Appendix A1– Student Sample (Sent via e-mail)

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Appendix B1 – Program Review Report

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February 03, 2016

Dr. Steven Tallant
President/Chief Executive Officer
Texas A&M University - Kingsville
700 University Boulevard- MSC 101
College Hall
Kingsville, Texas 78363-8202

Certified Mail
Return Receipt Requested
7014 2120 0002 3275 2455

RE: Program Review Report
OPE ID: 00363900
PRCN: 201610629187

Dear Dr. Tallant:

From November 16, 2015 through November 20, 2015, Mr. David Garza and Ms. Dalinda Lasater conducted a review of Texas A&M University – Kingsville's (TAMUK's) administration of the programs authorized pursuant to Title IV of the *Higher Education Act of 1965*, as amended, *20 U.S.C. §§ 1070* et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statutes and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by TAMUK. The response should include a brief, written narrative for each finding that clearly states TAMUK's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, TAMUK must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

(1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report[1] and relevant materials related to the report before any final program review report is issued;
(2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
    a. A written statement addressing the institution's response;
    b. A written statement of the basis for such report or determination; and
    c. A copy of the institution's response.

[1] A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by TAMUK upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Mr. David Garza of this office within 60 calendar days of receipt of this letter.

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. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Mr. David Garza by phone at (214) 661-9694 or by email at david.garza@ed.gov.

Sincerely,

[redacted]

Kimberley Peeler
Compliance Manager

cc: Darylann Thomas, Interim Executive Financial Aid Director

Enclosure:
Protection of Personally Identifiable Information

Protection of Personally Identifiable Information

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for
Texas A&M University - Kingsville

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

OPE ID: 00363900
PRCN: 201610629187

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

Program Review Report

February 3, 2016

Table of Contents

A. Institutional Information

Texas A&M University - Kingsville
700 University Boulevard- MSC 101
College Hall
Kingsville, Texas 78363-8202

Type: Public

Highest Level of Offering: Doctoral Degree

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

Current Student Enrollment: 13,246 (Fall 2014)

% of Undergraduate Students Receiving Title IV aid: 62% (2013-2014)

Title IV Participation: School Participation Team School Funding Report

	2013-2014
Federal Pell Grant Program	$20,617,460
William D. Ford Federal Direct Loan Program (FDLP or Direct)	$62,270,602
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	$442,137
Federal Work-Study Program (FWS)	$408,643
Total:	$83,738,842

	Fiscal Year	**Rate**
FDLP 3-year default rate:	2012	12.7%
	2011	13.3%
	2010	18.4%

	Year Ending	**Rate**
Federal Perkins loan default rate:	6/30/2014	40.0%
	6/30/2013	42.6%
	6/30/2012	44.9%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Texas A&M University - Kingsville (TAMUK) from November 16 – 20, 2015. The review was conducted by Mr. David Garza and Ms. Dalinda Lasater.

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

A sample of 30 files was identified for review. The sample consisted of 15 files from the 2014-2015 award year and 15 files from the 2015-2016 award year. The student files were selected randomly from the list of Title IV recipients provided by the institution for any term within the award year being reviewed. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

Finding 1. Lack of Administrative Capability

Citation: To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

- Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA;

- Designates a capable individual to be responsible for administering all the Title IV, HEA programs in which it participates and for coordinating those programs with the institution's other Federal and non-Federal programs of student financial assistance;

- Uses an adequate number of qualified persons to administer the Title IV, HEA programs in which the institution participates;

- Communicates to the individual designated to be responsible for administering Title IV, HEA programs, all the information received by any institutional office that bears on a student's eligibility for Title IV, HEA program assistance;

- Establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program;

- Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs;

- Provides adequate financial aid counseling to eligible students who apply for Title IV, HEA program assistance;

- Shows no evidence of significant problems that affect, as determined by the Secretary, the institution's ability to administer a Title IV, HEA program and that are identified in reviews of the institution conducted by the Secretary or other authorized entities;

- Has a cohort default rate—that does not exceed 15 percent on loans made under the Federal Perkins Loan Program to students for attendance at that institution as defined in *34 C.F.R.§ 674.5*; and

- Does not otherwise appear to lack the ability to administer the Title IV, HEA programs competently.

Noncompliance: As described in this program review report and considering the nature and totality of the findings, including but not limited to:

- The retention of Title IV funds and failure to return Title IV funds in the school's holding account until prompted by the Department;
- The inability to reconcile the financial aid management system with other institutional and federal systems to ensure proper account management of federal funds;
- The escheating of Federal funds to the State of Texas;

- The excessive Perkins loan default rate (each most recent Perkins cohort default rate above 40 percent);
- The failure to provide Federal Perkins loan counseling to all borrowers who either withdrew or failed to return after completing a term; and
- Violations specific to the Clery Act, including not reporting statistical information to the Department for additional locations;

TAMUK appears to lack the ability to administer the Title IV programs in accordance with the standards of administrative capability as described in *34 C.F.R. § 668.16*.

Required Action: Prior to the issuance of this report, TAMUK's President was made aware of the totality of the findings, the severity of them, and how they affect the institution's participation in the Title IV programs.

TAMUK begin taking steps to meet the standards of administrative capability by taking the following actions:

- Contracting with a third party to perform servicing of its Federal Perkins loan portfolio;
- Hiring an interim executive financial aid director with extensive experience in the administration of the Title IV programs;
- Directing staff to review the holding account to return Title IV funds for aid recipients; while funds have been returned, the institution is in the process of notifying the affected students; and
- Requiring immediate changes to staff overseeing the Title IV administration of the institution including the reporting of financial aid personnel directly to the President.

The above actions indicate that the institution has begun to take steps to remedy the issues of noncompliance identified. The required actions TAMUK must take for the findings identified are outlined in this program review report. The Department will continue to monitor and assess TAMUK's administration of the Title IV programs based on the institutional response and the actions TAMUK takes to improve its management of the federal assistance programs prior to the issuance of the Final Program Review Determination.

Finding 2. Return of Title IV Funds Made Late

Citation: Federal regulations on the treatment of Title IV funds when a student withdraws state that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. *34 C.F.R. § 668.22(a)(1)* and *(j)*

Noncompliance: On May 11, 2015, the Department's School Participation Division (SPD) in Dallas, Texas received a referral from the Texas Guaranteed Student Loan Corporation (TGSLC) concerning Federal loan funds that had not been returned for students who previously withdrew from TAMUK. The SPD immediately began researching and investigating the referral with school officials prior to the start of the program review and the issuance of this report.

Based on staff interviews, correspondence with TAMUK officials, and documents submitted by the school's former financial aid director, the SPD learned that the institution had approximately $191,126 in Federal loan funds that were held in an institutional holding account managed by the TAMUK financial aid office. The account had not been reconciled. Federal loan funds in this account belonged to students who had received loan under the Federal Family Education Loan Program (FFELP) for the following award years: 2008-2009 and 2009-2010. While the majority of funds were for students who had withdrawn, some of the funds were also for loan cancellations and adjustments.

Upon finalizing its research of the issue, the institution began the process of returning loan funds for these students with checks issued on July 24, 2015. In instances where students withdrew from the institution from the applicable award years, loan funds were returned beyond 45 days from the date the institution determined that the student withdrew. The institution provided an institutional spreadsheet on September 3, 2015 to the Department which includes the names of the affected students and amounts returned.

Required Action: TAMUK must strengthen its policies and procedures to ensure that any funds to be returned as a result of a student's withdrawal, loan cancellation, or adjustment are returned in a timely manner. In response to this PRR, TAMUK must submit copies of its revised Return of Title IV (R2T4) policies and procedures and the policies and procedures used to return federal funds as a result of a loan cancellation or adjustment.

Prior to the issuance of this program review report, TAMUK informed the Department that it was continuing to monitor the checks issued to the loan servicers and had sent letters to all affected students on November 9, 2015. The letters indicate that the institution has returned loan funds on behalf of the borrower and will also work with loan servicers to pay any interest and penalties that the student incurred on the portion of loan funds that should have been returned.

As part of its institutional response to this report, TAMUK must also submit documentation demonstrating that all funds have been returned and that interest and penalties have been paid. The documentation must include an encrypted Excel spreadsheet that contains the following elements:

- Last Name, First name
- Social security number
- Type of loan(s)
- Loan period(s) for applicable loan(s)
- Original amount(s) disbursed
- Loan disbursement date(s)
- Loan Amount(s) returned to the servicer(s)

The documentation must also include a copy of the front and back of the canceled check(s) for each student. The Department will continue to monitor TAMUK's efforts and actions it takes to resolve this matter. Instructions for repayment of any identified liabilities will be provided in the Final Program Review Determination letter.

Finding 3. Escheating of Federal Funds

Citation: If an institution cannot locate a student to whom a Federal Student Aid (FSA) credit balance must be paid, and the institution has made a reasonable effort and failed to find the student, the institution must exercise its fiduciary responsibility to the student and to the Title IV programs by returning credit balances to the appropriate federal programs.

The institution has a fiduciary responsibility to:

- Safeguard Title IV, HEA funds;
- Ensure that Title IV, HEA funds are used for the purpose intended;
- Act on the student's behalf to repay a student's educational loan debt when the institution is unable to pay a credit balance directly to the student; and
- Return to the Department any Title IV, HEA funds that cannot be used as intended.

34 C.F.R § 668.164(h)

Noncompliance: During interviews with TAMUK officials, the program reviewers were told that undeliverable Title IV credit balance funds are determined to be unclaimed property and therefore, sent to the State of Texas. TAMUK's policies and procedures for return of such funds indicated that undeliverable funds were being returned to the State of Texas rather than the federal programs. In addition, TAMUK was unable to provide documentation to support that federal funds were returned to the Department for any Title IV program funds that were undeliverable to TAMUK students.

