



December 11, 2017

Dr. Dennis Brown
President
Lee College
511 South Whiting
Baytown, TX 77520

Certified Mail
Return Receipt Requested
7016 0600 0000 6313 7396

RE: **Final Program Review Determination**
OPE ID: 00358300
PRCN: 201730629663

Dear Dr. Brown:

The U.S. Department of Education's (Department's) Dallas School Participation Division issued a program review report on September 28, 2017, covering Lee College's (LC) 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 award years that spanned from July 1, 2012 through June 30, 2016. LC's final response was received on November 1, 2017. A copy of the program review report (and related attachments) and LC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by LC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are **\$3,080.81**

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 finding in the attached report does not contain any student PII. Instead, the finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. Appendix A will be encrypted and sent to the institution electronically.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the September 28, 2017 program review report. If LC wishes to appeal to the Secretary for a review of the financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date LC receives this FPRD. An original and four copies of the information LC submits must be attached to the request. The request for an appeal must be sent to:

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

LC's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

Lee College
OPE ID Number 00358300
PRCN Number 201730629663
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If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to LC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H.

Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Ms. Leticia Chavez at 214.661.9501. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,



Cynthia Thornton, Director
Dallas School Participation Division

Enclosure:

Final Program Review Determination Report (and appendices)

cc: Ms. Carrienne Mance, Director of Financial Aid
Southern Association of Colleges and Schools Commission on Colleges
Texas Higher Education Coordinating Board
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Prepared for

Lee College

Federal Student

PROGRAMS OF THE U.S. DEPARTMENT OF EDUCATION

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OPE ID 00358300

PRCN 201730629663

Prepared by

U.S. Department of Education

Federal Student Aid

Dallas School Participation Division

Final Program Review Determination

December 11, 2017

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A. Institutional Information

Lee College
511 South Whiting
Baytown, TX 77522

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Student Enrollment: 3,994 (Fall 2016)

% of Undergraduate Students Receiving Title IV aid: 21% (Fall 2016)

Title IV Participation: School Participation Team School Funding Report

Title IV Programs	2015-16
Federal Pell Grant Program	\$5,654,350.00
William D. Ford Federal Direct Loan Program (FDLP or Direct)	\$2,629,630.00
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$17,029.00
Federal Work-Study Program (FWS)	\$78,125.00
Total:	\$8,379,134.00

FDLP 3-year default rate:	<u>Fiscal Year</u>	<u>Rate</u>
	2014	9.8%
	2013	20.8%
	2012	22.8%

B. Scope of Review

The U.S. Department of Education (the Department) conducted an offsite, focused program review of Lee College (LC) from June 5, 2017 through June 15, 2017. The review was conducted by Ms. Leticia Chavez, Mr. David Garza and Ms. Nicole Anderson.

The focus of the review was to determine LC's compliance with the statutes and federal regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review focused on the delivery of funds to students who presented invalid high school credentials. The U.S. Department of Education's Dallas School Participation Division (SPD) became aware that official(s) of LC attended a meeting on December 10, 2014 which was hosted by the Texas Attorney General's Office (TXAG). The purpose of that meeting was to alert educational institutions, specifically community colleges in or near the Houston area, about TXAG enforcement actions against entities operating in the Houston area that issue diplomas or other certificates of completion of secondary education, without providing legitimate secondary school education. The following five entities were identified: Lincoln Academy (and others); Marque Learning Center; Southwest Academy (and others); Parkview Home School (and others); and I. Jean Cooper Private School (and others).

The review of invalid high school credentials covered multiple award years that spanned from July 1, 2012 through June 30, 2016. Appendix A lists the names and social security numbers of the students whose credentials 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 LC'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 LC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Finding with Final Determination

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of LC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on September 28, 2017, is attached as Appendix B.

Finding 1. Delivery of Title IV Funds to Ineligible Students – Invalid High School Diploma or Recognized Equivalent

Citation Summary: 34 C.F.R. § 668.32(e) of the Student Assistance General Provisions regulations states that, to be eligible for Title IV, HEA assistance programs under the student eligibility requirements, a student: (1) has a high school diploma or its recognized equivalent; (2) has obtained a passing score specified by the Secretary on an independently administered test in accordance with subpart J of Part 668; (3) is enrolled in an eligible institution that participates in a State “process” approved by the Secretary under subpart J of Part 668; (4) was home-schooled, and either obtained a secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law; or, if State law does not require a home-schooled student to obtain the credential, has completed a secondary school education in a home school setting that qualifies as an exemption from compulsory attendance requirements under State law; or (5) has been determined by the institution to have the ability to benefit from the education or training offered by the institution based on the satisfactory completion of 6 semester hours, 6 trimester hours, 6 quarter hours, or 225 clock hours that are applicable toward a degree or certificate offered by the institution.

