

**Prepared for
College of the Redwoods**

**OPE ID: 00118500
PRCN: 201440928704**

**Prepared by
U.S. Department of Education
Federal Student Aid
San Francisco/Seattle School Participation Division**

**Final Program Review Determination
May 23, 2016**

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A. Institutional Information

College of the Redwoods
7351 Tompkins Hill Road
Eureka, CA 95501-9300

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Commission for Community and Junior Colleges,
Western Association of Schools and Colleges (ACCJC)

Current Student Enrollment: 4,938 (2013-2014)

% of Students Receiving Title IV: 82% (2013-2014)

Title IV Participation according to National Student Loan Data System (NSLDS):

	<u>2012-2013 Award Year</u>
Federal Pell Grant Program	\$ 7,758,387
William D. Ford Federal Direct Loan Program	\$ 1,873,545
Federal Supplemental Educational Opportunity Grant Program	\$ 124,926
Federal Work Study Program	\$ 203,462

Default Rate FFEL/DL:	2009	19.8%
	2010	21.1%
	2011	24.7%
	2012	23.8%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at College of the Redwoods (COTR) from July 14, 2014, to July 18, 2014. The review was conducted by Marisol Nealon (now Mendoza) and Adeline Espinosa.

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

A sample of 30 files was identified for review from the 2012-2013 and 2013-2014 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on September 30, 2014.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

- Finding #6. Failure to Provide Adequate Consumer Information
- Finding #7. Inaccurate Reporting to the National Student Loan Data System (NSLDS)
- Finding #8. Federal Pell Grant Overpayment
- Finding #9. Missing Documentation of Notification of Disbursement and Cancellation Options

COTR has taken the corrective actions necessary to resolve Findings 6 - 9 of the program review report (PRR). Therefore, these findings may be considered closed. Findings requiring further action by COTR are discussed below.

Findings with Final Determinations

The PRR findings requiring further action are summarized below. At the conclusion of each finding are a summary of COTR's response to the finding and the Department's final determination for that finding.

A copy of the PRR issued on September 30, 2014 is attached to this Final Program Review Determination (FPRD).

Finding #1. Campus Crime Requirements Not Met – Required Policy Statements Omitted from Annual Security Report (ASR) and Failure to Distribute the ASR as a Comprehensive Document

Citation Summary: *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 through appropriate publications and mailing a comprehensive 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 prepared and actively distributed as a single document. Acceptable means of distribution include U.S. Mail, campus mail, hand delivery, or by posting the ASR 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 a link to 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 employees. This notice must also inform interested parties about how to obtain a paper copy of the ASR. 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 assault, 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).

In addition, the ASR 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 report 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. Institutions also must provide detailed policies of the issuance of timely warnings and emergency notifications as well as its emergency response 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 its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. § 668.41(e)(5).

Noncompliance Summary: *COTR violated multiple provisions of the Clery Act. Specifically, the institution failed to publish and distribute an accurate and complete 2013 ASR in the manner required by federal regulations. The review team requested a copy of the College's 2013 ASR. The College's response was that they did not prepare an ASR as required. In addition, COTR failed to actively distribute an ASR as a comprehensive document to all current students and employees.*

Failure to publish an accurate and complete ASR, containing all required policy, procedural and statistical information and actively distribute the report as a comprehensive document to all current students and employees in accordance with federal regulations deprives the campus community of important security information that can empower its members to make informed decisions and play an active role in their own safety and security.

Required Action Summary: *As a result of this violation, COTR was required to review and revise its existing internal policies and procedures that govern the preparation, publication, and distribution of the ASR and develop and implement any new policies and procedures, as needed, to ensure that all campus security operations at COTR will be carried out in accordance with the Clery Act going forward. The new procedures also had to articulate how prospective students and employees will be notified of the ASR's availability.*

Using its new and revised policies as a guide, COTR was required to prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required by 34 C.F.R. § 668.46(b). A copy of the institution's new and revised policies and procedures and its draft ASR had to accompany COTR's response to the PRR. COTR was required to actively distribute the ASR to all current students and employees in accordance with 34 C.F.R. §668.41(e).

Finally, COTR was 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 was also required to affirm that COTR understands its Clery Act obligations and has taken all necessary corrective actions to ensure that these violations do not recur. As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. COTR will be given an opportunity to publish and distribute an accurate and complete ASR and in so doing, finally begin to bring its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement (PPA). However, COTR 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.

COTR's Response: In its official response, COTR concurred with the finding and stated that remedial action was taken as directed in the PRR. In support of its claims, the College submitted a copy of its new 2013 ASR and a certification statement attesting to the fact that the revised report was distributed in accordance with the Clery Act.