Required Action: Prior to the issuance of this report, TAMUK informed reviewers and provided documentation that it was rectifying the funds escheated for Title IV recipients. TAMUK is continuing to review its records and return federal funds back to the appropriate programs. Although TAMUK corrected its policies to address this specific finding and provided documentation, TAMUK must continue to determine the amount of undeliverable Title IV credit balance funds that were escheated to the State of Texas beginning with its initial participation date in the Title IV, HEA programs up to the date of this program review report. Based on its research, TAMUK must provide the following information to the Department in an encrypted Excel spreadsheet with the following elements:

- Last Name, First name
- Social security number
- Title IV program(s)
- Award year(s)
- Original amount(s) disbursed

- Amount(s) escheated to State
- Amount(s) recovered from State
- Action(s) taken to re-deliver funds to student(s)

Any amount of the unreturned credit balances that were not delivered to students will be considered a liability to the Department. Instructions for repayment of any identified liabilities will be provided in the Final Program Review Determination letter.

Finding 4. Account Records Not Reconciled

Citation: Per *34 C.F.R. § 668.16(b)(1)*, General Provisions, states that to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA.

In accordance with *34 C.F.R. §§ 668.24(a-b), 668.163(a-e), 674.19(d)(1), 675.19(b)(2)(iv), 676.19(b)(2)* and *690.81(a)*, an institution is required to establish and maintain accounting and internal control systems, on a current basis, that clearly reflect all Title IV, HEA program transactions, and general ledger control accounts, and related subsidiary accounts that identify each Title IV program transaction and separate those transactions from all other institutional financial activity. An institution shall account for the receipt and expenditure of Title IV program funds in accordance with generally accepted accounting principles and reconcile its oversight of Title IV funds on at least a monthly basis.

For additional information, see *The Blue Book*, January 2013, page 5-26.

Noncompliance: In interviews with TAMUK officials, it was noted that the financial aid office had not been completing regular reconciliation of accounts it managed. One example is the holding account that contained federal loan funds that had not been returned for students enrolled in the 2008-2009 and 2009-2010 award years.

In addition, as described in interviews with TAMUK officials, it was noted that officials reconcile with the following systems: Department's G5 system; TAMUK's accounting system—FAMIS, and TAMUK's financial aid management system—Banner. Officials were unable to demonstrate and describe whether a complete reconciliation had occurred between all relevant systems. Specifically, the institution could not demonstrate that regular reconciliation was performed between Banner and the Department's Common Origination and Disbursement (COD) system.

Policies and procedures, submitted by TAMUK for the review, were last updated in March 2014. The policies fail to describe how the institution reconciles information between COD and Banner.

Required Action: TAMUK is required to revise its current policies and procedures to ensure that information from all relevant systems is being reconciled, which must include the Financial Aid Management system—Banner. These revised policies and procedures must be prescriptive as to the process that will be used to reconcile Banner and FAMIS against the Department's G5 and COD system and be submitted as part of the institutional response to this program review report.

Finding 5. Improper Direct Loan Awards—Multiple Violations

Citation: An institution is required to determine whether a student is an eligible student that meets the requirements to receive Title IV, HEA program funds. To be a considered a "*regular student,*" as described in *34 C.F.R. §§ 668.32(a)* and *685.200(a)*, the student must be enrolled, or accepted for enrollment, in an eligible program at an eligible institution.

In addition, for Direct loans, the student may take preparatory coursework that is necessary for enrollment in an eligible program (either undergraduate or graduate). The receipt of aid in this case is limited to Direct loan funds for a period of up to one year.

Guidance in the 2014-2015 *Federal Student Aid Handbook*, Volume 3, page 3-95 clarifies that a borrower with a bachelor's degree who is taking preparatory work for graduate school (or whose full admission to the graduate program is contingent upon completion of certain undergraduate courses) is not eligible for graduate loan limits. It further clarifies that a graduate student who is taking some undergraduate coursework is eligible for the graduate loan limits if the student is enrolled at least half-time in courses (either graduate or undergraduate) that can be applied to the graduate program requirements. However, the student must already be admitted into the graduate program.

Finally, guidance provided in the 2014-2015 *Federal Student Aid Handbook , Volume 1, page 1-10,* states that a student who completes the academic requirements for a program but does not yet have the degree or certificate is not eligible for further additional Title IV funds for that program.

Noncompliance: TAMUK improperly awarded and disbursed Direct Loan funds to the following students:

- **Student #6**: For Spring of 2015, student was admitted to the Master of Business Administration (MBA), but was only enrolled in undergraduate level courses. Student was ineligible to receive loan funds at the graduate level because the course work attempted did not count towards the graduate program requirements. In addition, for Fall 2015, student was enrolled in graduate level coursework for a program previously completed (Master of Education). Student is ineligible to receive loan funds for a program previously completed.
- **Student #19:** Student completed program requirements and was awarded Master of Science in Educational Administration on May 9, 2014. However, student re-enrolled in coursework for the same program for the Fall 2015 term and received aid. Student was not eligible for aid for coursework in that program since it had previously been completed.
- **Student #20**: Student was not properly awarded for the academic year in accordance with applicable loan limits and did not receive full subsidized loan eligibility prior to receipt of

unsubsidized loan funds. Based on the student's expected family contribution and cost of attendance parameters, the student was awarded $4,500 in Direct subsidized loan funds and $5,812 in Direct unsubsidized loan funds. The student received undergraduate subsidized eligibility at a grade 2. The student appears to be eligible for Direct subsidized loan funds of $5,500 at a grade level 3. NSLDS and credit hours transferred listed on school transcript support a grade level of 3 or greater.

Based on interviews with school officials, the institution does admit students into educational programs at the graduate degree level even if preparatory coursework is still needed. While federal requirements do not govern admissions policies at the graduate level, for Title IV aid eligibility, the coursework that a student is taking must count towards the student's educational program. The institution's financial aid management system does not appear to have controls or mechanisms to address this particular issue.

Required Action: As part of the institutional response to the program review report, TAMUK must submit documentation, for students #6 and #19 to support their eligibility for the loan funds disbursed. If documentation cannot be provided, the funds disbursed will be a liability. Liabilities will be addressed in the Final Program Review Determination letter. In addition, TAMUK must review student #20 to determine if whether the student is eligible for additional subsidized loan funds. If the student demonstrates eligibility, TAMUK must make the necessary adjustments to provide the student with the subsidized eligibility at a grade level 3. Documentation of such changes, if applicable, must be submitted as part of the institutional response.

Given the systemic nature of potential ineligible students receiving aid at the graduate level based on staff interviews, the institution must review the files of all students admitted at the graduate level during the 2014-2015 and 2015-2016 award years to determine if TAMUK students admitted at the graduate level, while needing preparatory coursework, received Title IV aid for coursework that did not count toward the student's educational program. Based on the results of the review, the institution must submit information for those students who are determined to be ineligible for federal aid as part of its program review response. This information should be complied in an encrypted Excel Spreadsheet and include the following elements:

- Last Name, First name
- Social security number
- Program of study
- Semester(s) in which student was ineligible for aid
- Type of loan(s)
- Loan period for applicable loan(s)
- Original amount(s) disbursed
- Loan disbursement date(s)

In addition, TAMUK must develop policies and procedures to ensure that students receiving Title IV aid at the graduate level are eligible students in accordance with federal regulations. If TAMUK admits students at the graduate level who must still complete preparatory coursework to take graduate level courses, it must develop controls that ensure Title IV aid is only awarded to students who are taking coursework that counts toward their respective educational program. These policies and descriptions of the controls must also be provided as part of the institutional response to the program review report.

The Department will continue to monitor TAMUK's efforts and actions it takes to resolve this matter. Instructions for repayment of any identified liabilities will be provided in the Final Program Review Determination letter.

Finding 6. Return of Title IV Calculation Errors

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

The amount of Title IV assistance earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student, and applying the percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date. *34 C.F.R. § 668.22(a)*

According to *34 CFR § 668.22(c)*, a student's withdrawal date for an institution that is not required to take attendance is one of the following:

- The date that the student began the withdrawal process prescribed by the institution;
- The date that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;
- The date that the institution determines is related to that circumstance, if the institution determines that a student did not begin the institution's withdrawal process or otherwise provide official notification to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control;
- The date that the institution determines the student began the leave of absence, if a student does not return from an approved leave of absence;
- The date of a student's last date of attendance at an academically-related activity, provided that the institution documents that the activity is academically related and can document the student's attendance at the activity; or
- The mid-point of the payment period (or period of enrollment, if applicable), if the student ceases attendance without providing official notification to the institution of his or her withdrawal.

Specific to those students who withdraw without providing notification, for an institution that is not required to take attendance, it must determine the withdrawal date for a student who withdraws without providing notification no later than 30 days after the end of the earlier of the—

- Payment period or period of enrollment,
- Academic year in which the student withdrew; or
- Educational program from which the student withdrew.

Further, an institution must have a procedure for determining whether a Title IV recipient who began attendance during a period completed the period or should be treated as a withdrawal. Longstanding, sub-regulatory guidance indicates if a student earns a passing grade in one or more of his or her classes offered over an entire period, an institution may presume that the student completed the course and thus completed the period.

However, if a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume for Title IV purposes that the student has unofficially withdrawn. It must make the above assumption unless the institution can document that the student completed the period. 2015-16 *Federal Student Aid Handbook*, Volume 5, Chapter 1; *Dear Colleague Letter* GEN-04-03.