Noncompliance Summary: LC was required to identify every student whose admission was based on a credential from the entities listed below (and variations on the names of the entities) and electronically submit it to the Department in an Excel spreadsheet format. The review of invalid high school credentials covered multiple award years that spanned from July 1, 2012 through June 30, 2016. LC provided data elements specific to and only for those students who received Title IV aid and provided high school diplomas, or indicated that they were homeschooled, from the following entities effective July 1, 2012, or later:

- Lincoln Academy
- Marque Learning Center
- Southwest Academy
- Parkview Home School
- I Jean Cooper Private School

A total of 117 students were identified for the period of ¹July 1, 2012 through June 30, 2016 whose admission to the College was based on credentials received from Lincoln Academy, Marque Learning Center, or Parkview Home School (and others), or were homeschooled. Of the 117 students identified, LC was able to provide alternative admission documentation (e.g., GED certificates or ATB requirements) for 115 of the

¹ Liabilities will only be established for Title IV funds disbursed after the TXAG meeting that occurred in December 2014.

students. The remaining 2 students were deemed ineligible to receive Title IV funds due to invalid high school completion credentials.

Appendix A lists the names and identifiers of the ineligible students, along with the amounts of Title IV funds disbursed by program for the following time period: Spring 2015 and Spring 2016.

Required Action Summary: The Program Review Report (PRR) required LC to immediately cease disbursing Title IV funds to the students listed in Appendix A, and required LC to provide any additional documentation that established eligibility for Title IV funds for those students.

In addition, LC was required to strengthen its policy for evaluating the validity of a high school diploma in light of its subsequent actions following the meeting with the Texas Attorney General's office and was to submit a copy of the revision in its response.

Finally, LC was to provide written assurance that it would follow its current admissions policy and collect the high school diplomas and transcripts, college transcripts, GED certificates or other documents necessary to demonstrate high school curricular requirements had been met.

LC's Response: LC stated it had reviewed and agreed to the findings of noncompliance referenced in the Program Review Report including the two students deemed ineligible for Title IV. (The students are listed in Appendix A.)

Additional details regarding the students in Appendix A are discussed in the Final Determination section.

Finally, LC submitted a revised policy for evaluating the validity of a high school diploma, and provided written assurance that it will follow its current admissions policy and collect high school diplomas and transcripts, college transcripts, GED certificates or other documents necessary to demonstrate high school curricular requirements are met. The school's response is presented as Appendix C.

Final Determination: The Department reviewed LC's revised policy for evaluating the validity of a high school diploma and determined that the policy satisfactorily addresses the Department's concerns.

LC did not submit any additional documentation for the two students in Appendix A. Therefore, based on this review, the Department finds that LC is liable for \$3,025.66 for disbursements made to ineligible students. Please note that Student # 2 had an additional \$452.00 in Federal Pell Grant funds that were not included in the student recipient data spreadsheet submitted to the Department by LC.

Student #	Award Year	Type	Amount
1	2014-2015	Federal Work Study (FWS)	² \$1,129.66
2	2015-2016	Federal Pell Grant (Pell)	\$1,896.00
		TOTAL Title IV	\$3,025.66

A calculation has been computed to determine the amount of the interest, known as the Cost of Funds (COF), due on the total of \$1,896.00 in Pell funds and \$1,129.66 in FWS (federal share) due to invalid credentials. The amount of interest is \$27.88 for Pell and \$27.27 for FWS. Therefore, the total liability to be remitted for this portion of the finding is **\$3,080.81**. The COF calculation is included as Appendix D.

D. Summary of Liabilities

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

Liabilities	Pell (Closed Award Year)	FWS (Federal Capital Contribution)	Totals
Finding 1	\$1,896.00	\$1,129.66	
Interest (COF)	\$27.88	\$27.27	
Payable To Department	\$1,923.88	\$1,156.93	\$3,080.81

E. Payment Instructions

1. Liabilities Owed to the Department

LC owes to the Department **\$3,080.81**. 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.

² This represents the amount of the federal portion of FWS funds disbursed to the student.