Final Determination: Finding #1 of the program review report cited COTR for not producing a 2013 ASR, as outlined in the noncompliance section above. The review team requested a copy of the College's 2013 ASR. The College's response was that they did not prepare an ASR as required. As a consequence, the College also violated the ASR active distribution and notification provisions in 2013. These rules required COTR to distribute this required report to enrolled students and current employees and to notify prospective students and employees about its availability. As a result of this violation, COTR was required to review and revise its internal policies and procedures related to Clery Act compliance and develop and implement new policies and procedures to govern the production and distribution of future ASRs and to otherwise ensure that all campus security operations are carried out in accordance with the Clery Act. The new procedures were required to articulate how prospective students and employees will be notified of the ASR's availability. Then, in accordance with its new internal guidance, the College was to produce a compliant 2013 ASR that included all of the statistical disclosures and policy, procedure and programmatic information required by 34 C.F.R. § 668.46(b). Finally, COTR was to submit documentation showing that all necessary remedial action was taken along a certification statement affirming that responsible officials understand their Clery Act obligations and that adequate steps were taken to prevent recurrence of these violations. In its response, COTR concurred with the finding, described its remedial actions, and submitted documentation in support of its claims.

The Department carefully examined COTR's narrative response and supporting documentation. Based on that review and the College's admissions, each of the violations identified in the noncompliance section of the initial finding is sustained. The review team's examination also showed that the identified violations were, for the most part, satisfactorily addressed by COTR's subsequent ASR, proof of distribution, and new and revised internal policies and procedures. As such, the Department has determined that COTR's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the College's response and considers this finding closed for purposes of this program review. Nevertheless, the directors and officials of COTR are put on notice that they must take any additional actions that may be needed to address the deficiencies identified by the Department, as well as any other deficiencies or weaknesses that were detected by the institution during the preparation of its response, and/or as may otherwise be needed to ensure that these violations do not recur.

COTR is reminded that the exceptions identified above constitute serious violations of the Clery Act that, by their nature, cannot be cured. There is no way to truly "correct" violations of this type once they occur. The production and distribution of an accurate and complete ASR are the most basic requirements of the Clery Act and are fundamental to its campus safety goals. COTR asserted that it has taken adequate remedial actions and that, by doing so, it is now in compliance with the Clery Act as required by its PPA. Nevertheless, COTR's management must understand that the violations documented by the program review deprived students and employees of important campus safety and

crime prevention information to which they are entitled. For these reasons, the College is advised that its remedial actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Given the potential consequences of a compliance failure, the Department strongly recommends that COTR re-examine its campus security and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with federal regulations. As part of these periodic reviews, College officials are encouraged to continue to use the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide for Clery Act compliance. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other Clery Act training resources. COTR can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, and 668.46.

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

Finding #2. Fire Safety Requirements Not Met

Citation Summary: *As of October 1, 2010, the HEA 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 and 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).*

In addition, the AFSR must include several fire safety information disclosures covering topics such as the type(s) of fire safety systems that are used in each student housing facility, the number of fire drills that were conducted during the previous calendar year, and institutional policies, procedures, and

programs regarding: 1) the use and/or possession of portable electrical appliances; 2) smoking and the use/presence of open flames in student housing facilities; 3) evacuation procedures to be followed in the case of a fire; 4) fire safety education and training programs; 5) the institutional official(s) and departments to whom students and employees should report the occurrence of fires so that those incidents can be included in the institution's annual fire statistics; and 6) any plans for future improvements to the institution's fire safety program. 34 C.F.R. § 668.49(b).

The AFSR must be published and distributed as a materially-complete document. Under 34 C.F.R. § 668.41(e)(6), if the ASR and AFSR are combined into a single publication, then the title of both reports must conspicuously appear on the cover page. Acceptable means of delivery include regular 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 current students and employees that includes a direct link to each report (exact electronic address), a description of its contents, as well as an advisement that a paper copy will be provided upon request. The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the ASR's and AFSR's availability, the content of each report, and the exact electronic address of each report, if posted to an internet or intranet site. This notice must also advise interested parties how to obtain a paper copy of the AFSR and/or ASR. 34 C.F.R. § 668.41(e).

Finally, an institution is required to submit its campus crime and fire statistics to the Secretary on an annual basis. 34 C.F.R. §§ 668.41(e)(1)-(6).

