

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A. Institutional Information

Chowan University
One University Place
Murfreesboro, North Carolina 27855-1850

Type: Private Nonprofit

Highest Level of Offering: Master's Degree

Accrediting Agency: Southern Association of Schools Commission on Colleges (SACS)

Current Student Enrollment: 1470 (2018-2019)

% of Students Receiving Title IV, HEA funds: 91.4% (2018-2019)

Title IV, HEA Program Participation – Postsecondary Education Participants System (PEPS):

	2017-2018
Federal Pell Grant Program	\$ 5,534,205
Federal Direct Loan Program (FDLP)	\$15,683,952
Federal Work Study Program	\$ 317,580
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$ 232,706
Federal Perkins Loan Program	\$ 22,250
TEACH Grant	\$ 18,620
Total:	\$21,809,313

Default Rate FFEL/DL: 2015 - 17.0%
2014 - 22.9%
2013 - 18.2%

Default Rate Perkins: 2017 - 43.6%
2016 - 0%*
2015 - 19.0%

*No borrowers entered repayment

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Chowan University (CU) from May 7, 2018 to May 11, 2018. The review was conducted by Jon Finkelstein and Daniel Thompson.

The focus of the review was to determine CU's compliance with the statutes and regulations as they pertain to the institution's administration of the Federal student aid programs under Title IV of the Higher Education Act of 1965, as amended, U.S.C. §§ 1070 et seq. (Title IV programs). The review consisted of, but was not limited to, an examination of CU's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

The Department identified a sample of 30 files for review from the 2016-2017 and 2017-2018 award years (through May 11, 2018). The Department randomly selected the files from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. The Department also selected 3 officially withdrawn students and 3 unofficially withdrawn student files based on a limited number of withdrawn students in the original sample. Appendix A lists the names of the students whose files were examined during the program review.

The Department issued its Program Review Report (PRR) on July 11, 2018 - Appendix B. CU submitted its written response to the PRR on September 7, 2018 - Appendix C. CU's response and supporting documentation was deemed complete by the Department.

Disclaimer:

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

C. Final Determinations

Resolved Findings Without Liabilities:

CU has taken the corrective actions necessary to resolve findings 4-12 of the Program Review Report. Therefore, these findings may be considered closed. CU's written response is included as Appendix C.

Finding 4: Consumer Information Requirements Missing/Inadequate

Finding 5: Failure to Notify Student of Direct Loan Disbursement

Finding 6: Student Confirmation Report Filed Late/Inaccurate/Missing

Finding 7: Verification Violation

Finding 8: Federal Work Study (FWS) Job Descriptions Inadequate

Finding 9: Missing Policy/Procedure to Validate Questionable High School
Diplomas

Finding 10: Failure to Provide Private Education Loan Applicant Self
Certification Form

Finding 11: Satisfactory Academic Progress (SAP) Policy Inadequate/Incorrect

Finding 12: R2T4 Made Late

Findings with Established Liabilities

The Program Review Report findings with liabilities requiring further action are summarized below. At the conclusion of each finding is a summary of CU's response to the finding, and the Department's final determination for that finding. A copy of the Program Review Report issued on July 11, 2018 is attached as Appendix B.

Finding 1: Return to Title IV (R2T4) Calculation Errors

Summary of Noncompliance:

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

The institution must return, in the order specified in paragraph (i) of this section, the lesser of—

The total amount of unearned Title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.

“Institutional charges” are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution. 34 C.F.R. § 668.22 (g)(1)(i)(ii)(2).

If a book voucher issued by a school cannot be used to purchase course materials from a convenient unaffiliated source, the student does not have a real and reasonable opportunity to purchase his or her course materials elsewhere. In that case, the school must include the cost of books and materials purchased with the voucher as institutional

charges in Step 5, Part L of the return calculation. 2017-2018 Federal Student Aid Handbook, Volume 5, Chapter 1, page 18.

The Department's sample did not contain an adequate number of withdrawn students for testing. As a result, the reviewers requested documentation for three withdrawn students from each award year reviewed. Two of the six students reviewed had an incorrect R2T4 calculation. The student names are included in Appendix D. Detailed information regarding each student is presented below.

Student 1: This student withdrew during the fall 2016 semester. Step 5 of the R2T4 calculation requires the school to return the lesser of unearned Title IV aid or total institutional charges multiplied by the percentage of unearned Title IV aid. The return amount was based on unearned institutional charges. The student's account ledger showed a bookstore charge of \$402.86 on 9/23/2016. CU did not include the bookstore charge in Step 5 (L) of the R2T4 calculation. CU returned \$3,065.40 in Title IV funds to the Department. The correct return amount was \$3,329.27.

Student 2: This student withdrew during the fall 2017 semester. Step 5 of the R2T4 calculation requires the school to return the lesser of unearned Title IV aid or total institutional charges multiplied by the percentage of unearned Title IV aid. The return amount was based on unearned institutional charges. The student's account ledger showed a bookstore charge of \$882.75 on 9/11/2017. CU did not include the bookstore charge in Step 5 (L) of the R2T4 calculation. CU returned \$3,187.20 in Title IV funds to the Department. The correct return amount was \$3,773.35.

Directives from PRR:

Based upon the systemic nature of this finding, CU was required to conduct a 100% file review for students who withdrew (officially or unofficially) during the 2016-2017 and 2017-2018 award year (including students identified in Program Review Sample). CU was required to determine if the return calculation was correct and/or missing for each withdrawn student. The results of the file review were required to be reported to the Department as part of CU's Program Review Report Response. In addition, CU was required to submit a revised Return Policy and Procedure to the Department for review.

Analysis of Liability Determination:

The Program Review Report Response was received by the Department on September 7, 2018. CU concurred with the finding and stated that the institution has enhanced its procedures to include detailed step by step instructions to ensure accurate return determinations.

The Department reviewed the results of the complete file review conducted by CU in response to this finding. In addition to the two students identified in the additional

sample, CU reported R2T4 calculation errors for four additional students. The return calculations were corrected (if necessary) and the Return Policy and Procedures were revised to meet regulatory requirements. The students that were determined to have had inaccurate return calculations are listed in Appendix D.

Liability totals for ineligible Pell and Direct Loan disbursements are presented in the table below. In addition to the ineligible Pell and Direct Loan awards, CU is also required to repay the COF on the ineligible Federal Pell Grant and Direct Loan disbursements. The COF is the expense the Department incurred as a result of CU retaining ineligible funds. The COF rate is based on when the funds should have been returned to the Department. The COF is calculated through the date of the Program Review Report (July 11, 2018). A copy of the COF calculation is included in Appendix E.

Title IV Program – Award Year	Principal Liability	Cost of Funds Liability	Total Liability
Pell 2016-2017	\$772.87	\$11.95	\$784.82
Pell 2017-2018	\$35.35	\$.23	\$35.58
Direct Loan 2016 – 2017	\$66.00	\$1.00	\$67.00
Direct Loan 2017 – 2018	\$620.00	\$2.00	\$622.00
Total	\$1494.22	\$15.18	\$1509.40

A full accounting of the total liability will be discussed in the Summary of Liabilities section of the report. Instructions for repayment of this liability are included in the Payment Instructions section of this report.