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: Govt. 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 finding(s) and the 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: **\$3,080.81**
DUNS: 067261180
TIN: 746025566
Program Review Control Number: 201730629663

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

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

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

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

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

Pell and FWS– Closed Award Years

Finding: I
Appendix: A

LC must repay:

Pell Closed Award Year/FWS			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$1,896.00	\$27.88	Pell	2015-2016
\$1,129.66	\$27.27	FWS	2014-2015
Total Principal	Total Interest		
\$3,022.66	\$55.15		

For Pell only, the disbursement record for the student identified in Appendix A 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.

Request Extended Processing

COD adjustments are necessary for the closed award year listed above. Before any student level adjustments can be processed, LC 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, and provide the Program Review Control Number (PRCN).
- 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 level adjustments to COD for the closed award year.

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

For FWS, LC must remit payment for the improperly disbursed funds, including interest.

F. Appendices

The following Appendices are attached to this FPRD or emailed as noted.

Appendix A - Student Detail, contains personally identifiable information and will be emailed to LC as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

Appendix B – Program Review Report

Appendix C – Institution Response

Appendix D – Cost of Funds

Appendix A – Student Detail

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Appendix B – Program Review Report

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Prepared for
Lee College

Federal Student Aid

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OPE ID: 00358300
PRCN: 201730629663

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

Program Review Report

September 28, 2017

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A. Institutional Information

Lee College
511 South Whiting
Baytown, TX 77520

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Student Enrollment: 6,202 (Fall 2016)

% of Undergraduate Students Receiving Title IV aid for the award year: 34% (Pell)
12% (Direct Loans)

Title IV Participation: School Participation Team School Funding Report

Title IV Programs

2015-2016

Federal Pell Grant Program	\$5,654,350.00
William D. Ford Federal Direct Loan Program (FDLP or Direct)	\$2,629,630.00
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$17,029.00
Federal Work-Study Program (FWS)	\$78,125.00
Total:	\$8,379,134.00

FDLP 3-year default rate:

<u>Fiscal Year</u>	<u>Rate</u>
2013	20.8%
2012	22.8%
2011	22.3%

B. Scope of Review

The U.S. Department of Education (the Department) conducted an offsite, focused program review of Lee College (LC) from June 5, 2017 through June 15, 2017. The review was conducted by Ms. Leticia Chavez and Ms. Nicole Anderson.

The focus of the review was to determine LC's compliance with the statutes and federal regulations as they pertain to the institution's administration of the Title IV programs. The review focused on the delivery of funds to students who presented invalid high school credentials.

The review of invalid high school credentials covered multiple award years that spanned from July 1, 2012 through June 30, 2016. Appendix A lists the names and social security numbers of the students whose files were examined during the program review as part of the delivery of funds to students who presented invalid high school credentials.

Disclaimer:

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

The U.S. Department of Education's Dallas School Participation Division (SPD) became aware that official(s) of LC attended a meeting on December 10, 2014 which was hosted by the Texas Attorney General's Office (TXAG). The purpose of that meeting was to alert educational institutions, specifically community colleges in or near the Houston area, about TXAG enforcement actions against entities operating in the Houston area that issue diplomas or other certificates of completion of secondary education, without providing legitimate secondary school education. The following five entities were identified: Lincoln Academy (and others); Marque Learning Center; Southwest Academy (and others); Parkview Home School (and others); and I. Jean Cooper Private School (and others).

As provided in the regulations at 34 C.F.R. § 668.32(e), to be eligible to receive Title IV federal student financial aid, a student must have a high school diploma or its recognized equivalent or be home-schooled in accordance with State law requirements. In each of the actions filed, TXAG alleged that the defendants violated the Texas Deceptive Trade Practices Act (DTPA). Although the specific allegations varied from case to case, the TXAG generally alleged in each

case that the identified schools were not legitimate high schools, and that the diplomas, transcripts, or other certifications provided to students were not valid because the entities did not actually provide secondary school education.

As alleged in the actions, and as described in the press releases, some or all of these businesses also encouraged students to indicate on their financial aid applications that the student was "homeschooled". Given the TXAG's legal actions and in considering the information in its totality, the Department had reason to believe that the high school completion status for students who obtained high school diplomas or transcripts from these entities, including students who indicated that they were homeschooled as a result of receiving such diplomas or transcripts, was not valid for Title IV purposes.