Noncompliance Summary: *COTR violated multiple provisions of the HEA's fire safety requirements since the College admitted that they have never produced this report. In addition, COTR failed to actively distribute its AFSR as a comprehensive document to all current students and employees.*

Failure to publish an accurate and complete AFSR and to actively distribute it in accordance with federal regulations deprives the campus community and especially persons living or working in student residential facilities of vital information about fire safety.

Required Action Summary: *As a result of this violation, COTR was required to review and revise its existing internal policies and procedures that govern the preparation, publication, and distribution of the AFSR and develop and implement new policies and procedures, as needed, to ensure that all fire safety operations for COTR's student residential facilities will be carried out in accordance with the HEA going forward. The institution was reminded that participating institutions are required to actively distribute the ASR and AFSR. If both reports are combined into a single publication then the title of both reports must conspicuously appear on the cover page. The institution's new policies must address this requirement. The new procedures also were required to articulate how prospective students and employees will be properly notified of the AFSR's availability.*

Using its new and revised policies as a guide, COTR was required to prepare and publish an accurate and complete AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required by 34 C.F.R. § 668.49(b). The institution also had to submit copies

of its new and revised policies and procedures and draft ASR to the Department as part of its response to the PRR. COTR was required to actively distribute the AFSR to all current students and employees in accordance with 34 C.F.R. § 668.41(e).

Finally, COTR was 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 regulations. This certification also was required to affirm that the institution understands all of its fire safety obligations and has taken all necessary corrective actions to ensure that these violations do not recur.

The exceptions identified in this finding constitute serious violations of the HEA that by their nature cannot be cured. COTR was given an opportunity to publish and distribute an accurate and complete AFSR and, in so doing, begin to bring its overall fire safety program into compliance with the HEA as required by its PPA. While enhanced safety is the Department's primary focus, such improvements will likely result in a better risk management environment for the institution as well. Nevertheless, COTR 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.

COTR's Response: In its official response, COTR concurred with the finding and stated that remedial action was taken as directed in the PRR. In support of its claims, the College submitted a copy of its 2014 AFSR and a certification statement attesting to the fact that the report was distributed in accordance with the regulations in 34 C.F.R. § 668.41.

Final Determination: Finding #2 of the program review report cited COTR for violation of the HEA, as outlined in the noncompliance section above. Specifically, the College failed to develop, implement and publish an AFSR. The College admitted to the reviewers that it had never produced the AFSR. As a result of this violation, COTR was required to review and revise its existing internal policies and procedures that govern the preparation, publication, and distribution of the AFSR and to develop and implement new policies and procedures as needed to ensure that all fire safety operations are carried out in a manner that meets federal requirements. The College's new internal rules were also required to provide for the disclosure of accurate and complete fire statistics as well as information about its safety drills. In its response, COTR concurred with the finding and stated that remedial action was taken and submitted documents in support of its claims.

The Department carefully examined COTR's narrative response and supporting documentation. Based on that review and the College's admission of noncompliance, each of the violations identified in the noncompliance section of the initial finding is sustained. The review team's examination also showed that the identified violations were, for the most part, satisfactorily addressed by the 2014 AFSR and the College's new internal policies and procedures. We note, however, that the 2014 report did not include any information about planned fire safety improvements. This omission was not unexpected given the fact that this report represents the College's first effort in this regard. Still, COTR is reminded that it is essential that the plan be reviewed on a regular basis and must be enhanced as needed. Management must summarize any plans for such improvements in its future AFSRs. Nevertheless, the Department

has determined that the College's corrective action plan meets minimum requirements and, as such, has accepted COTR's response and considers this finding to be closed for the purposes of this program review. Nevertheless, the College's officers and directors are on notice that the institution must take all additional actions that may be necessary to address the violations identified in this finding, as well as any other deficiencies and weaknesses that were detected during the preparation of the College's response and/or as may otherwise be needed to ensure that these violations do not recur.

We remind COTR that the exceptions identified above constituted serious violations of the HEA that, by their nature, cannot be cured. There is no way to truly "correct" violations of this type once they occur. The College asserted that it has taken adequate remedial actions and is now in compliance with the HEA's fire safety requirements, as required by its PPA. Nevertheless, COTR officials must understand that compliance with these fire safety requirements is essential to maintaining a safe and healthy environment, especially for those living in campus housing. Violations of the type documented in this case deprived students and employees of important fire safety information to which they were entitled. For these reasons, the College is advised that its remedial actions cannot and do not diminish the seriousness of these violations, nor do these efforts eliminate the possibility that the Department will impose an adverse administrative action and/or additional corrective measures as a result.