Finally, in the event of a return of funds, an institution must return the amount of Title IV funds for which it is responsible under *34 C.F.R. § 668.22(g)* as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew, as stated in *34 C.F.R. § 668.22(j)*.

Noncompliance: Reviewers identified the following return of Title IV calculation errors:

Program Review File	R2T4 Worksheet Provided by School	R2T4 issues identified by Reviewers
Student #12	Date of school's determination that student withdrew is listed as 10/5/2014	Date of determination should have been 1/15/2015 since school determined student unofficially withdrew within 30 days after the end of the payment period (Fall 2014)
Student #18	Scheduled end date in Step 2 is listed as 12/10/2015	Scheduled end date should be 12/12/2015 as listed in the loan period
Student #23	Withdrawal date in Step 2 is listed as 10/14/2015	Withdrawal date should be 10/12/2015. This is the date the student initiated the withdrawal on school documents.
Student #24	Institutional charges listed in Step 5 as $919.47	Institutional charges should be $984.47 which includes additional $65 for e-book charge on 8/26/2015 as listed in account ledger

Required Action: TAMUK must update its policies and procedures to ensure that it is performing the return of Title IV funds calculation correctly. The policies must also include guidance as to when institutional charges should be included in the calculation. These updated policies and procedures must be submitted as part of the institution's response to this report.

TAMUK must also correct the identified errors for the following students (#18, #23, and #24) and submit documentation that demonstrates R2T4 calculations have been corrected for each student. Depending upon the results of the calculations, any identified liabilities will be provided in the Final Program Review Determination letter.

In addition, due to the number of instances of noncompliance in the 2015-2016 award year, TAMUK must perform a file review of all students who withdrew from the Fall 2015 term. The file review must also include those students who were determined to be unofficially withdrawn as a result of failing to earn a passing grade in at least one course for the Fall 2015 term.

The result of the file review should be included in a spreadsheet and provided as part of TAMUK's response to this report. The spreadsheet must contain the following elements:

- Name (Last, First)
- Social Security Number
- Amount of the Late or Unmade Return by Title IV Program (e.g., Pell, Subsidized DL, Unsubsidized DL, FSEOG, etc.)
- Withdrawal Date
- Institution's Determination Date
- Date the Return was Due
- Date the Return was Made, if applicable

Finally, the school must submit written assurances that the school officials performing R2T4 calculations will be provided additional training resources to better understand the R2T4 calculation elements. Resources available to support these training efforts include Federal materials such as Volume 5 of the *Federal Student Aid Handbook*, free online video sessions from the Federal Student Aid Conference, FSA Assessments provided on ifap.ed.gov and other Department training opportunities.

Liabilities, if any, resulting from the file review will be addressed in the Final Program Review Determination letter.

Finding 7. Verification Violations

Citation: *34 C.F.R. §§ 668.16 (f)(2), 668.51–668.61*, and the U.S. Department of Education's *Application and Verification Guide* indicate that the purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount.

An institution must establish procedures to request, receive, and verify applicant data for each award year. Institutions are also responsible for resolving conflicting information related to a student's application for federal student aid.

Supporting documentation collected from the student (and parents or spouse of the student, if applicable) is compared to the information reported on the student's Institutional Student Information Record (ISIR). Verification documentation collected must be retained in the student's file as evidence that the process was completed.

Below is a chart of data elements that must be verified for the 2014-2015 and 2015-2016 award years.

2014–2015 Verification Tracking Groups
FAFSA Information Required to be Verified

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	Tax Filers • Adjusted Gross Income • U.S. Income Tax Paid • Untaxed Portions of Individual Retirement Account (IRA) Distributions • Untaxed Portions of Pensions • IRA Deductions and Payments • Tax Exempt Interest Income • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR Nontax Filers • Income Earned from Work • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR
V2	Reserved for FSA Use Only	N/A
V3	Child Support Paid Verification Group	• Child Support Paid by the student (or spouse), the student's parent, or both

V4	Custom Verification Group	• High School Completion Status • Identity/Statement of Educational Purpose • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR
V5	Aggregate Verification Group	• High School Completion Status • Identity/Statement of Educational Purpose 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 • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR Nontax Filers • Income earned from work • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR

V6	Household Resources Verification Group	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
		• Other Untaxed Income on the 2014–2015 FAFSA–
		    ○ Payments to tax-deferred pension and savings
		    ○ Child support received
		    ○ Housing, food and other living allowances paid to members of the military, clergy and others

	- Veterans noneducation benefits - Other untaxed income - Money received or paid on the applicant's behalf • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR Nontax Filers • Income Earned from Work • Other Untaxed Income on the 2014–2015 FAFSA– - Payments to tax-deferred pension and savings Child support received - Housing, food and other living allowances paid to members of the military, clergy and others - Veterans noneducation benefits - Other untaxed income - Money received or paid on the applicant's behalf • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR

2015–2016 Verification Tracking Groups
FAFSA Information Required to be Verified

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	Tax Filers • Adjusted Gross Income • U.S. Income Tax Paid • Untaxed Portions of Individual Retirement Account (IRA) Distributions • Untaxed Portions of Pensions • IRA Deductions and Payments • Tax Exempt Interest Income • Education Tax Credits

		Nontax Filers • Income Earned from Work Tax Filers and Nontax Filers • Number of Household Members • Number in College • SNAP, if indicated on the ISIR • Child Support Paid by the student (or spouse), the student's parents, or both, if indicated on the ISIR
V2	Reserved	N/A
V3	Child Support Paid Verification Group	• Child Support Paid by the student (or spouse), the student's parents, or both, if indicated on the ISIR
V4	Custom Verification Group	• High School Completion Status • Identity/Statement of Educational Purpose • SNAP, if indicated on the ISIR • Child Support Paid by the student (or spouse), the student's parents, or both, if indicated on the ISIR
V5	Aggregate Verification Group	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 Tax Credits Nontax Filers • Income earned from work Tax Filers and Nontax Filers • Number of Household Members • Number in College • SNAP, if indicated on the ISIR • Child Support Paid by the student (or spouse), the student's parents, or both, if indicated on the ISIR • High School Completion Status • Identity/Statement of Educational Purpose
V6	Household Resources Verification Group	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 Tax Credits
	
	Nontax Filers
	• Income Earned from Work
	
	Tax Filers and Nontax Filers
	• Other Untaxed Income on the 2015–2016 FAFSA–
	  o Payments to tax-deferred pension and savings
	  o Child support received
	  o Housing, food, and other living allowances paid to members of the military, clergy, and others
	  o Veterans noneducation benefits
	  o Other untaxed income
	  o Money received or paid on the applicant's behalf
	• Number of Household Members
	• Number in College
	• SNAP, if indicated on the ISIR
	• Child Support Paid by the student (or spouse), the student's parents, or both, if indicated on the ISIR

Noncompliance: TAMUK failed to complete verification for the following students:

- **Student #5:** The school failed to correctly verify grant and scholarship aid reported by the parent for the 2014-2015 award year. The ISIR shows the grant and scholarship aid reported as $4,543. However, verification documents provided to the school by the parent show the amount to be $5,043.
- **Student #16**: The school failed to correctly verify U.S. income taxes paid for the parent. The parent's IRS tax transcript indicates the U.S. taxes paid are 0; the ISIR lists the parent's U.S. taxes paid as $1381. As a result, the student may have a Pell Grant overaward since a reduction to the U.S. taxes paid may increase the Expected Family Contribution and reduce the student's Pell Grant eligibility.
- **Student #22:** The school failed to correctly verify U.S income taxes paid for the parent. The parent's IRS tax transcript indicates the U.S. taxes paid are 0; the ISIR lists the parent's U.S. taxes paid as $8,768. The ISIR lists an education credit of $57; the parent's IRS tax transcript indicates no education credit.
- **Student #30**: While performing verification for this Federal Work Study recipient, the school did not revise the ISIR field under Additional Financial Information of the Student

Section to include Taxable earnings from the Federal Work-Study program based on the school records. The student earned approximately $2,672 over the 2014 calendar year which should be included in this field. The inclusion of this figure will allow for the exclusion of this dollar amount from the federal methodology calculation.

In addition, the institution did not have adequate documentation to support the student's citizenship as required based on the comment code listed on the ISIR. *34 C.F.R. § 668.33(c)*

Additionally, upon review of TAMUK's Standard Operating Procedures Manual (SOPM) that was submitted to reviewers prior to the onsite visit, the information in the document was last updated on 11/13/2013 and contained information from the 2013-2014 award year. This information is not current and would not allow staff to perform verification in accordance with the latest requirements that are announced in the *Federal Register* and published on Department's Information for Financial Aid Professional's website. Verification requirements are generally published six months in advance of the start of the new year application processing cycle to allow for institutional planning and implementation.

Required Action: TAMUK must resolve the verification deficiencies and provide documentation demonstrating that verification has been properly completed for Students: #5, #16, and #30. If any student's EFC, scheduled award, or expected disbursements change as a result of verification, TAMUK is liable for the difference between the correct disbursement and the actual disbursement. Also, for each case where TAMUK cannot complete the verification process, it is liable for the actual disbursement.

For purposes of this finding, Student #22 is considered resolved with no further action required as the institution submitted documentation (a new ISIR) indicating the U.S. taxes paid and the education credit fields were corrected.