Campus Safety and Security Findings

Finding 2: Crime Awareness Requirements Not Met

Summary of Noncompliance:

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. §668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery or campus mail distribution to the

individual, or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. §668.41(e)(1). The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the ASR's availability, its contents, and its exact electronic address if posted to a website. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. §668.41(e)(4).

The Clery Act and the Department's regulations require institutions to include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), sex offenses (rape, fondling, incest and statutory rape), robbery, aggravated assault, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1). When applicable, an institution must also compile and publish crime statistic disclosures for each of its campuses. 34 C.F.R. §668.41 (e)(4).

Several policy statements must be included in the ASR. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are required to disclose alcohol and drug policies and educational programs, as well as policies pertaining to sexual assault education, prevention, and adjudication. Institutions must also provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. All required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. § 485(f) of the HEA; 34 C.F.R. §668.46(b). Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's (OPE) "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. §668.41(e)(5).

CU violated multiple provisions of the Clery Act. The most serious of these violations pertain to the institution's persistent failure to prepare, publish, and distribute a materially

complete ASR. CU's 2016 ASR did not include the following required distribution, notification and statistical disclosures/policy statements:

- Information regarding how the institution will protect the confidentiality of victims and other necessary parties, including how the institution will complete publicly available recordkeeping, including *Clery Act* reporting and disclosures, without the inclusion of personally identifying information about the victim. 34 C.F.R. § 668.46 (b)(11)(iii)(A).
- Information regarding a victim's option to decline notification to campus police and/or local law enforcement. 34 C.F.R. § 668.46 (b)(11)(ii)(C)(3).
- A statement of policy regarding the emergency response and evacuation procedures. This statement must include:
 - The procedures that the institution will use to immediately notify the campus community upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees occurring on the campus. 34 C.F.R. § 668.46 (g)(1).
- A description of the process that the institution will use to confirm that there is a significant emergency, determine the appropriate segment of the campus community to receive a notification, determine the content of the notification, and initiate the notification system. 34 C.F.R. § 668.46 (g)(2).
- A statement that the institution will, without delay, and taking into account the safety of the community, determine the content of the notification and initiate the notification system, unless issuing a notification will compromise efforts to assist a victim or otherwise mitigate the emergency. 34 C.F.R. § 668.46 (g)(3).
- A list of the titles of the person(s) or organizations(s) responsible for carrying out specific actions in an emergency. 34 C.F.R. § 668.46 (g)(4).
- The institution's procedures for disseminating emergency information to the larger community. 34 C.F.R. § 668.46 (g)(5).
- The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including: 1) tests that may be announced or unannounced; 2) publicizing its emergency response and evacuation procedures in conjunction with at least one test per calendar year; and 3) documenting, for each test, a description of the exercise, the date, time, and whether it was announced or unannounced. 34 C.F.R. § 668.46(g)(6).
- A statement of policy regarding missing student notification policies and procedures. The statement has to include:
 - A contact list of titles of persons or organizations to which students, employees, or other individuals should report that a student has been missing for 24 hours.
 - A statement advising students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to

law enforcement personnel in furtherance of a missing person investigation.

- Advise students that, if they are under 18 years of age and not emancipated, the institution must notify a custodial parent or guardian within 24 hours of the determination that the student is missing, in addition to notifying any additional contact person designated by the student.

34 C.F.R. § 668.46 (h)(vi)(2)((i)(ii)(iii).

Failure to publish accurate and complete ASRs in accordance with Federal regulations indicates a lack of administrative capability and deprives the campus community of important security information that can empower its members to be informed and to play more active roles in their own safety and security.

Directive from PRR:

As a result of these violations, CU was required to review and revise its policies and procedures regarding the preparation, publication, and distribution of its ASR to ensure that all aspects of the ASR process are carried out in accordance with the Clery Act. Using its new and revised policies as a guide, CU was required to prepare and publish an accurate and complete 2017 ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. §668.46(b). In addition, the University was required to actively distribute its new ASR to all current students and employees in accordance with 34 C.F.R. §668.41(e). A copy of the University's new and revised policies and procedures, and its revised ASR, was required in its response to the Program Review Report.

Based on the time in the calendar year, the Department requested CU to provide a copy of a materially complete 2017 ASR. The College chose to amend its 2016 ASR with the corrections required in the Program Review Report and distributed the amended 2016 ASR to the campus community. The College has also prepared and distributed its 2017 ASR per regulatory guidelines. In addition, the College was required to submit a copy of the new and revised policies and procedures as part of its response to the Program Review Report. The ASR(s) must contain all of the statistical, policy, procedure and programmatic disclosures required under 34 C.F.R. §668.46(b). Finally, CU was required to provide documentation to the Department evidencing the distribution, along with a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act C.F.R. §668.41(e). This certification was required to affirm that the institution understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act that, by their nature, cannot be cured. CU was given an opportunity to address the violations identified above. In doing so, the institution took the first steps

toward compliance with the Clery Act and the terms and conditions of its PPA. However, CU is advised that these remedial measures cannot and do not diminish the seriousness of these violations, nor do they eliminate the possibility the Department will impose an adverse administrative action and/or require additional corrective measures as a result. Based on an evaluation of all available information, including CU's response, the Department will determine if additional actions will be required to address the listed violations.

CU's Response:

In its official response, dated September 4, 2018, CU management concurred with the finding, stating that it had taken remedial action as directed in the PRR. Per that response, the University established a task force to develop and implement internal policies and procedures to govern the production and distribution of its ASRs. In support of its claims, CU submitted a copy of its revised 2016 ASR with its official response.

Final Determination:

CU was cited for multiple violations of the Clery Act and the Department's regulations as outlined in the Noncompliance section above. Specifically, the review team found that the University failed to produce a materially complete ASR in 2016. Specific omitted policy statements are listed in the noncompliance section above.

As a result of the violations, CU was required to take all necessary remedial action to ensure that the 2017 ASR contained all of the required content and ensure that the report was actively distributed to all enrolled students and current employees by the regulatory deadline date. In addition, CU was required to ensure that prospective students and employees were provided a conspicuous notice of availability about the ASR and ensure that the contents of that notice conform to the distribution requirements prescribed by the Clery Act.

The Department carefully examined CU'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 University's response and its revised 2016 ASR, new annual disclosure, and its new internal policies and procedures. Based on the Department's review and CU's admission of noncompliance, the violations identified in the initial finding are sustained. The Department also determined that the University'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 CU are put on notice that the University must take all other action that may be necessary 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.

CU is, once again, reminded that the exceptions identified above constitute serious violations of the Clery Act that, by their nature, cannot be cured. There is no way to truly “correct” violations of this type once they occur. The requirement to develop and implement a comprehensive public safety and crime prevention program, and to publish and distribute a materially-complete ASR that contains accurate and complete campus crime statistics and campus safety policies and procedures, are fundamental goals of the Clery Act. CU asserted that it has taken adequate remedial actions, and that, by doing so, is now in compliance with the Clery Act as required by its PPA. Nevertheless, CU 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 the compliance failure, the Department strongly recommends that CU officials re-examine its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. To that end, CU officials are encouraged to consult the Department’s “Handbook for Campus Safety and Security Reporting” (2016) 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 University 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.