Finding #3. Drug and Alcohol Abuse Prevention Program Requirements Not Met

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

On an annual basis, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll at a date after the initial distribution, and for employees who are hired at different times throughout the year. The information must include:

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

In addition, each IHE must conduct a biennial review in order to measure the effectiveness of its drug prevention program and to ensure consistent treatment in its enforcement of its disciplinary sanctions. The IHE must prepare a report of findings from its biennial review and maintain the report and

supporting materials and make them available to the Department and interested parties upon request. 34 C.F.R. §§ 86.3 and 86.100.

Noncompliance Summary: *COTR violated multiple provisions of the DFSCA and the Department's Part 86 regulations. Specifically, the institution was unable to produce a copy of its DAAPP when the program review team requested it. During interviews conducted by the review team, COTR officials conceded that no such program was currently in place and that the institution had never developed or implemented a DAAPP during its participation in the Title IV, HEA programs. The institution also did not appear to have an official policy or protocol governing the possession, use, and/or distribution of illegal drugs and alcohol abuse on-campus. As such, it did not appear that records regarding disciplinary actions for such offenses are maintained in student or employee files, or that any such actions are reflected in the institution's campus crime statistics.*

As a direct consequence of the institution's failure to develop and implement a DAAPP, COTR was unable to publish and distribute a DAAPP disclosure as required. The institution does not currently have a DAAPP disclosure or a formal policy in place to distribute the required drug and alcohol policy disclosure to all employees and students enrolled for academic credit.

Due to the fact that the institution does not have and has never had a materially-complete DAAPP, COTR also has persistently failed to conduct biennial reviews of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. All aspects of this violation date back to COTR's initial approval to participate in the Title IV, FSA programs.

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

Required Action Summary: *COTR was required to take all necessary corrective actions to address the violations identified above and all others identified during the preparation of the institution's response to the PRR. In addition, COTR was required to, at a minimum, take the following specific actions:*

- *Develop and implement a substantive drug and alcohol abuse prevention program that includes all of the required elements set forth in the DFSCA and the Department's Part 86 regulations.*
- *Develop procedures for ensuring that the DAAPP disclosure is distributed to every current student who is enrolled for academic credit as well as every employee. Once the new DAAPP disclosure was complete, COTR was required to provide a copy to the Department. COTR was then required to distribute the DAAPP in accordance with the Part 86 regulations and provide documentation evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the DFSCA. This certification*

statement was also to affirm that the institution understands its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

- *Conduct a biennial review to measure the effectiveness of its existing drug and alcohol programs and its new DAAPP. COTR was required to describe the research methods and data analysis tools that were used to determine the effectiveness of the program. In addition, the report must identify the responsible official(s) who conducted the review. Finally, the report must be approved by the institution's chief executive and/or its Board.*
- *Submit a copy of the biennial review report in response to the PRR.*
- *Establish policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. A copy of these policies and procedures were to accompany the institution's submission of its biennial review report in response to the PRR.*

The biennial review was required to be completed by December 1, 2014, and submitted to the Department by December 15, 2014.

The exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. COTR was given an opportunity to develop and distribute an accurate and complete DAAPP disclosure and to finally bring its drug and alcohol programs into compliance with the DFSCA as required by its PPA. However, COTR 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 additional corrective measures.

COTR's Response: In its official response, COTR concurred with the finding and stated that it took the necessary corrective actions to resolve the identified violations. Specifically, the College stated that it reviewed and developed a new policy in 2014 describing how it will comply with the DAAPP requirements going forward and that COTR prepared a biennial review report at that time. COTR sent the DAAPP disclosures by email to all students and employees in February 2015.

Final Determination: Finding #3 of this program review cited COTR for multiple violations of the DFSCA and the Part 86 Regulations, as outlined in the noncompliance section above. Specifically, the College failed to develop and implement a comprehensive DAAPP that addressed all required subject areas. The institution was unable to produce a copy of its DAAPP when the program review team requested it. During interviews conducted by the review team, COTR officials stated that no such program was currently in place and that the institution had never developed and implemented a DAAPP during its participation in the Title IV, FSA programs. In addition, COTR did not produce a DAAPP disclosure statement that summarized its program and as a result, was not able to actively distribute required program materials to enrolled students and current employees. Finally, the review team also confirmed that the College failed to conduct a biennial review to assess the effectiveness of its DAAPP, and consequently, COTR did not produce a required report of findings, recommendations and supporting documentation.

These separate and distinct violations necessarily follow from each other because the biennial review is primarily a study of the DAAPP's effectiveness. Therefore, an institution cannot conduct a proper biennial review until it has a fully-functional DAAPP in place and program requirements and standards of conduct are communicated clearly to all members of the campus community. As a result of these violations, the College was required to develop and implement a complete DAAPP and produce and distribute an annual disclosure. Then, COTR was required to conduct a substantive biennial review as soon as initial program data was available. In its response, the College concurred with the finding, described the remedial actions taken so far, and submitted documents in support of its claim.