Finally, TAMUK must also update its policies and procedures with the latest verification requirements to ensure staff have the latest information to comply with the verification requirements. The updated policies and procedures should address how and where to locate U.S. taxes paid on an IRS tax transcript if the applicant, or parent(s) of an applicant, do not use the IRS data retrieval. A copy of these procedures must also be submitted with the institution's response to this program review report.

Finding 8. Consumer Information Requirements Not Met—Multiple Violations

Citation: An institution is required to disclose consumer information to current and prospective students and employees. *34 C.F.R. §§ 99, 668.14(d), 668.41 through 668.49, 685.304(a)(6)and (b)(4) and HEA Sections 485B(d)(4) and 132(a)(h)*

Institutions that receive federal aid are required to provide information that includes, but is not limited to:

- National Student Loan Data System (NSLDS) disclosures for students regarding Direct Subsidized and Unsubsidized Loans,
- Services and facilities available to students with disabilities, including intellectual disabilities,
- Statement that a student's enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment at the home institution for Title IV assistance,
- Institutional policies and sanctions regarding copyright infringement,
- Certain disclosures for written arrangements between the home institution and another school/entity on a program basis,
- Completion, Graduation, Transfer, Retention, and Placement Rates (*Student Right-To-Know*);
- An Equity in Athletics report that must be made available on October 15,
  - A notice must be sent to all current and prospective students that provides a summary of the report along with their right to request a full copy of the report,
- Information on the types of graduate and professional education in which graduates enroll, to prospective students, including the source, methodology, and timeframes of the information; and
- An annual notice that describes the students' rights under the Family Education Rights and Privacy Act (FERPA).

Noncompliance: The following consumer information was not available upon examination of TAMUK's website, catalog, and other documents provided by the institution prior to the review:

- A sample loan repayment schedule as part of the rights and responsibilities associated with federal student loans [*34 C.F.R. § 668.42(c)(4)*],
- Information regarding private education loans, including the institution's code of conduct displayed prominently on the institution's website, the availability of the private education loan self-certification form, and the institution's preferred lender arrangements, if applicable [*34 C.F.R. §§601.10, 601.11, 601.20, 601.21*, and *668.14(b)(27)-(29)*],
- Information disclosed to students or parents of students who enter into an agreement regarding a Title IV, HEA loan that the loan will be submitted to NSLDS and accessible by authorized agencies, lenders, and institutions [*HEOA 489* amended *HEA Sec. 485B*],
- Information on the diversity of the student body, including percentage of enrolled, full-time students who are male, female, self-identified members of a major racial or ethnic group, and Federal Pell Grant recipients [*HEOA Sec. 488(a)(1)(E)* amended *HEA Sec. 485(a)(1)*],
- To the extent practicable and in the method the institution determines, the International Standard Book Number (ISBN) and retail price information of required and recommended textbooks and supplemental materials. If the ISBN is not available, the author, title, publisher, and copyright date, or, if such disclosure is not practicable, the designation "To Be Determined." [*HEA Sec. 133(d) (20 U.S.C. 1015b)*],
- Voter registration forms made widely available and provided by mail or electronically to each enrolled student, unless the institution is in a state without a voter registration requirement or that allows voters to register at the time of voting [*HEA Sec. 487(a)(23)(D)*],

- Completion or graduation rates and, if applicable, transfer-out rates for a specific cohort of the general student body, disclosed by July 1 of each year and disseminated to enrolled and prospective students upon request [*34 C.F.R § 668.45*],
- Completion and graduation rates disaggregated by:
    - Gender,
    - Major racial and ethnic subgroup,
    - Recipients of a Federal Pell Grant,
    - Recipients of a subsidized Stafford Loan who did not receive a Pell Grant, and
    - Students who did not receive either a Pell Grant or a subsidized Stafford Loan.
- For an institution that offers athletically related aid, report of completion and graduation rates for student athletes [*34 C.F.R. §§ 668.41(a), 668.41(f), 668.45, 668.48*]:
    - Number of students, categorized by race and gender, who attended the school during the prior year,
    - Within each sport, the number of those attendees who received athletically related student aid, by race and gender,
    - Completion or graduation rate and, if applicable, the transfer-out rate of certificate- or degree-seeking first-time full-time undergraduates and for students receiving athletically related student aid,
    - Average completion rate and, if applicable, transfer-out rate of the 4 most recently completing or graduating classes, by race and gender, and for students who received athletically related student aid, by race and gender within each sport, and
    - Provision of the report to each prospective student athlete and his or her parents, coaches, and counselor when an offer of athletically related student aid is made to the prospective student athlete.
- For coeducational institutions with intercollegiate athletic programs, an *Equity in Athletics*:
    - Notice provided at least once per year to all students and prospective students of a summary of the report and their right to request a full report, and
    - Report that is compiled and made available to students, prospective students and the public by October 15 and submitted to the Department annually within 15 days of making the report available to students [*34 C.F.R. § § 668.41(g), 668.47*].
- Institution's retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students (as reported to IPEDS) provided to current and prospective students; if to a prospective student, provided prior to the student's enrolling or entering into a financial obligation to the institution [*34 C.F.R. §§ 668.8(b)(1(ii), 668.41(d)(3)*],
- Placement in and types of employment obtained by graduates, with the source of the information, to current and prospective students [*34 C.F.R. § 668.41(d)(5)*],
- For institutions with 4-year degree programs, information on types of graduate and professional education in which graduates enroll, to current and prospective students, including the source, methodology, and timeframes of the information [*34 C.F.R. § 668.41(d)(6)*],
- Annual notice to enrolled students of the availability of information required to be disclosed that lists and briefly describes the disclosures and how to obtain the information. If disclosed on the web site, inclusion of the exact electronic address and a statement that the institution will provide a paper copy upon request [*34 C.F.R § 668.41(c)*], and

- Information about the availability upon reasonable notice throughout normal administrative working hours of employees for information dissemination purposes, to prospective and enrolled students [*34 C.F.R. § 668.44*].

As part of the documents provided by the institution prior to the review, TAMUK sent a word document that was titled Equity in Athletics report. Upon closer review of the document, it included only screenshots of the information that was provided in the data survey tool. Such a document does not meet the standards of a report that must be disclosed by the institution.

In addition, on page iv in the Undergraduate Bulletin of TAMUK, Volume 70, it notes that Student Right-to-Know information is contained in annual report in the library. Although such information appears to be accessible to current students, disclosure of the information in this annual report is not reasonably available to prospective students and families in addition to other interested entities who may be unable to access the campus.

Prior to the issuance of this report, TAMUK provided evidence to address certain missing consumer disclosures. TAMUK drafted and provided the review team with a formal Equity in Athletics report, and implemented a notification process to meet the voter registration disclosure requirement.

Required Action: TAMUK must update its website and publications to include the necessary information that must be disclosed to students and families. As part of the institution's response to the program review report, TAMUK must include evidence that demonstrates the aforementioned consumer disclosures are available.

Finding 9. Student Credit Balance Deficiencies

Citation: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with institutional funds used in advance of receiving Title IV, HEA program funds. When the total amount of all Title IV program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible, but no later than:

(1) 14 days after the first day of class of a payment period if the credit balance occurred *on or before* the first day of class of that payment period; or

(2) 14 days after the balance occurred if the credit balance occurred *after* the first day of class of a payment period. *34 C.F.R. §668.164(e)*

When a student is enrolled in a credit-hour educational program that is offered in semester, trimester, or quarter academic terms, the earliest an institution may disburse Title IV, HEA program funds to a student or parent for any payment period is 10 days before the first day of classes for a payment period. *34 C.F.R. §668.164 (f)*

Noncompliance: TAMUK failed to adhere to *34 C.F.R. § 668.164(e)* and pay student credit balances within 14 days of the applicable timeframes for Student #2. The chart below shows when the credit balance occurred on the student account ledger versus when the credit balance was delivered to the student. For the Fall and Spring terms, the Title IV credit balances were delivered beyond the 14 day timeframe.

Student #	Date Credit Balance Created on Student Account Ledger	Final Disbursement Date Listed on Higher One Report
2	Fall: 12/3/2014 Spring: 1/13/2015	Fall: 12/23/2014 Spring: 2/3/2015

Required Action: TAMUK must review and revise its policies and procedures pertaining to the delivery of credit balances specifically for those students who do not select a refund option using the Higher One system platform. Revised policies and procedures should include information as to how it will deliver funds to students who do not select a refund option using the Higher One system platform. These revised policies and procedures must be submitted as part of the institution's response to this report.

Finding 10. Borrower Choice/Preferred Lender Arrangement Violation

Citation: Under *34 C.F.R. § 601.2*, a preferred lender arrangement is defined as an arrangement or agreement between a lender and covered institution, or an institution-affiliated organization of such a covered institution:

1) Under which the lender provides or otherwise issues education loans to the students attending such covered institution or the families of such students; and

2) That relates to such covered institution or such institution-affiliated organization recommending, promoting, or endorsing the education loan products of the lender.

Under this definition, an arrangement or agreement does not exist if the private education loan provided or issued to a student attending a covered institution is made by the covered institution or by an institution-affiliated organization of the covered institution, and the private education loan is—

1) Funded by the covered institution's or institution-affiliated organization's own funds;
2) Funded by donor-directed contributions;
3) Made under title VII or title VIII of the Public Service Health Act; or
4) Made under a State-funded financial aid program, if the terms and conditions of the loan include a loan forgiveness option for public service.