Finding 3: Drug and Alcohol Abuse Prevention Program Requirements Not Met

Summary of Noncompliance:

The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department’s General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a Drug and Alcohol Abuse Prevention Program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each IHE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

1. A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
2. A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;

3. A description of the health risks associated with the use of illicit drugs and alcohol abuse;

4. A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,

5. A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the IHE and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

CU violated multiple requirements of the DFSCA. Specifically, the institution failed to develop and implement a comprehensive drug and alcohol abuse prevention program (DAAPP), and to publish a materially-complete disclosure that summarizes the plan. As a result of these failures, CU also violated DFSCA's annual DAAPP disclosure distribution requirement by failing to deliver program information to all employees and students who are enrolled for any academic credit each year. A listing of areas of noncompliance from the Program Review Report included the following.

- A portion of the DAAPP requirements are contained in the 2017-2018 Student Handbook. CU does not have a single DAAPP document that covers all regulatory requirements. The reviewers made this determination during program review pre-research and during informal discussions with CU staff.
- The portion of the DAAPP within the Student Handbook (pages 149-153) only references illegal drugs. There is no mention of alcohol use in the policy. The only sanctions and penalties imposed by CU refer to illegal drug use.
- The only reference to legal sanctions included in the Student Handbook is state sanctions. There are no federal or local sanctions provided.
- There is no information regarding the health consequences of illegal drug use and alcohol consumption.

- There is a general statement that students who are referred to administrative officials for drug and alcohol related incidents are referred for counseling. There is no information regarding any drug or alcohol counseling, treatment, and rehabilitative re-entry programs in the area that are available to students and employees.

As a direct consequence of the violations described above, the University also failed to conduct a biennial review of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and, by logical extension therefore, also failed to produce a biennial review report of findings and recommendations for improvement.

Failure to comply with the DFSCA's DAAPP requirements deprives students of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the biennial review requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime at CU.

Directive from PRR:

CU was required to take all necessary corrective actions to resolve these violations. At a minimum, these actions included:

- Develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations and publishing a materially complete disclosure that summarized the program.
- Develop procedures for ensuring that the DAAPP program disclosure is distributed to all employees and all students enrolled for academic credit on an annual basis. CU is required to provide a draft copy of its DAAPP disclosure and new distribution policy with its response to this Program Review Report. Once the materials are approved by the Department, the University is required to distribute them in accordance with the Part 86 regulations and its new policy, and to provide documentation evidencing that distribution, as well as a statement of certification attesting to the fact that the materials were distributed as required. This certification is also required to affirm that CU understands all of its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.
- Conduct a substantive biennial review to assess the effectiveness of its DAAPP. CU is required to describe the research methods and data analysis tools

that it used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conduct the biennial review. Finally, the biennial review report is required to be approved by the University's Chief Executive and/or its Board. The biennial review is to be completed by September 1, 2018. CU's report is to be submitted to the review team by September 15, 2018.

- Establish policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. The University is also required to take all other necessary action to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constituted serious violations of the DFSCA that, by their nature, cannot be cured. There was no way to truly "correct" a violation of this type once it occurred. The institution is being given an opportunity to implement a substantive DAAPP, publish and distribute an accurate and complete DAAPP disclosure, conduct a biennial review, and to otherwise bring operations into compliance with the DFSCA, as required by its PPA. However, CU is advised that these remedial measures cannot and do not diminish the seriousness of these violations, nor did they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result

CU's Response:

In its official response, dated September 4, 2018, CU concurred with the finding, stating that it had taken remedial action as directed in the Program Review Report (PRR). In support of its claims, the University submitted a materially complete DAAPP (September 1, 2018) , as well as a Draft Biennial Review Report.

Final Determination:

Finding 3 the PRR cited CU for violations of the DFSCA and Part 86 of the Department's General Administrative Regulations. Specifically, CU failed to develop and implement a comprehensive 2016 DAAPP that included all required components, as detailed above. As a result of these violations, CU was required to develop and implement a comprehensive DAAPP, produce and distribute an accurate and complete annual disclosure, and provide a biennial review of CU's DAAPP. In its response, the University concurred with the finding and described its initial remedial actions. CU also submitted documents (i.e., its revised DAAPP) in support of its claims.

The Department carefully examined CU'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 University's response, its complete DAAPP, its new annual disclosure, its new internal policies and procedures, and its draft

Biennial Review Report. Based on the Department's review and CU's admission of noncompliance, the violations identified in the initial finding are sustained. The Department also determined that the University'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 CU are put on notice that the University must take all other action that may be necessary 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.

In this regard, CU officials are advised that the University must continue to develop its DAAPP and take definitive steps to regularly test its effectiveness, especially according to the results of the institution's Biennial Review analysis. Although this finding is now conditionally closed, CU is reminded that the exceptions identified above constitute 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. CU asserted that it has taken adequate remedial actions, and that, by doing so, has taken steps to finally comply with the DFSCA as required by its Program Participation Agreement (PPA). Notwithstanding the remedial efforts taken thus far, CU officials must understand that compliance with the DFSCA is essential to maintaining a safe and healthy learning environment. Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. DFSCA violations deprive students and employees of important information regarding the negative consequences of drug and alcohol abuse and deprive institutions of important information about the effectiveness of any drug and alcohol abuse prevention policies or programs that may have been in place during the review period. For these reasons, CU is advised that its remedial measures cannot and do not diminish the seriousness of these violations, nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or additional remedial measures as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that CU re-examine its DAAPP policies and procedures on at least an annual basis, and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the DFSCA. Furthermore, the updating of DAAPP policies and procedures after an effective biennial review is essential for the positive evolution of the DFSCA. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the University's new policies and procedures.

Prepared for
Chowan University

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

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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Atlanta

Program Review Report

July 11, 2018

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A. Institutional Information

Chowan University
One University Place
Murfreesboro, North Carolina 27855-1850

Type: Private Nonprofit

Highest Level of Offering: Master's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges (SACS)

Current Student Enrollment: 1608 (2016-2017)

% of Students Receiving Title IV: 92.5% (2016-2017)

Title IV Participation

2016-2017

Federal Direct Loan Program	\$15,877,594
Federal Pell Grant Program	\$ 5,511,373
Federal Work Study Program	\$ 344,476
Federal Supplemental Educational Grant Program	\$ 199,706
Federal Perkins Loan Program	\$ 33,651
Federal TEACH Grant Program	\$ 22,368

Total: \$21,989,168

Default Rate FFEL/DL:	2014	22.9%
	2013	18.2%
	2012	19.7%

Default Rate Perkins:	2017	43.6%
	2016	0%
	2015	19.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Chowan University (CU) from May 7, 2018 to May 11, 2018. The review was conducted by Jon Finkelstein and Daniel Thompson.

The focus of the review was to determine CU'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 CU'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 2016-2017 and 2017-2018 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition to the primary sample, six files were selected based on official withdrawn students and six files were selected based on unofficial withdrawn students. Enclosure A lists the names of the students whose files were examined during the program review.

Disclaimer:

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

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

C. Findings

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

Finding 1: Return to Title IV (R2T4) Calculation Errors

Noncompliance:

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period of enrollment in which the recipient began attendance, the institution must

determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22 (a).

The institution must return, in the order specified in paragraph (i) of this section, the lesser of—

The total amount of unearned Title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.