The Department carefully reviewed all information including COTR's narrative response and supporting documentation. Based on the Department's review and the College's admission of noncompliance, each of the violations identified in the noncompliance section of the initial finding is sustained. The review team's examination also showed that the identified violations were, for the most part, satisfactorily addressed by COTR's new DAAPP, new annual disclosure, initial biennial review report, and new internal policies and procedures. As such, the Department determined that the College's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of COTR are put on notice that the College must take all other actions that may be necessary to address the deficiencies identified by the Department as well as any additional deficiencies and weaknesses those that were detected during the preparation of COTR's response, and/or as may be needed to otherwise ensure that these violations do not recur.

In this regard, COTR is specifically advised that it must continue to develop its DAAPP. The College must also ensure that it actively distributes accurate and complete program materials to all students and employees on an annual basis in accordance with the Department's regulations and its own procedures. In addition, COTR must ensure that its next biennial review is a comprehensive and substantive assessment of the DAAPP's effectiveness. The review must include an evaluation of the goals and objectives of the College's substance abuse programs. COTR officials must also carefully consider the strengths and weaknesses of the program as well as the efficacy of the policies and procedures that underlie it. Care must be taken to ensure that the review process does not become a conclusory ratification of existing policy. The content of the College's reports must be sufficiently detailed and all findings and recommendations must be supported by valid evidence. Each report must also be approved by COTR's President and/or its board. Finally, COTR must implement procedures and provide sufficient oversight to ensure that future reviews are conducted on the required schedule.

COTR is reminded that the exceptions identified above constitute serious and persistent violations of the DFSCA that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. COTR asserted that it has taken adequate remedial actions and is now in compliance with the DFSCA as required by its PPA. Nevertheless, COTR officials must understand that the Department deems compliance with the DFSCA essential to maintaining a safe and healthy learning environment. This is true for all institutions regardless of their size, location, or organizational structure. Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crimes on campus. DFSCA compliance failures deprive students and employees of important information regarding the educational, financial, health, and legal

consequences of alcohol abuse and illicit drug use. Moreover, the failure to conduct comprehensive biennial reviews deprived the College of important information about the effectiveness of any drug and alcohol programs that were in place. Such failures may contribute to increased substance abuse on-campus as well as an increase in drug and alcohol-related violent crime. For these reasons, COTR is advised that its remedial measures cannot and do not diminish the seriousness of these violations nor do these actions eliminate the possibility that the Department will impose an adverse administrative action and/or additional remedial measures as a result.

Finally, the Department strongly recommends that COTR re-examine its drug and alcohol abuse prevention policies and procedures on an annual basis to ensure that they are effective, continue to reflect current institutional practices and are in full compliance with the DFSCA. Please be advised that the Department may request information on a periodic basis to test the effectiveness of College's new DFSCA policies and procedures.

Finding #4. Improper Loan and Grant Payment Calculations

Citation Summary: *A program is a clock-hour program if it measures clock hours in order to receive federal or state approval or licensure to offer the program, or if completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue. 34 C.F.R. § 668.8(k).*

Noncompliance Summary: *COTR incorrectly calculated Title IV grant and loan awards for students enrolled in its Licensed Vocational Nursing Certificate (LVN) and Dental Assisting Certificate (DA) programs during the 2012-2013 and 2013-14 award years. COTR incorrectly calculated the LVN program financial aid awards based upon 46 semester hours and 48 weeks of instruction instead of the required 1,656 clock hours and 48 weeks of instruction. COTR incorrectly calculated the DA program financial aid awards based upon 32 semester hours and 32 weeks of instruction instead of the required 920 clock hours and 32 weeks of instruction.*

COTR's Financial Aid Director indicated that, because the LVN and DA certificate programs were applicable toward its associate degree, it was acceptable to pay the students in semester hours. However, this fact does not negate the regulations cited above that require certificate programs to be measured in clock hours if the state requires such measurement, as with the LVN and DA programs. In this regard, the standalone certificates are not treated the same way as an associate degree.

Required Action Summary: *COTR was required to reconstruct the records of all of the students who were enrolled in any portion of its LVN and DA certificate programs during the 2012-2013 and 2013-14 award years and received Title IV funds. COTR was required to report, at a minimum, the information described in the sample/instructions below. COTR was also required to provide its response to this finding in an Excel-compatible spreadsheet.*

1.	2.	3.	4.	5.	6.	7.
Award Year	Name	SSN	Over or Under Payment Pell	Over or Under Payment FSEOG	Over Payment DL-Sub	Over Payment DL-Unsub

See the following instructions for completion of this table.