Further, the term "private education loan" as defined in *12 C.F.R. § 226.46(b)(5)*, is a loan provided by a private educational lender that is not a title IV loan and that is issued expressly for postsecondary education expenses to a borrower, regardless of whether the loan is provided through the educational institution that the student attends or directly to the borrower from the private educational lender. A private education loan does not include—

1) An extension of credit under an open end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling; or
2) An extension of credit in which the educational institution is the lender if—
   a) The term of the extension of credit is 90 days or less; or
   b) An interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less, even if the credit is payable in more than four installments.

Institutions that participate in a preferred lender arrangement must develop and comply with a code of conduct that must be published on its website. The code of conduct must also be provided annually to those individuals with responsibilities respect to private education loans. An institution that provides information regarding a private education loan from a lender to a prospective borrower must provide private education loan disclosures to the prospective borrower, regardless of whether the institution participates in a preferred lender arrangement. *34 C.F.R. §§ 601.10, 601.11*, and *601.21*

Noncompliance: During interviews with financial aid staff, reviewers were informed by the student loan coordinator that she processed private education loans for the following specific private education lenders: Sallie Mae, Discover, Wells Fargo as well as the College Access Loan offered by the State of Texas. Reviewers asked the student loan coordinator whether the institution had a preferred lender list; the coordinator's response was no. When asked about how students obtained these loans, the coordinator noted that she provided information on these private loan products offered by these lenders.

Additionally, upon review of documents provided by TAMUK, the standard operating procedures document has specific instructions on how to process private education loans for these specific private education lenders. However, absent from the procedures document was information pertaining to:

- A code of conduct specific to private education loans
- The requirement to disseminate of the code of conduct to employees with loan responsibilities
- The distribution of the private education loan self-certification form as required under the school's program participation agreement and *34 C.F.R. § 601.11*.

Any action that an institution takes to recommend, promote, or endorse the education loan products of a lender that provides or issues education loans to students attending the institution triggers the preferred lender arrangement requirements. These actions are not limited to including a lender on a preferred lender list.

Failure to follow the prescribed loan requirements deprives students and families of the federal financial aid assistance options available and may lead to the student borrowing more costly loan funds for his or her educational expenses.

Required Action: TAMUK is required to develop and submit as part of its response procedures related to private education loans. Specifically, if it intends to participate in a preferred lender arrangement and recommend, endorse, or promote private loan products, it must state so as part of institutional response to this program review report and submit policies that meet the requirements described in *34 C.F.R Part 601*.

Whether it participates in a preferred lender arrangement or not, the institution must implement policies and procedures specific to the dissemination of the private education loan self-certification form as described in *34 C.F.R. § 601.11*.

The above policies, and assurances that staff will be provided educational material and training to comply with the new policies, must be submitted as part of TAMUK's response to this report.

Finding 11. Satisfactory Academic Progress Policy Not Adequately Developed

Citation: According to *34 C.F.R. §668.34,* institutions are required to have a satisfactory academic progress (SAP) policy for purposes of determining student eligibility for assistance under a Title IV, HEA program. The institution must establish, publish, and apply reasonable standards for his or her educational program. The Secretary considers an institution's standards to be reasonable if the SAP policy is the same or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV, HEA program assistance. The SAP policy must include the following components:

- A qualitative component which consists of grades, work projects completed, or comparable factors that are measurable against a norm;
- A quantitative component that consists of a maximum timeframe in which a student must complete his or her educational program;
- Be divided into increments, not to exceed the lesser of one academic year or one-half the published length of the educational program; and
- Provide for a determination at the end of each increment as to whether the student has met the qualitative and quantitative components of the standards.

Maximum timeframe for an undergraduate program measured in credit hours is a period that is no longer than 150 percent of the published length of the educational program. Additionally, the institution's SAP policy must specify the pace at which the student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe. The pace is calculated by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted. In making this calculation, the institution may, but is not required to, include remedial courses.

The policy must also describe how the student's grade point average and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions.

Institutions that check satisfactory progress at the end of each payment period may place students on either financial aid warning or financial aid probation as a consequence of not making SAP. Financial aid probation indicates a status assigned by an institution to a student who fails to make satisfactory academic progress and who has appealed and has had eligibility for aid reinstated. *34 C.F.R. §§ 668.16(e)* and *668.34*

Noncompliance: Reviewers identified the following statement in TAMUK's Standard Operating Procedure manual (SOPM) which conflicts with the definition of "maximum timeframe" as described in the rules.

- Page 99: "Undergraduate students working on their first baccalaureate degree may not exceed 195 total credit hours."

The statement described in TAMUK's SOPM would allow undergraduate students in almost all undergraduate programs offered by the institution to have a higher maximum timeframe than allowed under the rules. The table below offers an illustration of the maximum timeframe requirement of the 150% element in comparison to the institution's 195 credit hour cap for a random selection of undergraduate educational program offered by TAMUK as found on the institution's website.

Degree Program	**Credit Hours Required For Completion**	**Maximum Timeframe for SAP (Hours X 1.5)**	**School Limit as described in SOP**
Biology (B.S.)	120	180	195
Architectural Engineering (B.S.)	128	192	195
Management (B.B.A.)	120	180	195
Social Work (B.S.W.)	120	180	195
English with certification (B.A.)	123	184.5 ≈ 185	195

As demonstrated in the table for each program, students would be able to earn additional credits and receive federal assistance under TAMUK's SAP policy as stated in the SOPM beyond the maximum timeframe requirement.

Additionally, the SOPM noted the following SAP policy statement:

- Page 100: "Graduate students working on their first graduate degree may not exceed 54 total credit hours. …Graduate students working on a second graduate degree will require additional review."

As written in the SOPM, the institution failed to apply its policy and did not review Student #19. If the policy had been applied correctly, it is likely the institution would have realized that Student #19 had already completed a graduate program and was not eligible for continued federal aid since she was did not enroll in a different graduate program[1].

The conflicting policy information could lead to miscommunication with students about the satisfactory academic progress standards they must meet to be eligible to receive Title IV funds.

In examining the SOPM, the SAP policy was last updated 11/12/2013. It appears that the institution may have been applying an incorrect maximum timeframe since the implementation of this procedure. During the onsite portion of the review, the financial aid director clarified that SOPM had not yet been revised to reflect that the correct maximum timeframe, but that the school's website had the correct timeframe.

Required Action: TAMUK must review its policies and procedures and all publications to ensure that accurate information is being provided to prospective and current students about TAMUK's Satisfactory Academic Progress policy, including the maximum timeframe requirement. As part of the institution's response to this report, it must provide assurances along with a written summary that describes the updates and actions that TAMUK has taken to ensure that current and prospective students are informed about the school's SAP policy and confirm that the maximum timeframe for all student populations is being applied correctly at the time of SAP determination. Finally, for purposes of this specific finding, no further action is required for Student #19.

Finding 12. Borrower Notice of Right to Cancel all or Portion of Loan

Citation: Before an institution disburses Title IV, HEA program funds, the institution must notify a student of the amount of funds that the student can expect to receive under each Title IV, HEA program and how and when those funds will be disbursed. If those funds include Direct Loan Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans. Except in the case of a post-withdrawal disbursement, if an institution credits a student account at the institution with Direct Loan funds, the institution must notify the student or parent of:

- The date and amount of the disbursement;
- The student's right, or parent's right, to cancel all or a portion of the loan disbursement and have the loan proceeds returned to the holder of that loan; and

[1] Student #19 received an improper Direct loan award as described in Finding 5.

- The procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan disbursement.

The appropriate disbursement notice must be sent in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution. *34 C.F.R. § 668.165(a).*

Noncompliance: While TAMUK provided notice that Title IV funds were being credited to the student's school account within the above timeframes, the school's notice did not contain all required elements, specifically the date, type of funds, and the amount of the disbursement.

Required Action: Upon notification of the finding and prior to the issuance of this report, TAMUK revised its notice to incorporate the required elements in accordance with the rules and provided a copy of the revised notification as evidence to correct the matter. This finding is considered resolved with no further action required.

Finding 13. Student Status—Inaccurate/Untimely Enrollment Reporting

Citation: All institutions participating in Title IV programs must have internal procedures for reporting student enrollment data to the National Student Loan Data System (NSLDS) through a roster file. This information determines if the student is eligible for an in-school deferment or must enter repayment. For students entering repayment, the out of school status effective date determines when the grace period begins and when the student must begin repaying loan funds.

Upon receipt of a student status confirmation report from the Secretary—an institution must complete and return that report to the Secretary within 30 days of receipt unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days. In this report, the institution must notify the Secretary within 30 days if it discovers that a recipient of a Direct Subsidized, Direct Unsubsidized, and/or Direct PLUS Loan:

- Ceases to be enrolled on at least a half-time basis;
- Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- Has changed his or her permanent address. *34 C.F.R. § 685.309(b)*

Further, sub-regulatory guidance from *The NSLDS Enrollment Reporting Guide* clarifies that a student is considered to be in-school and continuously enrolled during academic year holiday and vacation periods, as well as during the summer between academic years (even if not enrolled in a summer session) as long as there is reason to believe that he or she intends to enroll for the next regularly scheduled term.

If the student does not return as expected, the enrollment reporting status must be changed to "Withdrawn" within 30 days of that determination, or within 30 days of the start of the new term, whichever occurs first, with an effective date of the last date of attendance.