“Institutional charges” are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution. 34 C.F.R. § 668.22 (g)(1)(i)(ii)(2).

If a book voucher issued by a school cannot be used to purchase course materials from a convenient unaffiliated source, the student does not have a real and reasonable opportunity to purchase his or her course materials elsewhere. In that case, the school must include the cost of books and materials purchased with the voucher as institutional charges in Step 5, Part L of the return calculation. 2017-2018 Federal Student Aid Handbook, Volume 5, Chapter 1, page 18.

The Department's sample did not contain an adequate number of withdrawn students for testing. As a result, the reviewers requested documentation for three withdrawn students from each award year reviewed. Two of the six students reviewed had an incorrect R2T4 calculation. The student names are included in Enclosure B. Detailed information regarding each student is presented below.

Student 1: This student withdrew during the fall 2016 semester. Step 5 of the R2T4 calculation requires the school to return the lesser of unearned Title IV aid or unearned total institutional charges. The return amount was based on unearned institutional charges. The student's account ledger showed a bookstore charge of \$402.86 on 9/23/2016. CU did not include the bookstore charge in Step 5 (L) of the R2T4 calculation. CU returned \$3,065.40 in Title IV funds to the Department. The correct return amount was \$3,329.27.

Student 2: This student withdrew during the fall 2017 semester. Step 5 of the R2T4 calculation requires the school to return the lesser of unearned Title IV aid or unearned total institutional charges. The return amount was based on unearned institutional charges. The student's account ledger showed a bookstore charge of \$882.75 on 9/11/2017. CU did not include the bookstore charge in Step 5 (L) of the R2T4 calculation. CU returned \$3,187.20 in Title IV funds to the Department. The correct return amount was \$3,773.35.

Required Action:

- 1) If an institution provides a book voucher to students that can only be used in the campus book store, the book charge must be included in the institutional charges section of the R2T4 calculation. CU must update its R2T4 policies and procedures to address the instances of noncompliance mentioned in this finding. The update must include a system or mechanism for checks and balances to review returns for accuracy before funds are returned to the Department.
- 2) Based upon the systemic nature of this finding, CU must conduct a 100% file review of students who withdrew during the 2016-2017 and 2017-2018 award year (excluding students included in the Program Review Sample) to recalculate Title IV returns. CU must identify any errors discovered in the file review and report the outcome to the Department as part of CU's Program Review Report response. The results of this review must be provided in Excel or a similar spreadsheet format and contain the following fields:

Award Year	Student Name	SSN	Withdrawal Date	Aid Disbursed by Fund	Original Return Amount(s) by Fund	Original Return Correct/Incorrect	If Incorrect, Additional Return Amounts(s) Required by Fund
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Please send the file review summary reports (spreadsheets) to Jon Finkelstein by e-mail at jon.finkelstein@ed.gov. In addition, please send a copy of the student ledgers, unofficial transcripts and R2T4 worksheets (original and revised) for all students identified with incorrect returns. See the enclosure – Protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. Please present a separate e-mail with an access password to Jon Finkelstein.

CU will be liable for any additional Title IV, HEA funds owed as a result of the incorrect R2T4 calculations. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

Finding 2: Crime Awareness Requirements Not Met

Noncompliance:

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the *Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. §668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. *34 C.F.R. §668.41(e)(1)*. The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the ASR's availability, its contents, and its exact electronic address if posted to a website. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. *34 C.F.R. §668.41(e)(4)*.

The *Clery Act* and the Department's regulations require institutions to include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), sex offenses (rape, fondling, incest and statutory rape), robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs; illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. *34 C.F.R. § 668.46(c)(1)*. When applicable, an institution must also compile and publish crime statistic disclosures for each of its campuses. *34 C.F.R. §668.41 (e)(4)*.

Several policy statements must be included in the ASR. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are required to disclose alcohol and drug policies and educational programs, as well as policies pertaining to sexual assault education, prevention, and adjudication. Institutions must also provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. All required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. *§ 485(f) of the HEA; 34 C.F.R. §668.46(b)*.

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's (OPE) "Campus Safety and Security Data Analysis Cutting Tool." *34 C.F.R. §668.41(e)(5)*.

CU violated multiple provisions of the Clery Act. Specifically, it failed to prepare and publish a materially complete 2016 ASR and 2017 ASR. The following programmatic and policy statements were missing from both of those documents:

- Information regarding how the institution will protect the confidentiality of victims and other necessary parties, including how the institution will complete publicly available recordkeeping, including *Clery Act* reporting and disclosures, without the inclusion of personally identifying information about the victim.
- Information regarding a victim's option to decline notification to campus police and/or local law enforcement.
- A statement of policy regarding the emergency response and evacuation procedures. This statement must include:
 - The procedures that the institution will use to immediately notify the campus community upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees occurring on the campus. 34 C.F.R. § 668.46 (g)(1).
- A description of the process that the institution will use to confirm that there is a significant emergency, determine the appropriate segment of the campus community to receive a notification, determine the content of the notification, and initiate the notification system. 34 C.F.R. § 668.46 (g)(2).
- A statement that the institution will, without delay, and taking into account the safety of the community, determine the content of the notification and initiate the notification system, unless issuing a notification will compromise efforts to assist a victim or otherwise mitigate the emergency. 34 C.F.R. § 668.46 (g)(3).
- A list of the titles of the person(s) or organizations(s) responsible for carrying out specific actions in an emergency. 34 C.F.R. § 668.46 (g)(4).
- The institution's procedures for disseminating emergency information to the larger community. 34 C.F.R. § 668.46 (g)(5).
- The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including: 1) tests that may be announced or unannounced; 2) publicizing its emergency response and evacuation procedures in conjunction with at least one test per calendar year; and 3) documenting, for each test, a description of the exercise, the date, time, and whether it was announced or unannounced. 34 C.F.R. § 668.46(g)(6).
- A statement of policy regarding missing student notification policies and procedures. The statement has to include:
 - Contact list of titles of persons or organizations to which students, employees, or other individuals should report that a student has been missing for 24 hours.
 - Advise students that their contact information will be registered confidentially, that this information will be accessible only to authorized campus officials, and that it may not be disclosed, except to law enforcement personnel in furtherance of a missing person investigation.
 - Advise students that, if they are under 18 years of age and not emancipated, the institution must notify a custodial parent or guardian within 24 hours of the

determination that the student is missing, in addition to notifying any additional contact person designated by the student.

Failure to publish an accurate and complete ASR in accordance with Federal regulations, and to actively distribute the document to students and employees, deprives the campus community of important campus security information that can empower its members to be informed and to play more active roles in their own safety and security.