1. Award Year (2012-13 or 2013-14)
2. Full Name (Last Name, First Name)
3. Social Security Number
4. Report any overpayment or underpayment that occurred as a result of recalculating Pell from semester hours to the required clock hours, using the clock formula (see 2013-2014 Federal Student Aid Handbook for calculation details). Provide separate column totals for overpayments and underpayments.
5. Report any overpayment or underpayment that occurred as a result of disbursing FSEOG funds based upon semester hours, instead of the required clock hours earned during each payment period. Provide separate column totals for overpayments and underpayments.
6. Report any subsidized DL overpayments that occurred as a result of disbursing these loan funds based upon semester hours, instead of the required clock hours earned during each payment period, and total this column.
7. Report any unsubsidized DL overpayments that occurred as a result of disbursing these loan funds based upon semester hours, instead of the required clock hours earned during each payment period, and total this column.

COTR was required to include documentation supporting its recalculation of each Title IV program award, for each student enrolled in its LVN and DA certificate programs during the 2012-2013 and 2013-14 award years.

In addition, COTR was required to institute procedures to guard against this occurrence in the future, and it was required to submit the revised procedures in response to the PRR.

COTR's Response: In its official response, COTR reconstructed the records of and recalculated, using revised procedures, the payments for all the students who were enrolled in any portion of its LVN and DA certificate programs during the 2012-2013 and 2013-2014 award years and received Title IV funds. In addition, COTR described its revised procedures, which are intended to prevent similar errors in the future, and provided the related instructions in its institutional procedures manual for calculating payments for students.

Final Determination: Based on the spreadsheet of records that COTR provided, the Department has determined that COTR underpaid four students a total amount of \$2,248 in Pell Grant funds. Therefore, COTR must pay a total amount of \$2,248 in Pell Grant funds to the underpaid students identified in

Appendix B, Disbursement Records for Each Student. The Summary of Liabilities in Section D of this FPRD includes this underpayment amount. Section E contains instructions for repayment to students.

Finding #5. Verification Violations

Citation Summary: *34 C.F.R. Part 668, Subpart E, Verification of Student Aid Application Information, specifies how institutions must verify the information submitted by applicants for student financial assistance.*

For each award year, the Secretary publishes in a Federal Register notice the FAFSA information that an institution and an applicant may be required to verify. For each applicant whose FAFSA is selected for verification by the Secretary, the Secretary specifies the specific information that the applicant must verify, based on the items identified in the Federal Register notice. 34 C.F.R. § 668.56.

An institution must require applicants to submit acceptable documentation that will verify or update any of the following information (from the applicable year in question) used to determine the applicant's EFC and as determined in an annual Federal Register notice published by the Secretary: adjusted gross income; income earned from work; U.S. income tax paid; number of family members in the household; number of household members enrolled in eligible postsecondary institutions; other information specified in the annual Federal Register notice. 34 C.F.R. § 668.57.

Under 34 C.F.R. § 668.58, if an institution has no reason to question the accuracy of the information on the FAFSA, prior to completing verification, it may, at its discretion:

- (i) withhold payment of Federal Pell Grant, Federal Perkins Loan, of FSEOG program funds for the applicant's first payment period of the award year; or make one disbursement of Federal Pell Grant, Federal Perkins Loan, and FSEOG program funds for the applicant's first payment period of the award year;*
- (ii) permit Federal Work-Study employment for the first 60 consecutive days after the student's enrollment in that award year; and*
- (iii) withhold certification of the applicant's Direct Subsidized Loan; or originate but not disburse a Direct Subsidized Loan.*

Until all information is verified with required documentation:

- (i) students may only receive one disbursement of any combination of Federal Pell Grant, ACG, or FSEOG funds for the applicant's first payment period; and*
- (ii) institutions may employ or allow an employer to employ an eligible student under the Federal Work-Study Program for the first 60 consecutive days after the student's enrollment in that award year; and*
- (iii) institutions may originate a Direct Subsidized Loan provided that the institution does not disburse Direct Subsidized Loan proceeds.*

If an institution fails to obtain the necessary verification documentation, any disbursements made to the student must be returned. In this case, the institution is liable for any overpayment to the extent that the overpayment is not recovered from the student.