Noncompliance: The institution did not report student enrollment data to NSLDS in a timely, accurate manner for the following students:

- **Student #6**: Enrollment reporting information was not submitted to NSLDS. Student was enrolled full-time for the Fall 2015 term.
- **Student #7**: Enrollment reporting information was not submitted to NSLDS in a timely manner for the Fall 2014 term as student was reported withdrawn on 9/22/2014 with certification date of 11/14/2014. Reporting was greater than 60 days.
- **Student #14**: Enrollment reporting information was not submitted to NSLDS in a timely manner for the Fall 2014 term as student was reported full-time with an effective date of 8/25/2015 with a certification date of 1/5/2015. Student was subsequently reported withdrawn for Fall 2014 term with an effective date of 12/11/2014 with a certification date of 3/2/2015. In both instances, reporting was greater than 60 days.
- **Student #15**: Enrollment reporting information was incorrectly reported to NSLDS. Student was reported as half-time with a certification date of 6/1/2015. The student was subsequently reported as withdrawn with a certification date of 10/8/2015. The student's correct enrollment reporting status is graduated as school records indicate student was awarded a Bachelor of Science in Interdisciplinary Studies on May 15, 2015.
- **Student #19:** Enrollment reporting information was missing in NSLDS for the student; student should have been reported as half-time effective 8/24/2015 by the institution for the Fall 2015 term.
- **Student #20:** Enrollment reporting information was missing in NSLDS for the student; student should have been reported as full-time effective 8/24/2015 by the institution for the Fall 2015 term.
- **Student #21:** Enrollment reporting information was missing in NSLDS for the student; student should have been reported as full-time effective 8/24/2015 by the institution for the Fall 2015 term.
- **Student #22:** Enrollment reporting information was missing in NSLDS for the student; student should have been reported as full-time effective 8/24/2015 by the institution for the Fall 2015 term.
- **Student #23:** Enrollment reporting information was missing and inaccurate in NSLDS for the student; student should have been reported as withdrawn with an effective date of 10/12/2015.
- **Student #25:** Enrollment reporting information was missing in NSLDS for the student; student enrolled full-time effective 8/24/2015, but subsequently withdrew from the institution on 10/8/2015 during the Fall 2015 term.

Required Action: TAMUK is required to review and revise its NSLDS enrollment reporting policies and procedures to ensure that it has proper controls in place to report student enrollment information in a timely, accurate manner.

Because of the number of occurrences of incorrect reporting found during the program review, TAMUK must also review all enrollment reporting activities for the 2014-2015 and 2015-2016 award years to determine whether student enrollment was properly reported to NSLDS. The revised policies, as well as assurances that the file review has been completed and all enrollment reporting is accurate, must be included in the response to the program review report.

TAMUK must also provide documentation demonstrating it made enrollment reporting corrections for all of the students in the program review sample.

Finding 14. Federal Direct Loan Program—Exit Counseling Deficiencies

Citation: A school must ensure that exit counseling is conducted with each Federal Direct Subsidized Loan or Federal Direct Unsubsidized Loan student borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school.

If a student borrower withdraws from school without the school's prior knowledge *or* fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means, by mailing written counseling materials to the student borrower at the student borrower's last known address, or by sending written counseling materials to an email address provided by the student borrower that is not an email address associated with the school sending the counseling materials. The counseling must be provided within 30 days after the school learns that the student borrower has withdrawn from school *or* failed to complete the exit counseling as required.

Counseling may be provided in person, by audiovisual presentation, or by interactive electronic means. Further, the school must maintain documentation substantiating the school's compliance with this section for each student borrower.

The exit counseling must:

- Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers depending on the types of loans the student borrower has obtained, for attendance at the same school or in the same program of study at the same school;
- Advise the student borrower of available repayment plan options, including a description of the different features of each plan, and showing the average anticipated monthly payments, and the difference in interest paid, and total payments under each plan;
- Explain to the borrower the options to prepay each loan, to pay each loan on a shorter schedule, and to change repayment plans; provide information on the effects of loan consolidation;
- Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under federal law, and litigation; provide a general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or discharge of principal and interest, defer repayment of principal or interest, or be granted forbearance on a Title IV loan;
- Provide a copy, either in print or by electronic means, of the information the Secretary makes available pursuant to section 485(d) of the HEA;

- Provide information on the availability of the Department's Student Loan Ombudsman office; inform the student borrower of the availability of Title IV loan information in the National Student Loan Data System (NSLDS), and how NSLDS can be used to obtain Title IV loan status information;
- Explain to first time borrowers how the borrower's maximum eligibility period, remaining eligibility period, and subsidized usage period are determined;
- Explain the sum of the borrower's subsidized usage periods, at the time of the exit counseling;
- Explain the consequences of continued borrowing or enrollment, including the possible loss of eligibility for additional Direct Subsidized Loans;
- Explain the possibility that the borrower could become responsible for accruing interest on previously received Direct Subsidized Loans, and the portion of a Direct Consolidation Loan during in-school status, the grace period, authorized periods of deferment, and certain periods under the Income-Based Repayment and Pay As You Earn Repayment plans;
- Explain the impact of the borrower becoming responsible for accruing interest on total student debt;
- Explain that the Secretary will inform the student borrower of whether he or she is responsible for accruing interest on his or her Direct Subsidized Loans;
- Explain that the borrower can access NSLDS to determine whether he or she is responsible for accruing interest on any Direct Subsidized Loans;
- Provide a general description of the types of tax benefits that may be available to borrowers;
- Require the student borrower to provide current information concerning name, address, social security number, references, and driver's license number and state of issuance, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and name and address of the student borrower's expected employer (if known). The school must ensure that the information required is provided to the Secretary within 60 days after the student borrower provides the information; and
- Take reasonable steps to ensure that each student borrower receives the counseling materials, participates in, and completes the exit counseling. *34 C.F.R. § 685.304(b)*

Noncompliance: The following instances were identified as failures to comply with the exit counseling rules for Federal Direct Loans:

- **Student #7:** The student withdrew and was informed to complete exit counseling on September 29, 2014. The school could not provide evidence demonstrating it sent follow up exit counseling materials within 30 days of learning that the student failed to complete exit counseling.
- **Student #8:** The student did not return after the Spring 2015 term which ended on 5/14/2015. The institution was unable to provide evidence that exit counseling materials were provided to the student who ceased to be enrolled at least half time since the student did not reenroll for Fall 2015.
- **Student #9:** The student withdrew from the Fall 2014 term on 10/2/2014 and was informed to complete exit counseling on October 7, 2014. The school could not provide evidence

demonstrating it sent follow up exit counseling materials within 30 days of learning that the student failed to complete exit counseling.

- **Student #10:** The student did not return after the Fall 2014 term. The institution was unable to provide evidence that exit counseling materials were provided to the student who ceased to be enrolled at least half time.
- **Student #12:** The student withdrew and was informed to complete exit counseling on January 15, 2015. The school could not provide evidence demonstrating it sent follow up exit counseling materials within 30 days of learning that the student failed to complete exit counseling.
- **Student #13:** The student did not return after the Fall 2014 term. The institution was unable to provide evidence that exit counseling materials were provided to the student who ceased to be enrolled at least half time since the student did not reenroll for Fall 2015.
- **Student #18:** The student withdrew and was informed to complete exit counseling on September 24, 2015. The school could not provide evidence demonstrating it sent follow up exit counseling materials within 30 days of learning that the student failed to complete exit counseling.
- **Student #24:** The student withdrew and was informed to complete exit counseling on September 15, 2015. The school could not provide evidence demonstrating it sent follow up exit counseling materials within 30 days of learning that the student failed to complete exit counseling.
- **Student #25:** The student withdrew and was informed to complete exit counseling on October 8, 2015. The school could not provide evidence demonstrating it sent follow up exit counseling materials within 30 days of learning that the student failed to complete exit counseling.

Required Action: TAMUK must examine its policies and procedures to ensure exit loan counseling will be provided shortly before student borrowers cease to be enrolled half-time at the institution. In addition, for those students who unofficially withdraw, do not reenroll for a future term, or fail to complete exit counseling as required, the school must update its policies to ensure that these borrowers will receive counseling materials within thirty days of learning the student borrower has withdrawn or failed to complete exit counseling.

Because of the systemic nature of this finding, TAMUK must review the files of all students who withdrew or failed to return to school during the 2014-2015 and 2015-2016 award years to identify students who have not received initial or follow up exit counseling materials. Once those students are identified, TAMUK must send exit counseling materials to those students. TAMUK must also send exit counseling materials to the following students in the program review sample: #7, #13, #18, # 24, and #25.

While on site, TAMUK revised its exit counseling notification and submitted documentation that exit counseling information had been sent to students: #8, #9, #10, and #12.

A copy of TAMUK's revised policies and procedures for exit counseling must be submitted with the institution's response to the program review report along with assurances that exit counseling materials were provided to the students that TAMUK identified during the file review as not receiving initial or follow up exit counseling.

Finding 15. Federal Perkins Loan Exit Counseling Not Conducted

Citation: An institution must ensure that exit counseling is conducted with each borrower either in person, by audiovisual presentation, or by interactive electronic means. The institution must ensure that exit counseling is conducted shortly before the borrower ceases at least half-time study at the institution. As an alternative, in the case of a student enrolled in a correspondence program or a study-abroad program that the institution approves for credit, the borrower may be provided with written counseling material by mail within 30 days after the borrower completes the program. If a borrower withdraws from the institution without the institution's prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required.