Required Action:

As a result of this violation, CU must review and revise its policies and procedures regarding the preparation, publication, and distribution of its ASRs to ensure that all aspects of the ASR process are carried out in accordance with the *Clery Act*. Using its new and revised policies as a guide, CU must prepare and publish an accurate and complete 2017 ASR that includes all of the statistical disclosures and policy, procedure, and programmatic information required under 34 C.F.R. §668.46(b). In addition, the University must actively distribute its new 2017 ASR to all current students and employees in accordance with 34 C.F.R. §668.41(e). A copy of the University's new and revised policies and procedures, and a copy of the 2017 ASR, must accompany its response to this Program Review Report (PRR). The 2017 ASR must contain all of the statistical, policy, procedure, and programmatic disclosures required under 34 C.F.R. §668.46(b). In addition, CU will be required to provide documentation to the Department evidencing the distribution of that 2017 ASR, along with a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. C.F.R. §668.41(e). This certification must also affirm that the institution understands its *Clery Act* obligations, and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the *Clery Act* that, by their nature, cannot be cured. CU will be given an opportunity to address the violations identified above. In doing so, the institution will take the first steps toward compliance with the *Clery Act* and the terms and conditions of its PPA. However, CU is advised that these remedial measures cannot and do not diminish the seriousness of these violations, nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result. Based on an evaluation of all available information, including CU's response, the Department will determine if additional actions will be required to address the listed violations. The Department will advise the institution accordingly in its Final Program Review Determination (FPRD).

CU officials are encouraged to review the Department's "Handbook for Campus Safety and Security Reporting" (2016 Edition) during the preparation of its response. The Handbook is available online at:

<http://www.ifap.ed.gov/eannouncements/attachments/HandbookforCampusSafetyandSecurityReporting.pdf>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§668.14, 668.41, 668.46, and 668.49.

Finding 3: Drug and Alcohol Abuse Prevention Program Requirements Not Met

Noncompliance:

The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a Drug and Alcohol Abuse Prevention Program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each IHE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

- 1) A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 2) A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;
- 3) A description of the health risks associated with the use of illicit drugs and alcohol abuse;
- 4) A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,
- 5) A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. Each IHE must describe the research methods and data analysis tools that it used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conduct the biennial review. 34 C.F.R. §§ 86.3, 86.100 and 86.103.

CU violated multiple requirements of the DFSCA. Specifically, the institution failed to develop and implement a complete comprehensive drug and alcohol abuse prevention program (DAAPP) and to publish a materially-complete disclosure. More specifically,

- A portion of the DAAPP requirements are contained in the 2017-2018 Student Handbook. CU does not have a single DAAPP document that covers all regulatory requirements. The reviewers made this determination during program review pre-research and during informal discussions with CU staff.

- The portion of the DAAPP within the Student Handbook (pages 149-153) only references illegal drugs. There is no mention of alcohol use in the policy. The only sanctions and penalties imposed by CU refer to illegal drug use.
- The only reference to legal sanctions included in the Student Handbook is state sanctions. There are no federal or local sanctions provided.
- There is no information regarding the health consequences of illegal drug use and alcohol consumption.
- There is a general statement that students who are referred to administrative officials for drug and alcohol related incidents are referred for counseling. There is no information regarding any drug or alcohol counseling, treatment, and rehabilitative re-entry programs in the area that are available to students and employees.

CU failed to publish a materially complete DAAPP in either of the awards years reviewed or at any time prior to those years. Furthermore, as a direct consequence of the violations described above, the University also failed to conduct a complete biennial review in any year since the inception of the DAAPP regulation to determine the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct.

Failure to comply with the DFSCA's DAAPP requirements deprives students, faculty, and staff of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the biennial review requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. 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:

CU must take immediate corrective action to resolve the violations identified in this finding. At a minimum, CU must:

- Develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations and publishing a materially-complete disclosure that summarized the program.
- Develop procedures for ensuring that the DAAPP program disclosure is distributed to all employees and all students enrolled for academic credit on an annual basis. CU is required to provide a draft copy of its DAAPP disclosure and new distribution policy with its response to this Program Review Report. Once the materials are approved by the Department, the University is required to distribute them in accordance with the Part 86 regulations and its new policy, and to provide documentation evidencing that distribution,

as well as a statement of certification attesting to the fact that the materials were distributed as required. This certification is also required to affirm that CU understands all of its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

- Conduct a substantive biennial review to assess the effectiveness of its DAAPP. CU is required to describe the research methods and data analysis tools that it used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conduct the biennial review. Finally, the biennial review report is required to be approved by the University's Chief Executive and/or its Board. The biennial review is to be completed by September 1, 2018. CU's report is to be submitted to the review team by September 15, 2018.
- Establish policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. The University is also required to take all other necessary action to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constituted serious violations of the DFSCA that, by their nature, cannot be cured. There was no way to truly "correct" a violation of this type once it occurred. The institution is being given an opportunity to implement a substantive DAAPP, publish and distribute an accurate and complete DAAPP disclosure, conduct a biennial review, and to otherwise bring operations into compliance with the DFSCA, as required by its PPA. However, CU is advised that these remedial measures cannot and do not diminish the seriousness of these violations, nor did they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

Finding 4: Consumer Information Missing/Inadequate

Noncompliance:

Institutional information that must be made readily available to enrolled and prospective students under this subpart includes, but is not limited to –

1 - A summary of the requirements under §668.22 for the return of Title IV grant or loan assistance. 34 C.F.R. § 668.43 (a) (4).

A school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much federal student aid he or she will retain and how much he or she may have to return upon withdrawing. Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a

student's charges to take into account any Return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school charges that were previously paid by FSA funds might become a debit that the student would be responsible for paying. 2017-2018 Federal Student Aid Handbook, Volume 5, Chapter 1, page 7.

CU's Institutional Charge Reduction Policy is housed in its catalog under the Finances and Financial Aid section. The policy states –

“Registration in the University is considered a contract binding the student for charges for the entire semester. However, it is the policy of Chowan University to give a pro-rata charge reduction through 60% of the enrollment period in the event a student officially withdraws from school. An official withdrawal form must be completed and turned into the Registrar's Office in order for a student to be officially withdrawn. The official withdrawal date is the date this process is completed.”

CU does not adequately describe the interaction between the Institutional Charge Reduction Policy and the Financial Aid Reduction Policy. More specifically, CU does not mention that the R2T4 calculation is based on original tuition and fee charges – not adjusted charges after the institutional refund. Furthermore, CU does not advise the student that debits to the student's account from an institutional refund may be more than offset by the return of funds to the Department.

CU does not adequately explain the financial consequences of withdrawal. CU does not provide an adequate explanation of how much Title IV aid the student will retain and how much Title IV aid will be returned as a result of withdrawing. In addition, the student is not provided with an adequate explanation that the returned aid may result in a balance due on the student's account. An example using a hypothetical student with hypothetical Title IV awards and returns would assist the student with an understanding of the process.

2 - A student may decline to participate (opt out) in the way a school provides assistance for obtaining books and supplies. For instance, if a school provides a bookstore voucher, the student may opt out by not using the voucher. If the student opts out, the school may, but is not required to, offer the student another way to purchase books and supplies as long as it does not otherwise delay providing funds to the student as a credit balance.

A school is required to provide, in its financial aid information and in its notifications provided to students receiving FSA funds, information on the way the school provides for Federal Pell Grant eligible students to purchase required books and supplies by the seventh day of a payment period under certain conditions and how the student may opt out. The information must indicate whether the school will enter a charge on the student's account at the school for books and supplies or pay funds to the student directly. Also, during the aid counseling process, the school must explain to a student who qualifies for the funds advanced to purchase books and supplies

how the method is handled at the school and how a student may opt out. 2017-2018 Federal Student Aid Handbook, Volume 4, Chapter 2, page 49.