If an institution has reason to believe that the information included on the financial aid application is inaccurate, or if there is discrepant information in a student's file, the institution may not disburse Title IV funds, employ the applicant in its Federal Work-Study program, or originate or disburse a Direct Subsidized Loan until the applicant verifies or corrects the information included on his or her application. 34 C.F.R. §§ 668.16(f) and 668.58(a)(1).

Noncompliance Summary: *COTR failed to properly verify the following students' information:*

Student #2: The 2012-2013 ISIR #04 (application completed by the student on September 28, 2012) was marked "Y" for verification by the Department. The student completed and signed a 2012-2013 Verification Worksheet form, and reported herself and her father as members in the household. The student was considered a dependent student; thus, she and her father signed the worksheet. However, the worksheet was not dated or signed; therefore, there was no indication of when the form was completed or signed.

Student #3: The 2012-2013 ISIR #05 (application completed by the student on September 21, 2012) was marked "Y" for verification by the Department. The student submitted a 2012-2013 Verification Worksheet form that was signed and dated by his wife, who attended COTR in the same year as the student whose file was reviewed. However, the student neglected to sign and date the Verification Worksheet himself. Therefore, there was no indication of when the form was completed or signed.

Student #17: The 2013-2014 ISIR #03 (application completed by the student on April 8, 2014) was marked "Y" for verification in the VI category by the Department. The student submitted a 2013-2014 Verification Worksheet form to verify the household members and the number of members in college. The student was considered a dependent student; thus, her mother also signed and dated the form. However, the student neglected to sign and date the worksheet herself. Therefore, there was no indication of when the form was completed or signed.

Student #19: The 2013-14 ISIR #03 (application completed by the student on July 22, 2013) was marked "Y" for verification in the VI category by the Department. The ISIR #03 showed that the student was divorced or widowed and included no indication of a spouse's information. Additionally, the ISIR #03 showed that the student has children and supports dependents other than children or a spouse. ISIR #03 indicated 6 members are in the household, with 2 members in college. However, the student's record included a copy of a marriage certificate stating she was married on June 22, 2011. Additionally, the Child Support Verification Worksheet on file indicated that the student's spouse—not the student herself—had paid the child support for two children. Although the ISIR was flagged for verification of the student's child support information, the student submitted information that conflicted with what she reported on the FAFSA regarding her marital status, the number of household members and number in college, and the children or dependents she was supporting. COTR noted the

discrepancies on the File Review Checklist; however, the note did not indicate what was done after COTR received all of the correct information from the student.

Required Action Summary: *COTR was required to ensure that each student selected for verification was properly verified, with adequate supporting documentation. COTR was required to complete verification and resolve the inconsistent information for the students cited above for whom verification was not completed or conflicting information was not resolved. Any documentation collected that resolves the discrepancies was required to be submitted with COTR's response to the PRR.*

For Student #19, COTR was required to review the student's information, determine the correct marital status, and obtain the spouse's information, if applicable. COTR was also required to determine the number of members in the household, who those members were, and how many of them were attending college. COTR was required to resolve any other discrepancies in the student's file. COTR was required to submit this information with its response to the PRR.

If the correct information could not be determined, COTR would be required to repay any Title IV funds disbursed to the student(s). If the reconciliation of the discrepant information above resulted in inaccurate information on these students' ISIRs, all Title IV funds disbursed to the students were considered liabilities due from COTR to the Department. COTR was required to provide information on the total amounts of Title IV funds disbursed to these students for the 2012-13 and 2013-14 award years, by Title IV program (Pell Grant, Subsidized DL, Unsubsidized DL, PLUS Loan).

COTR was also required to establish and implement written policies and procedures to assure that the ISIRs of students selected for verification by the Secretary are verified in accordance with the applicable regulations going forward. This included collecting all required documentation and ensuring that forms and documents are signed and dated as necessary. A copy of the revised policies and procedures were to be provided with COTR's response to the PRR.

COTR's Response: In its official response, COTR stated that it did not contact Student #3 to sign and date the form because the student was no longer enrolled. COTR provided the signed and dated forms for Student #s 2 and 17, and COTR provided documentation indicating that the corrections for Student #19 had been made.

Final Determination: COTR is required to repay Title IV funds disbursed to Student #3 for whom verification was not properly completed, plus any interest, to the Department. A Summary of Liabilities may be found in Section D of this FPRD and instructions for repayment may be found in Section E. In addition, the student information may be found in Appendix B, Disbursement Records for Each Student.