The exit counseling must—

- Inform the student as to the average anticipated monthly repayment amount based on the student's indebtedness or on the average indebtedness of students who have obtained Perkins loans for attendance at the institution or in the borrower's program of study;
- Explain to the borrower the options to prepay each loan and pay each loan on a shorter schedule;
- Review for the borrower the option to consolidate a Federal Perkins Loan, including the consequences of consolidating a Perkins Loan. Information on the consequences of loan consolidation must include, at a minimum—the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment; and the effects of consolidation on a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities; The options of the borrower to prepay the loan or to change repayment plans; and that borrower benefit programs may vary among different lenders;
- Include debt-management strategies that are designed to facilitate repayment;
- Explain the use of a Master Promissory Note;
- Emphasize to the borrower the seriousness and importance of the repayment obligation the borrower is assuming;
- Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;
- Emphasize that the borrower is obligated to repay the full amount of the loan even if the borrower has not completed the program, has not completed the program within the regular time for program completion, is unable to obtain employment upon completion, or is otherwise dissatisfied with or did not receive educational or other services that the borrower purchased from the institution;

- Provide a general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or cancellation of principal and interest, defer repayment of principal or interest, or be granted an extension of the repayment period or a forbearance on a title IV loan; and a copy, either in print or by electronic means, of the information the Secretary makes available pursuant to section 485(d) of the HEA;
- Require the borrower to provide current information concerning name, address, social security number, references, and driver's license number, the borrower's expected permanent address, the address of the borrower's next of kin, as well as the name and address of the borrower's expected employer;
- Review for the borrower information on the availability of the Student Loan Ombudsman's office;
- Inform the borrower of the availability of title IV loan information in the National Student Loan Data System (NSLDS) and how NSLDS can be used to obtain title IV loan status information; and
- A general description of the types of tax benefits that may be available to borrowers.

If exit counseling is conducted through interactive electronic means, the institution must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the exit counseling. Finally, the institution must maintain documentation substantiating the institution's compliance with this section for each borrower. *34 C.F.R. § 674.42(b)*

Noncompliance: The institution failed to provide exit counseling to Perkins loan borrowers who either withdrew from or did not return to the institution. Based on an interview with the school official overseeing Perkins collections, it was noted that the institution generates a report to identify those students who have Perkins loans and will be graduating at the end of the term. The students who are graduating receive one-on-one exit counseling with the staff that handles Perkins collections and billing. However, when questioned about how Perkins loan exit counseling is performed for those students who withdraw during the term, or those that do not re-enroll after completing a previous term, the interviewee noted that no report is generated or provided to the staff identifying these specific groups. Further, the interviewee was unable to state whether counseling had ever been provided to these groups of students. By logical extension, TAMUK's persistently high Perkins Cohort default rates (greater than 40% percent) for the last three years may, in part, be the result of its failure to provide exit counseling to these particular students. Such failure has denied these students of valuable information that is necessary to assist them as they manage repayment of their Perkins loan obligations.

The staff interview also demonstrates that the institution has not performed required Perkins loan due diligence, as described in *34 C.F.R. § 674.41(b)*, which includes the coordination of information amongst offices (including the admissions, business, alumni, placement, financial aid and registrar's offices) so that necessary information is provided to the Perkins loan office to determine:

- The enrollment status of the borrower;
- The expected graduation or termination date of the borrower;

- The date the borrower withdraws, is expelled or ceases enrollment on at least a half-time basis; and
- The current name, address, telephone number and Social Security number of the borrower.

Required Action: TAMUK must examine its policies and procedures to ensure exit loan counseling will be provided shortly before Perkins loan borrowers cease to be enrolled half-time at the institution. In addition, for those students who unofficially withdraw, do not reenroll for a future term, or fail to complete exit counseling as required, the school must update its policies to ensure that these borrowers will receive counseling materials within thirty days of learning the student borrower has withdrawn or failed to complete exit counseling.

Because of the systemic nature and the institution's excessively high Perkins default rates, TAMUK must review the files of all Perkins loan recipients who withdrew during the 2014-2015 and 2015-2016 award years and provide exit counseling materials to those students for whom exit counseling was not conducted.

A copy of TAMUK's revised policies and procedures for exit counseling must be submitted with the institution's response to the program review report along with assurances that exit counseling information was provided to the students that TAMUK identified during the file review.

Finding 16. FSEOG Funds Not Made Reasonably Available/Selection Policy Inadequate

Citation: The Federal Supplemental Educational Opportunity Grant (FSEOG) program awards grants to financially needy students to assist them in paying educational costs. As such, institutions must have written procedures to ensure that FSEOG recipients are selected on the basis of the lowest Expected Family Contribution (EFC) and Federal Pell Grant priority requirements over the entire award year. Therefore, institutions may not have a first-come, first-served policy and may not set arbitrary EFC cutoffs to determine which students are awarded FSEOG funds, as these practices may exclude otherwise eligible students from the selection process. *34 C.F.R. §§ 676.1, 676.2, 676.10*

Noncompliance: As stated in the information provided by TAMUK, the policy and procedures document entitled *Awarding of Title IV funds* states that "awards are made on a first-come, first-served basis." Such a statement and practice, with FSEOG funds, is not permissible as it may exclude otherwise eligible students from the selection process.

Further, while onsite, the financial aid director noted that all FSEOG funds were allocated for the Fall and Spring semesters and no funds were allocated or set aside for eligible students for the summer session. Such an approach is indicative of a first-come, first served policy and excludes eligible students who may attend the summer term.

Required Action: TAMUK must revise its FSEOG awarding policies to insure that FSEOG recipients are selected on the basis of the lowest EFC and Pell Grant Priority requirements over all academic terms, including the summer. It must revise its policies to remove the first-come, first-served requirement for the awarding of FSEOG to ensure that all eligible students are considered for the funds. The institution must submit its revised policy as part of the institutional response to the program review report.

Finding 17. FWS Funds Selection Policy Inadequate

Citation: An institution shall make employment under Federal Work Study reasonably available, to the extent of available funds, to all eligible students. The institution must establish selection procedures and those procedures must be uniformly applied, in writing, and maintained in the institution's files. If an institution's allocation of FWS funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students. *34 C.F.R. §675.10*

Noncompliance: Policies as described in TAMUK's Standard Operating Procedure Manual (SOPM) do not describe how and which students are selected for FWS funds. It is unclear whether FWS funds are being awarded to students who are independent, part-time, or both.

Required Action: TAMUK is required to revise its FWS policies to include information describing how it selects students for FWS awards. These revised policies must be submitted as part of the institutional response to the program review report.

Finding 18. Bank Account Not Properly Labeled With Phrase "Federal Funds"

Citation: Institutions are required to maintain at least one bank account into which the Department transfers, or the institution deposits, Title IV, HEA program funds. For each bank account that contains Title IV, HEA program funds, an institution must identify that federal funds are maintained in the account by:

- Including the phrase "*federal funds*" in the name of the account; or
- Notifying the bank or investment company that the account contains Title IV, HEA program funds and, except for a public institution, filing a Uniform Commercial Code (UCC-1) statement with the appropriate state or municipal government that discloses that an account contains federal funds.

The institution must keep a copy of any notice to banks or investment companies as well as any UCC-1 in its records. *34 C.F.R. § 668.163*

Noncompliance: TAMUK did not have the phrase "*federal funds*" in the name of the bank account into which it deposits Title IV funds. It was also unable to provide documentation that demonstrated it had notified its bank that the account into which it deposits or transfers Title IV funds is an account that contains Title IV, HEA program funds.

Required Action: Prior to the issuance of the program review report, TAMUK submitted documentation demonstrating it notified the bank or investment company that the account, which it deposits or transfers federal student aid funds, contains Title IV, HEA program funds. This finding is considered resolved with no further action required.

Finding 19. Crime Awareness Requirements Not Met—Multiple Violations

Citation: The *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act* (*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, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in *34 C.F.R. § 668.46(b)*.

The ASR must be published 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)* These regulations also require institutions to provide a notice containing this information to all prospective students and prospective employees. 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)*
An institution's ASR must 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), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hates 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 (as a subset of category # 1);
3) certain non-campus buildings and property; and,
4) certain adjacent and accessible public property. *34 C.F.R. § 668.46(c)(1)*

As applicable, an institution must also compile, and publish separate crime statistic disclosures for each of its campuses. *34 C.F.R. § 668.46(d)*

Also, institutions with a police or campus security department must maintain a written, easily understood daily crime log listing all crimes that occurred in the above geographical areas as well as those that occur within the campus police or security department's patrol area that it either becomes aware of or are reported to it. This reporting requirement applies to all crimes, not merely those crimes listed in *34 C.F.R. § 668.46(c)(1) and (3).* The log must include the nature, date, time, general location, and disposition of each offense. The crime log must be kept up to date and be freely accessible to any requestor. *34 C.F.R. § 668.46(f)*

The ASR also must include several policy statements. 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 ASR itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention and adjudication must also be disclosed. An institution that provides on-campus housing must include a statement of policy regarding missing student notification procedures. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. All required information referenced in *34 C.F.R. § 668.46(b)* must be published in the 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. *34 C.F.R. § 668.46(b)*

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

Noncompliance: TAMUK violated multiple provisions of the *Clery Act*. Specifically, TAMUK failed to report statistical information for separate campuses to the Secretary for inclusion in the Campus Safety and Security Data Analysis Cutting Tool (CSSDACT) and failed to provide statistical information for non-campus geography for TAMUK's main campus. Additionally, TAMUK failed to actively notify prospective students and employees about the availability of the ASR/AFSR, Not Reported to the Department for Branch Locations and Main Campus. Finally, TAMUK failed to provide correct information to the Secretary's CSSDACT for the main campus.

<u>Failure to report Statistical information to the Department for additional locations</u>
During the site visit, the review team requested copies of the ASR/AFSRs for the separate locations as well as the main campus. Although TAMUK collected statistical information for each branch campus and published the information in its 2015 ASR, it failed to submit the statistical information to the Secretary for each branch campus of TAMUK for inclusion in the Department's Campus Safety and Security Data Analysis Cutting Tool (CSSDACT). *34 C.F.R. § 668.41(e)(5)*. Statistical information was only found in the CSSDACT for one location.