CU discusses the book voucher policy in the HawksCard & eAccounts page of its website. CU does not; however provide information regarding a student's option to opt out from receiving a book voucher.

3 - In the case of an institution whose students receive financial assistance pursuant to section 484(d) of the HEA, the institution will make available to those students a program proven successful in assisting students in obtaining the recognized equivalent of a high school diploma. 34. C.F.R. § 668.14 (b)(13).

The Admissions Policy and Procedure section of CU's 2017-2018 catalog states the following –

“All offers of admission to the University are contingent upon submission of final high school transcripts or proof of high school graduation. General equivalency diploma (GED) scores are acceptable.”

CU does not discuss the availability of a GED program for students that do not have a valid high school diploma.

4 – Institutions of higher education (IHEs) must disclose information to students or parents of students who enter into an agreement regarding a Title IV, HEA loan that the loan will be submitted to the National Student Loan Data System (NSLDS) and accessible by authorized agencies, lenders, and institutions. HEOA 489 amended HEA Sec. 485B.

In the Consumer Information page of CU's website, the following information is provided regarding NSLDS –

“NSLDS is available for current and former students to access the amount of student loans borrowed, servicer contact information and Pell Grant records.”

CU provides a hyperlink to the Department's log in page for student access to NSLDS. CU does not provide information regarding accessibility of loan information by authorized agencies, lenders and other institutions.

Required Action:

CU must revise and/or enhance its consumer information. The consumer information must adequately address each of the requirements outlined in the noncompliance section of this finding. In its response to this Program Review Report, CU must submit revised consumer information documentation to the Department for review.

Finding 5: Failure to Notify Student of Direct Loan Disbursement

Noncompliance:

Except in the case of a post-withdrawal disbursement, if an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of—

The student's right or parent's right to cancel all or a portion of that loan, loan disbursement TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, the TEACH Grant proceeds returned to the Secretary.

The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement. 34 C.F.R. § 668.165 (a) (2) (ii)(iii).

The institution must provide the notice described in this section in writing—

No earlier than 30 days before, and no later than seven days after, crediting the student account at the institution, if the institution obtains affirmative confirmation from the student. 34 C.F.R. § 668.165(a)(3)(ii).

The institution must return the loan or TEACH Grant proceeds, cancel the loan or TEACH Grant, or do both, in accordance with program regulations provided that the institution receives a loan or TEACH Grant cancellation request—

The later of the first day of a payment period or 14 days after the date it notifies the student or parent of his or her right to cancel all or a portion of a loan or TEACH Grant, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or

Within 30 days of the date the institution notifies the student or parent of his or her right to cancel all or a portion of a loan, if the institution does not obtain affirmative confirmation from the student. 34 C.F.R. § 668.165(a)(4)(ii)(A)(B).

If a student or parent requests a loan cancellation after the period set forth in this section, the institution may return the loan or TEACH Grant proceeds, cancel the loan or TEACH Grant, or do both, in accordance with program regulations. 34 C.F.R. § 668.165(a)(4)(iii).

An institution must inform the student or parent in writing regarding the outcome of any cancellation request. 34 C.F.R. § 668.165(a)(5).

CU was not providing students and parents with loan disbursement notifications.

Required Action:

In response to this Program Review Report, CU must draft and submit an updated Direct Loan Disbursement Notification Policy/Procedure to the Department for review. In addition, CU must develop an email notification template that satisfies all regulatory requirements and forward a copy to the Department for review.

Finding 6: Student Confirmation Report Filed Incorrectly

Noncompliance:

Student enrollment information is important, and all schools participating or approved to participate in the FSA programs must have online enrollment access and have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through an enrollment roster file. Enrollment information is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. Program-level enrollment data is also used to determine a student's eligibility for Direct Subsidized Loans. For students moving into repayment, the out-of-school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. You're required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. 2017-2018 Federal Student Aid Handbook, Volume 2, Chapter 3, page 66.

Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary—

In the manner and format prescribed by the Secretary; and

Within the timeframe prescribed by the Secretary

Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that—

A loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or

A student who is enrolled at the school and who received a loan under Title IV of the Act has changed his or her permanent address. 34 C.F.R. § 685.309 (b)

During the course of the program review, one student (sample student four) was identified with inaccurate enrollment reporting. The student was enrolled in a five hour internship during the

summer 2017 semester and was reported as attending half time. Detailed information is listed in Enclosure C.

Required Action:

CU must adjust its Enrollment Reporting Policy/Procedures to prevent the reoccurrence of similar violations. Continued violations may result in late and/or incorrect enrollment status updates that can affect a student's Direct Loan repayment and/or grace period start date. In its response to this Program Review Report, CU must submit a copy of its revised Enrollment Reporting Policy/Procedure to the Department for review.

Finding 7: Verification Violation

Noncompliance:

For each award year the Secretary publishes in the FEDERAL REGISTER notice the FAFSA information that an institution and an applicant may be required to verify.

For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information under paragraph (a) of this section that the applicant must verify. 34 C.F.R. 668.56 (a) (b).

If an applicant is selected to verify any of the following information, an institution must obtain the specified documentation.

For a dependent student, a copy of each IRS Form W-2 for the specified year received by the parent whose income is being taken into account if—

The parents filed a joint return – see 34 C.F.R. 668.57 (a) (ii)(A).

Students who are selected for verification will be placed in one of the following groups to determine which FAFSA information must be verified.

V1- Standard Verification Group - Students in this group must verify the following if they are tax filers:

- Adjusted gross income
- U.S. income tax paid
- Untaxed portions of IRA distributions
- Untaxed portions of pensions
- **IRA deductions and payments**
- Tax-exempt interest income
- Education credits
- Household size

- Number in College
- Supplemental Nutrition Assistance Program (SNAP) benefits
- Child support paid

2016-2017 Federal Student Aid Handbook, Application and Verification Guide, Chapter 5, pages 78 -79.

Student eight of the program review sample was a dependent student selected for verification for the 2016-2017 award year. The student was placed in the V1 Standard Verification Group. The student's parents each submitted their 2015 W-2 forms for review.

The Mother's 2015 W-2 had the following entries in Box 12:

AA - \$1,794.62

DD - \$344.50

The Father's 2015 W-2 had the following information in Box 12:

D 15 - \$1,004.89

AA 15 - \$709.02

The 2015 IRS Form W-2 Reference Guide for Box 12 Codes includes the following:

Code	Description
AA	Designated Roth contributions under a section 401(k) plan
D	Elective deferrals under a section 401 (k) cash or deferred arrangement plan (including a SIMPLE 401 (k) arrangement)
DD	Cost of employer sponsored health coverage

The student's original FAFSA (transaction 1) did not include any income data under the Parent's Untaxed Income section. CU corrected transaction two and added \$1,005 in elective deferrals (Code D 15) for the Father. CU did not add the Father's or the Mother's untaxed Roth contribution. CU did not accurately verify the student's Free Application for Federal Student Aid (FAFSA) information.

Required Action:

Incorrect or missing verification data corrections can cause undue hardship to the student or the Department. Moving forward, the Department strongly suggests that CU perform regular reviews of verified students to ensure accuracy. In response to this Program Review Report, CU must draft and submit an updated Verification Policy/Procedure that addresses the noncompliance issue discussed above to the Department for review.