The Department's regulations at 34 C.F.R. § 668.16(p), require institutions to develop and apply procedures to evaluate the validity of a student's high school diploma if the institution or the Department has reason to believe that the diploma is not valid or not obtained from an entity that provides secondary school education. Thus, the Department's expectations were as follows:

- Upon learning that these entities were subject to enforcement action by TXAG, the institution should have applied its policies and procedures used to validate students' high school completion for Title IV purposes for students who indicated that they received a high school diploma from one of these entities.
- The Department requested a written summary from LC that explained what actions, if any, the institution took after it became aware of the information provided by TXAG at the December 2014 meeting. Such actions may have included, but were not limited to, research of student records, student notification, revision of policies pertaining to high school completion, the return of federal aid for ineligible students, or a combination of these.

Students who had these invalid high school credentials were not eligible for Title IV aid. The institution was to cease to award and disburse Title IV funds to these students unless the institution could ensure that these students had the *recognized equivalent of a high school diploma*.

In addition, the institution was directed to review *Dear Colleague Letter (DCL) GEN-12-09*. The guidance in the DCL would help the institution determine whether some of the affected students were Title IV eligible based on previously available Ability-to-Benefit alternatives.

LC's response to the Department dated October 20, 2015, indicated that after the TXAG meeting, the institution updated their policies and procedures, letters were sent to each impacted student notifying the student of his/her ineligibility and no Title IV funds were disbursed for the Spring 2015 semester and forward to any student having an ineligible high school credential.

Additionally, a committee was formed in January 2015 to evaluate non-approved high school credentials. Finally, for home schooled students, LC requires that students submit transcripts and complete a Home School verification form.

D. Finding

During the review, one area of noncompliance was noted. The finding of noncompliance is referenced to the applicable statutes and regulations and specifies the actions to be taken by LC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Delivery of Title IV Funds to Ineligible Students—Invalid High School Diploma or Recognized Equivalent

Citation: To be eligible for Title IV, HEA assistance programs under the student eligibility requirements, a student must have:

- A high school diploma.
- A recognized equivalent of a high school diploma as defined under 34 C.F.R. § 600.2 including:
 - A General Educational Development Certificate (GED);
 - A State certificate received by a student after the student has passed a State-authorized examination that the State recognizes as the equivalent of a high school diploma;
 - An academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree; or
 - For a person who is seeking enrollment in an educational program that leads to at least an associate degree or its equivalent and who has not completed high school, but who excelled academically in high school, documentation that the student excelled academically in high school and has met the formalized, written policies of that postsecondary institution for admitting such students, or
- Completed a secondary school education in a homeschool setting that is treated as a homeschool or private school under State law and has obtained a homeschool completion credential, or, if State law does not require a homeschool student to obtain a homeschool credential, the student has completed a secondary school education in a homeschool setting that qualifies as an exemption from compulsory school attendance requirements under State law, *34 C.F.R. § 668.32(e)*

For students, who first enrolled in a program of study prior to July 1, 2012, and who are not high school graduates or do not meet the other eligibility criteria listed above, the following ability-to-benefit (ATB) alternatives may be used to qualify for Title IV aid:

- Passing an independently administered, Department of Education approved ATB test.
- Completing at least six credit hours, or the equivalent coursework (225 clock hours), that are applicable toward a degree or certificate offered by the postsecondary institution.

The Department provided sub-regulatory guidance for students who first enrolled in a program of study prior to July 1, 2012 in *Dear Colleague Letter* (DCL) [GEN-12-09](#).

Finally, as part of the standards of administrative capability, institutions are required to develop and apply procedures to evaluate the validity of a student's high school diploma if the institution or the Department has reason to believe that the diploma is not valid or not obtained from an entity that provides secondary school education. *34 C.F.R. § 668.16(p)*

Noncompliance: To be eligible to receive Title IV federal student financial aid, a student must have a high school diploma or its recognized equivalent or be home-schooled in accordance with State law requirements. As described in the background section of this report, TXAG, the state enforcement agency, has alleged that the defendants violated the Texas Deceptive Trade Practices Act (DTPA). Although the specific allegations vary from case to case, the TXAG has generally alleged in each case that the identified schools are not legitimate high schools, and that the diplomas, transcripts, or other certifications provided to students are not valid because the entities did not actually provide secondary school education. As described in press releases and court documents, some or all of these businesses also encouraged students to indicate on their financial aid applications that the student was "homeschooled".

Given the TXAG's legal actions and in considering the information in its totality, the high school completion status for students who obtained high school diplomas or transcripts from these entities, including students who indicated that they were homeschooled as a result of receiving such diplomas or transcripts, is not valid for Title IV purposes.