D. Summary of Liabilities

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

	Pell Grants	Interest/Cost of Funds
Finding 4	\$2,248	\$0.00
Finding 5	\$4,375	\$54.78
Total	\$6,623	\$54.78

E. Payment Instructions

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

<u>Program</u>	<u>Amount</u>
Federal Pell Grant	\$4,375.00
Interest/Cost of Funds	\$ 54.78
	<u>\$4,429.78</u>

COTR owes to the Department **\$4,429.78**. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

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

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

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustment in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$4,429.78
DUNS: 074664822
TIN: 40928704
Program Review Control Number: 201440928704

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability. Payment must be received by the Department within **45 days of the date of this letter**. If payment is

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not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. COTR is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, please contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to COTR's account representative.

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

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6111
Washington, DC 20202-4461

If, within 45 days of the date of this letter, COTR has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due COTR from the federal government. **COTR may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, COTR must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

II. Instructions by Title IV, HEA Program

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

Pell Grant - Closed Award Years

Finding #5

COTR must repay:

Pell - Closed Award Year				
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year	Award No.
\$4,375.00	\$54.78	Pell Grant	2012-13	P063P121127
Total Principal	Total Interest			
\$4,375.00	\$54.78			

The disbursement record for one student identified in Appendix B below must be adjusted in the Common Origination and Disbursement (COD) system.

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

A copy of the adjustment to the student’s COD record must be sent to Marisol Mendoza **within 45 days of the date of this letter.**

Students – Payment Instructions

Finding #4 (for the 2012–2013 award year)

<u>Pell Grants to be Paid to Students</u>	
	\$ 450
	\$ 693
	\$ 400
	\$ 705
Total	\$2,248

COTR must make a good-faith effort to pay the amounts to the four students listed in Appendix B who previously received underpayments of Pell Grants.

If COTR cannot locate a student, payment must be made to the account of the program from which the award was made.

COTR must provide proof of payment to the students by submitting a copy of the front and back of the canceled checks to Marisol Mendoza within 45 days of the date of this letter.

In the event that a student cannot be located, does not cash a check that has been mailed, or for whom the institution is unable to initiate an electronic funds transfer (EFT) to the student's bank account, COTR must return the funds to the appropriate Title IV program account via G5 and make the corresponding downward adjustments to the applicable disbursements in COD. COTR must document its attempts to contact the student and provide proof of payment and COD adjustments to the applicable Title IV program to Marisol Mendoza. The Department will not consider this program review closed until the information requested has been received.

F. Appendices

- Appendix A. Student Sample to the Program Review Report
- Appendix B. Disbursement Records for Each Student
- Appendix C. Program Review Report
- Appendix D. Cost of Funds Worksheet
- Appendix E. COTR's Response to the Program Review Report

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Appendix A: Student Sample to Program Review Report
Attached separately and encrypted

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

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Appendix C: Program Review Report
Attached separately

Appendix D: Cost of Funds Worksheet

Cost of Funds

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Description/Name	Ineligible Disbrsmnt	Program	Disbursement Date	Return Paid Date	No. of Days	Imputed CVFR	Federal Share	To ED	To Inst Accounts
Finding #5	\$4,375.00	Pell Grant	6/30/2013	9/30/2014	457	100%	\$ 4,375.00	\$ 54.78	\$ -

Total Ineligible

Totals

ACA Liability

Federal FWS
 Federal SEOG
 Federal Perkins

Interest Breakdown

Pell Grants	\$ 54.78	\$ -
ACG	\$ -	\$ -
SMART	\$ -	\$ -
TEACH	\$ -	\$ -
FWS	\$ -	\$ -
FSEOG	\$ -	\$ -
Perkins	\$ -	\$ -
FWS-50% Match	\$ -	\$ -
FWS-No Match	\$ -	\$ -
FSEOG-No Match	\$ -	\$ -
Perkins-No Match	\$ -	\$ -

Total C-B Spent
 ACA Percentage

ACA Breakdown

FWS	<input type="text"/>
FSEOG	<input type="text"/>
Perkins	<input type="text"/>
FWS-50% Match	<input type="text"/>
FWS-No Match	<input type="text"/>
FSEOG-No Match	<input type="text"/>
Perkins-No Match	<input type="text"/>

	Total	Federal Share
Pell	\$ 4,375.00	\$ 4,375.00
ACG	\$ -	\$ -
SMART	\$ -	\$ -
TEACH	\$ -	\$ -
FWS	\$ -	\$ -
FSEOG	\$ -	\$ -
Perkins	\$ -	\$ -
FWS-50% Match	\$ -	\$ -
FWS-No Match	\$ -	\$ -
FSEOG-No Match	\$ -	\$ -
Perkins-No Match	\$ -	\$ -

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Appendix E: COTR's Response to the Program Review Report
Attached separately