Finding 8: Federal Work Study (FWS) Job Descriptions Inadequate

Noncompliance:

Job descriptions for all FWS positions should be a part of the control procedures included in your school's policies and procedures manual. A written job description will help you ensure that the position is one that qualifies under the FWS program regulations. In addition, a written job description provides students with the information they need to determine whether they qualify for the job, whether the job is related to their educational or career objectives, and whether the job is of interest to them. Moreover, by considering the rates of pay applicable to the position, the qualifications for each pay level, and the qualifications of a student applicant, a financial aid administrator can determine the hours a student will need to work in order to earn the funds specified in the student's FWS award. Finally, a written job description establishes a record to which all parties can refer. In addition, a written job description can help avoid disagreements and adjudication and provide a reference in such cases.

If a student is employed with an agency or organization that provides community services, the school should, as with any other FWS position, have a job description that includes the duties and the responsibilities. Schools should use the job description to verify that the job meets the definition of community services in the FWS regulations. In addition, for students performing reading tutoring or family literacy activities, the job description should support those jobs.

Each FWS position should have a job description that includes the following:

- Name of the position
- Classification of the position (e.g., reading tutor 1, reading tutor 2, laboratory assistant, library technician 1 or 2, etc.)
- Name and address of the student's employer (the school, public agency, nonprofit organization, etc.)
- Department or office in which the student will be employed
- Location where the student will perform his/her duties
- Name of the student's supervisor
- Purpose/role of the position within the organization
- Duties and responsibilities associated with the position and how they relate to the purpose/role
- Rates of pay for the position (cross-referenced to the wage rates appearing in the school's policies and procedures manual)
- General qualifications for the position and the specific qualifications for the various levels/rates of pay associated with the position
- The length of the student's employment (beginning and ending dates)
- Procedures for determining a student's rate of pay when a position has multiple rates
- Evaluation procedures and schedules

2017-2018 Federal Student Aid Handbook, Volume 6, Chapter 2, pages 45-46.

CU's FWS job descriptions did not meet each of the regulatory requirements. The current descriptions do not provide students with comprehensive information regarding each position.

Required Action:

CU must develop enhanced FWS job descriptions. These descriptions should be posted to CU's student portal for easy access by students/parents and employers. In response to this Program Review Report, CU must provide the Department with compliant job descriptions for each FWS position.

Finding 9: Missing Policy/Procedure to Validate Questionable High School Diplomas

Noncompliance:

If your school or the Department has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, you must evaluate the validity of the student's high school completion. Students who indicate on their FAFSA that they graduated high school must give the name, city, and state of the high school. FAFSA on the Web will not allow students to skip these items, and it will have a drop-down list of both public and private high schools populated by the National Center for Education Statistics (NCES). Inclusion on the list does not mean that a diploma from the school is valid, nor does exclusion from the list mean that the diploma is invalid. Acceptable documentation for checking the validity of a student's high school completion can include the diploma and a final transcript that shows all the courses the student took.

Diplomas from unaccredited high schools can be valid and qualify students to receive FSA funds, as well as to meet college admission standards. One resource that a school may consider to determine if a high school diploma is valid is the Department of Education in the state in which the high school is located, if that department has jurisdiction over the high school. Colleges are also free to consult with each other as they develop their procedures for checking the validity of high school diplomas. For students who completed their secondary schooling outside the United States, comparable documents can help, as can the services of companies that determine the validity of foreign secondary school credentials.

The ISIR will not provide any more information than what the student submitted on the FAFSA. We do not expect you to check the high school data for every student against other information obtained by your school during admissions, but if you have reason to believe the high school diploma is dubious—e.g., the college knows the student bought the diploma or transcript and was required to perform little or no work—you must validate the diploma.

A student's self-certification is not sufficient to validate a high school diploma that is in question. It should be remembered that for a college to be an eligible institution, it must admit as regular students only those with a high school diploma or the recognized equivalent or who are beyond the age of compulsory school attendance. As in other areas of FSA administration,

schools have final authority in meeting this requirement. The Department does not plan to have an appeal process or to intervene in reasonable judgments of school administrators, such as a decision to move a high school from a college's acceptable to unacceptable list or a case where one school has different lists than another.

A college diploma mill is an entity that:

- * Charges someone a fee and requires him to complete little or no education or coursework to obtain a degree, diploma, or certificate that may be used to represent to the general public that he has completed a program of postsecondary education or training; and

- * Lacks accreditation by an agency or association that is recognized as an accrediting body for institutions of higher education by the Secretary (pursuant to Part H, Subpart 2 of Title IV) or a federal agency, state government, or other organization that recognizes accrediting agencies or associations. 2017-2018 Federal Student Aid Handbook, Volume 1, Chapter 1, page 9.

The CU admissions/financial aid policies do not adequately address an evaluation process for high school diplomas that demonstrate questionable credentials. In addition, the CU financial aid policies and procedures manual does not include a policy/procedures document for evaluating questionable high school diplomas.

Required Action:

The information discussed in the noncompliance section of this finding must be incorporated into a formal financial aid policy and procedure for evaluating questionable high school diplomas. In response to this Program Review Report, CU must forward a policy/procedure for evaluating questionable high school diplomas to the Department for review.

Finding 10: Failure to Provide Private Education Loan Applicant Self-Certification Form

Noncompliance:

The Higher Education Opportunity Act of 2008 (Pub.) L. 110-35) (HEOA) added section 128(e)(3) to the TILA to require that before a private educational lender may consummate a private education loan for a student in attendance at an institution of higher education, the private education lender must obtain the completed and signed Self-Certification Form from the applicant. The Federal Reserve Board's Final Regulations published on August 14, 2009 incorporate this new requirement at 12 CFR 226.48(e).

The HEOA also added section 487(a)(28) to the HEA. Under section 487(a)(28), an institution participating in the HEA, Title IV programs must provide, at the request of an applicant for a private education loan, the self-certification form required under section 128(e)(3) of the TILA. The Department of Education's Final Regulations published on October 28, 2009 incorporate this new requirement at 34 C.F.R. 601.11(d) and 668.14(b)(29).

At the request of an enrolled or admitted student applicant for a private educational loan (or to the parent loan applicant of an enrolled or admitted student), an institution must provide the Self-Certification form to the applicant with the information requested in Section 2 of the form, to the extent that the institution possesses the information. Section 2 of the Self-Certification form requests the following information:

- * The student's Cost of Attendance (COA) for the period of enrollment covered by the loan;
- * Any Estimated Financial Assistance (EFA) for the period of enrollment covered by the loan; and
- * The difference between the COA and EFA.

Beginning February 14, 2010, institutions are required to provide the Self-Certification form, and the information needed to complete the form, to an enrolled or admitted applicant (or to the parent applicant of an enrolled or admitted student) upon the applicant's request for a private education loan. An institution may post an exact copy (pdf) of the Self-Certification form on its Web site for applicants to download or it may provide a paper copy of the Self-Certification form directly to an applicant through its financial aid or other designated office.

Alternatively, the applicant may obtain a copy of the Self-Certification form from the private educational loan lender and submit it to the institution for completion or confirmation. An institution may also, at its option, provide the information needed to complete the form directly to a private educational lender. An institution is not required to track the status of the private education loan after providing the Self-Certification form to the applicant or to the private lender. DCL GEN-10-1 dated February 14, 2010.