LC was required to conduct a 100% file review and identify every student whose admission was based on a credential from the entities listed below (and variations on the names of the entities) and electronically submit it to the Department in an Excel spreadsheet format. The review of invalid high school credentials covered multiple award years that spanned from July 1, 2012 through June 30, 2016. LC provided the data elements in the Recipient Data Spreadsheet (RDS) specific to and only for those students who received high school diplomas, or indicated that they were homeschooled, from the following entities and received Title IV aid effective July 1, 2012 or later:

- Lincoln Academy
- Marque Learning Center

- Southwest Academy
- Parkview Home School
- I Jean Cooper Private School

A total of 117 students were identified for the period of July 1, 2012 through June 30, 2016 that received Title IV based on high school completion credentials from Lincoln Academy, Marque Learning Center, or Parkview Home School (and others), or were homeschooled. LC was able to provide alternative admission documentation (e.g., GED certificates or ATB requirements) for most students, however, since the TXAG meeting in December 2014, two students were found to be ineligible to received Title IV funds due to invalid high school completion credentials.

Appendix A lists the names and identifiers of the ineligible students, along with the amounts of Title IV funds disbursed by program for the following time period: Spring 2015 and Spring 2016.

Required Action: LC must immediately cease to disburse Title IV funds to the students listed in Appendix A and must not provide Title IV funds to those students who provide invalid credentials from the entities listed in the section of noncompliance. If LC has additional documentation that establishes eligibility for Title IV funds for the students listed in Appendix A, it must provide it in response to this report. In addition, LC must strengthen its policy for evaluating the validity of a high school diploma in light of LC's subsequent actions following the meeting with the TXAG, and submit a copy of its revised policy in its response to this report.

Finally, LC must provide written assurance that it will follow its current admissions policy and collect the high school diplomas and transcripts, college transcripts, GED certificates or other documents necessary to demonstrate high school curricular requirements were met for Title IV purposes.

If LC cannot provide additional documentation to demonstrate that the admission requirement was met for the students in Appendix A, the Title IV, HEA funds disbursed to those students may be considered a liability. After reviewing the information LC provides to the Department in response to the program review report, instructions for repayment of any identified liabilities will be provided in the Final Program Review Determination Letter.

E. Appendix

Appendix A: LC Student Listing Finding 1

Appendix A contains personally identifiable information and will be emailed as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix A: Student Listing Finding 1 (provided under separate cover)

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Appendix D – Cost of Funds

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Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance

Name of Institution: Lee College

No.	Description/Name	Ineligible Disbrsmnt	Program	Disburseme nt Date	Return Paid Date	No. of Days	Imputed CVFR	Federal Share	To ED	To Inst Accounts
1	CC 2014-2015	\$1,506.21	FWS	5/1/2015	9/28/2017	881	1.00%	\$ 1,129.66	\$ 27.27	\$ -
2	LW 2015-2016	\$1,444.00	Pell Grant	3/31/2016	9/28/2017	546	1.00%	\$ 1,444.00	\$ 21.60	\$ -
2	LW 2015-2016	\$452.00	Pell Grant	5/9/2016	9/28/2017	507	1.00%	\$ 452.00	\$ 6.28	\$ -

Total Ineligible \$3,402.21

Totals \$ 55.15 \$ -
 ACA Liability

Campus-Based Amounts Spent (from FISAP, Part VI, Section B)

Federal FWS
 Federal SEOG
 Federal Perkins

Total C-B Spent \$ -
 ACA Percentage

Interest Breakdown

Pell Grants	\$ 27.88	\$ -
ACG	\$ -	\$ -
SMART	\$ -	\$ -
TEACH	\$ -	\$ -
FWS	\$ 27.27	\$ -
FSEOG	\$ -	\$ -
Perkins	\$ -	\$ -
FWS-50% Match	\$ -	\$ -
FWS-No Match	\$ -	\$ -
FSEOG-No Match	\$ -	\$ -
Perkins-No Match	\$ -	\$ -

	Total	Federal Share
Pell	\$ 1,896.00	\$ 1,896.00
ACG	\$ -	\$ -
SMART	\$ -	\$ -
TEACH	\$ -	\$ -
FWS	\$ 1,506.21	\$ 1,129.66
FSEOG	\$ -	\$ -
Perkins	\$ -	\$ -
FWS-50% Match	\$ -	\$ -
FWS-No Match	\$ -	\$ -
FSEOG-No Match	\$ -	\$ -
Perkins-No Match	\$ -	\$ -

ACA Breakdown

FWS
 FSEOG
 Perkins
 FWS-50% Match
 FWS-No Match
 FSEOG-No Match
 Perkins-No Match

Total Campus-Based \$ 1,506.21 \$ 1,129.66