TAMUK failed to provide statistical data to the Department's CSSDACT for the following locations:

- Texas A&M University (312 N. International Blvd, Weslaco, Texas)
- Texas A&M University (1902 North Loop 499, Harlingen, Texas)
- Texas A&M University (One University Way, San Antonio, Texas)
- Texas A&M University (Brooks City-Base Campus, 2601 Louis Bauer, Drive; San Antonio, Texas)

- Texas A&M University (1450 Gillette Blvd, San Antonio, Texas)
- Texas A&M University (8200 Pat Booker Rd, Live Oak, Texas)

(The Department notes that one of the above locations (1450 Gillette Boulevard) is presently closed. Additionally, the statistical information provided to Kingsville students attending classes at the Harlingen campus is also provided by Texas State Technical College OPEID: 00922500).

Failure to provide all required statistical information to the Department:
Further, TAMUK compiled and published statistical information in the 2015 ASR/AFSR for criminal offenses that occurred on all Clery reportable geographies, TAMUK failed to provide the statistical information for non-campus geography to the Secretary, via the Department's Campus Safety and Security Data Analysis Cutting Tool (CSSDACT).

Finally, prior to the issuance of this report, TAMUK provided information to the review team indicating that it had reported statistical information to CSSDACT for the San Antonio location: Texas A&M University (One University Way, San Antonio, Texas). A review of the information provided in the CSSDACT at the time of the site visit revealed no statistical information for Criminal Offenses, Hate Crimes, Arrests, and Disciplinary Actions for all locations (On Campus, Non-Campus and Public Property) for 2012 and 2013.

Failure to provide accurate crime statistics:
During the site visit, the review reviewed the statistical information provided to the campus community in the ASR/AFSR. That information did not correspond to the information provided to the Secretary's CSSDACT for the most recent year (2014) for the Kingsville main campus. The following table that compares the statistical information published in the 2015 ASR (October 1, 2015 version) with comparison to the data reported to the CSSDACT:

Texas A&M University Kingsville (Main campus)

Type of Criminal Offense	Location	Year	ASR Statistic Published	CSSDACT Statistic Reported
Sex Offense - Forcible	On Campus	2012	0	3
Arson	On Campus	2012	1	0
Arson	On Campus	2014	4	5
Sex Offense - Forcible	On Campus Student Housing Facilities	2012	2	0
Arson	On Campus Student Housing Facilities	2014	4	5

Failure to provide TAMUK was unable to provide evidence that a notice informing both prospective students and employees of the availability of the 2015 ASR/ASFR as required under *34 C.F.R. § 668.41(e)(4) by* October 1, 2015. Similarly, campus officials could not confirm that ASR/AFSR notices were sent to students attending all of TAMUK's additional locations (listed above). After additional research by staff, TAMUK acknowledged the ASR was not being made available to both prospective students and employees at the Kingsville location. Based on the institution's research, it appeared that notice of the ASR/AFSR availability had never been sent to prospective students and employees since the inception of the Clery requirements.

While onsite, campus officials established a process to ensure that prospective students and employees would receive the ASR notice. The documentation provided to the review team indicated that the prospective students and employees were provided a notice informing them of the 2015 ASR/AFSR for the Kingsville location, which was sent after the October 1st deadline. No information provided by TAMUK's officials provided evidence that prospective students and prospective employees at the branch locations of the main campus received the ASR/AFSR notices.

While TAMUK provided evidence that ASR/AFSR notices were provided to current students and employees at the main campus in Kingsville and San Antonio campuses, it was unclear as to whether current student and employees at the Weslaco and Harlingen locations received the ASR/AFSR notice.

Title of the published ASR
TAMUK publishes a combined annual security report (ASR) and annual fire safety report (AFSR). The 2015 publication is titled: 2015 Annual Security Report and Fire Safety Report. The title denotes that the report is for Texas A&M University – Kingsville, neglecting to include that the document contains the required statistical and procedural information for TAMUK's other locations.

Failure to publish an accurate and complete ASR/AFSR and actively distribute these reports in accordance with federal regulations deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

Required Action: As a result of this violation, TAMUK must develop and implement policies and procedures that will govern the preparation, publication, and distribution of the ASR and ensure that all facets of the process, including the reporting of the statistical information for all locations to CSSDACT, are carried out in a manner that meets Federal regulations. Using the revised policies as a guide, TAMUK must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures, policy statements, procedures, and programmatic information, as required under *34 C.F.R. § 668.46(b)*.

In response to this program review report, TAMUK must provide a copy of its new and revised policies and procedures and a copy of its revised ASR containing all required information. In addition, TAMUK must provide documentation to the Department evidencing the ASR distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act, 34 C.F.R. § 668.41(e)*. This certification must also affirm that TAMUK understands all of its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur. A copy of TAMUK's revised 2015 ASR must accompany its response to this program review report.

The exclusions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. By incorporating all items listed under the noncompliance section of this finding and distributing an accurate and complete 2015 ASR, TAMUK will begin to bring its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). TAMUK 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.

Based on an evaluation of all available information, including TAMUK's response, the Department will determine if additional actions will be required to address this violation. The Department will advise the school accordingly in the FPRD.

TAMUK officials may wish to review the Department's "*Handbook for Campus Safety and Security Reporting*" (2011) during the preparation of its response. The handbook is available online at: http://www2.ed.gov/admins/lead/safety/handbook.pdf. The regulations governing the *Clery Act* can be found at *34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49*

TAMUK is also reminded that the *Violence Against Women Reauthorization Act of 2013* (VAWA) (Pub. Law 113-4), among other provisions, amended the *Clery Act* to require institutions to compile statistics for incidents of domestic violence, dating violence, sexual assault, and stalking and to include certain policies, procedures, and programs pertaining to these incidents in the school's ASR.

On October 20, 2014, the Department's final regulations were published in the *Federal Register* (Vol. 79, No. 202). The changes to the regulations at *34 C.F.R. § 668.46*, which governs the *Clery Act* requirements went into effect July 1, 2015. The Department amended *34 C.F.R. § 668.46* to implement the VAWA statutory changes and updated this section by incorporating provisions added to the *Clery Act* by the *Higher Education Opportunity Act*. For information about the modifications to *34 C.F.R. § 668.46*, please see the following electronic announcement: http://ifap.ed.gov/eannouncements/102014ViolenceAgainstWomenAct.html. The announcement includes a link to the *Federal Register* (Vol. 79, No. 202). An institution's 2015 ASR must incorporate the changes made to *34 C.F.R. § 668.46*.

Finding 20. Fire Safety Requirements Not Met –Multiple Violations

Citation: As of October 1, 2010, the Clery Act and the Department's regulations require that all institutions that receive Title IV, HEA funds and maintain an on-campus student housing facility must, by October 1 of each year, prepare, publish and distribute to its current students and employees through appropriate publications and mailings, an Annual Fire Safety Report (AFSR) that contains, at a minimum, all of the statistical and policy elements described in *34 C.F.R. § 668.49(b)*. These institutions must disclose fire statistics for each on-campus student residential facility for the three most-recent calendar years. An institution's statistics must accurately and completely identify the number of on-campus fires, the cause of each fire, the number of persons who sustained fire-related injuries that resulted in treatment at a medical facility (including on-campus health centers).

the number of fire-related deaths, and the dollar value of property damage caused by such fires. *34 C.F.R. § 668.49(c).*

Furthermore, the *Clery Act* and the Department's regulations require a Title IV institution that has more than one campus to comply independently with all of the fire safety regulations under the *Higher Education Act (HEA). 34 C.F.R. § 668.46(d).*

Noncompliance: TAMUK violated multiple provisions of the Clery Act fire safety requirements. Specifically, TAMUK failed to prepare and publish an accurate AFSR and actively distribute the report to all its prospective students and employee as it was unable to provide documented evidence that a notice of availability was distributed to prospective students and employees for its main campus.

Additionally, TAMUK's combined 2015 ASR and AFSR states that "there were 0 reported fires in university residence halls in 2012." However, information reported to the CSSDACT shows an occurrence of one fire at Lewis Hall for the 2012 calendar year.

Failure to publish an accurate and complete AFSR and to actively distribute it to students and employees deprives interested persons of important fire safety information to which they are entitled. Access to this information permits campus community members, especially those who live in campus housing, to make well-informed decisions about where to work and study and empowers them to play a more active role in their own safety and security.

Required Action: As a result of this violation, TAMUK is required to develop and implement policies and procedures that will govern the preparation, publication, and distribution of the AFSR and ensure that all facets of the process are carried out in a manner that meets federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability.

Using the policies as a guide, TAMUK must prepare and publish an accurate and complete 2015 AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required under *34 C.F.R. § 668.49(b).* A copy of TAMUK's new and revised policies and procedures and its revised 2015 AFSR are required to accompany its response to the program review report.

Finally, TAMUK is required to provide documentation to the Department evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. This certification must also affirm that the institution understands all of 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's* fire safety requirements that by their nature cannot be cured. While enhanced safety is the Department's primary focus, we note that such improvements will likely result in a better risk management environment for TAMUK as well. Nevertheless, TAMUK 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.

D. Appendices

Appendix A (Student Sample) contains personally identifiable information and will be emailed to OC 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 A: Student Sample (provided under separate cover)

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Appendix C1 – Institution's Response to Program Review Report

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Appendices D1, D2, D3, and F1– Cost of Funds

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Appendix E1– Estimated Loss

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