CU students routinely utilize private education loans to finance their education. Verbal confirmation from CU staff indicated that CU did not provide the Private Education Loan Applicant Self-Certification form to students who requested a private student loan.

Required Action:

CU must provide the Private Education Loan Applicant Self-Certification Form to students who request a private student loan. The options in which the form is provided are outlined in the noncompliance section of this finding. In its response to the Program Review Report, CU must provide documentation to the Department demonstrating that CU is compliant with this regulation moving forward.

Finding 11: Satisfactory Academic Progress (SAP) Policy Inadequate

Noncompliance:

An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

The policy describes how a student's GPA and pace of completion are affected by course **incompletes**, withdrawals, or repetitions, or **transfers of credit from other institutions**. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours. 34 C.F.R § 668.34 (a) (6)

CU's Academic SAP Policy and Financial Aid SAP Policy mirror one another (qualitative, quantitative, maximum time frame and appeal). The SAP policy appears in both the financial aid and academic sections of the 2017-2018 catalog and in both departments' webpages.

CU's Satisfactory Academic Progress Standards Policy has a Grade Point Average (GPA) Standard (Qualitative Section) that includes the following –

1. “A grade of ‘I’ (incomplete) is **included in** determining the cumulative GPA.”

CU allows a student to carry forward a grade of ‘I’ until the end of the next academic semester. If the incomplete work is not satisfied, the student will receive an F for the course(s). CU must enhance the policy statement regarding ‘I’ grades to state that cumulative GPA will be affected once a final grade(s) is/are assigned.

CU's Satisfactory Academic Progress Standards Policy has a Completion Standard (Quantitative Section) that includes the following –

2. “All posted transfer credit hours **on official transcripts** are included in determining attempted and completed hours.”

CU's Academic Policies and Procedures section of its 2017-2018 catalog states the following –

“Generally, courses taken at a regionally accredited college or university that are equivalent to courses offered at Chowan are accepted in transfer. The University accepts only work on which the student has earned a grade of C or better.”

Discussion with CU staff confirmed that CU only counts transfer hours that are accepted into the CU degree program when determining the quantitative SAP standard. CU must enhance the policy statement regarding transfer hours and quantitative SAP to state that the quantitative SAP

standard will only account for transfer hours that have been accepted into the CU degree program.

CU evaluates SAP at the conclusion of each spring semester (once annually). CU assigns a probationary status to students who fail to meet SAP and are approved on appeal and a suspension status to students who fail to meet SAP and are denied on appeal. The Academic Warning and Course Repeat Policy sections of the SAP policy only apply to the Academic Department's SAP policy. As such, they should be removed from the Financial Aid Department's SAP policy. Additionally, the Maximum Time Frame Appeal section states that there is no warning status for this standard. This information should only be included in the Academic Department SAP policy - a warning status is not used in the Financial Aid Department SAP policy. Finally, each SAP policy location (academic and financial aid) should only refer to their respective departments. For example, under the Failure to Make Satisfactory Academic Progress section, the headings for subsections 1 and 2 are Academic and Financial Aid Suspension and Academic and Financial Aid Suspension. Each Department's SAP policy should only refer to itself rather than combining both.

The Academic and Financial Aid departments communicate changes in SAP status with CU students. In each policy location, CU should clearly state that students may receive communication from both departments regarding SAP status.

Required Action:

CU's SAP Policy is deficient in each of the areas detailed in the noncompliance section of this finding. CU must revise its SAP Policy to satisfy each of the issues discussed. In response to this Program Review Report, CU must submit a written update of its Financial Aid SAP Policy document to the Department for review.

Finding 12: R2T4 Late

Noncompliance:

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

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student as calculated under paragraph (e)(1) of this section from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew.

For purposes of this section, 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 requirements of paragraph (d) of this section, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. 34 C.F.R. 668.22 (b).

An institution must return the amount of Title IV aid for which it is responsible as soon as possible but not later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22 (j) (1)

During the course of the fiscal review, one student was identified with a late R2T4. CU notified COD of the return, but failed to return the funds within regulatory guidelines to G-5. Student Specific information is provided in Enclosure G.

Required Action:

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but not later than 45 days after the date of the institution's determination that the student withdrew. Continued violations by CU may result in undue cost to the Department. In response to this Program Review Report, CU must draft a revised R2T4 Policy/Procedures to ensure that repeat violations are avoided. A copy of the R2T4 Policy/Procedures must be forwarded to the Department for review.

D. Recommendations

The following are recommendations based upon observations made by the review team during the program review. CU is not required to provide a response to, nor is CU required to act upon, these recommendations. However, the review team believes that adoption of these recommendations will assist the institution in its administration of Title IV, HEA program funds.

1. CU's Refund Policy and Requirements for Withdrawal and Return of Federal Financial Aid states the following in the Withdrawal Policy section –

“Students who withdraw from the University after the first three weeks of the semester and up to one week after mid-term will receive a W, and the credit hours **will not be counted as work attempted”.**

The CU catalog includes a section for financial aid satisfactory academic progress. In the Satisfactory Academic Progress Standards – Pace of Completion section, the catalog states the following –

“A grade of W (Withdrawal) is included in determining attempted hours”.

The consumer information regarding the treatment of coursework with a grade of W is not consistent across the two policies. CU should edit the Refund Policy and/or catalog to state that coursework that receives a grade of W will count as work attempted.

2) CU has a cost of attendance budget for on campus students that meets regulatory requirements. CU does not; however have accurate cost of attendance budgets developed for off campus students (room and board components based on research of applicable average costs in the immediate geographic area) and students who are residing with parents. CU's current practice is to add \$1,000 to the on campus budget for students that reside off campus. The accurate development of these additional budgets would provide a better estimate of expenses for each student's living situation. The Department recommends that CU develop the additional cost of attendance budgets to facilitate more accurate eligibility calculations.

3) CU's Eligibility and Certification Approval Report (ECAR) has the Halifax Community College Center listed as an additional location. Additional locations are required to be reported to the Department if the location provides more than 50% of the instruction for any program offered by the institution. Discussion with CU staff indicated that the Halifax location does not offer more than 50% of any program's instruction. The Department strongly recommends that CU remove the additional location from its ECAR.

4) CU's cohort default rate for the Direct Loan Program for fiscal year 2014 is 22.9%. CU's cohort default rate for the Perkins Loan Program for fiscal year 2017 is 43.6%. CU does not have any plans to liquidate the Perkins Program.

CU is reminded that 34 C.F.R. § 668.167 states high cohort default rates affects an institution's administrative capability and may limit the school's participation in the FSA programs. For the DL program, cohort default rates that exceed 25% for the three most recent fiscal years, or if the most recent cohort default rate is greater than 40% may make a school ineligible to participate in the DL, Pell or Perkins Loan Programs. For the Perkins Program, a cohort default rate of 50% or higher may lead to a school to becoming ineligible to participate in the Perkins Program.

The reviewers discussed the high DL and Perkins default rates with CU staff. CU advised that numerous strategies have been implemented to address the high default rates. The Department accepts CU management's approach and strongly recommends that CU continue to be diligent in its efforts and to closely monitor both the DL and Perkins default rates.