



August 25, 2015

Dr. Roger N. Casey
President
McDaniel College
2 College Hill
Westminster, Maryland 21157-4390

Sent via UPS
Tracking No.:
1ZA879640291127328

RE: **Final Program Review Determination**
OPE ID: 00210900
PRCN: 201420328504

Dear President Casey:

The U.S. Department of Education's (Department's) School Participation Team – Philadelphia issued a program review report on July 23, 2014 covering McDaniel College's (McDaniel) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2012-2013 and 2013-2014 award years. McDaniel's final response was received on October 23, 2014. A copy of the program review report (and related attachments) and McDaniel's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by McDaniel upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, (4) close the review, and (5) notify McDaniel of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

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

School Participation Division – Philadelphia

The Wanamaker Building, 100 Penn Square East, Suite 511, Philadelphia, PA 19107

StudentAid.gov

This FPRD contains one or more findings regarding McDaniel's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are \$14,555.40.

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

Protection of Personally Identifiable Information (PII):

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

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the July 23, 2014 program review report. If McDaniel wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date McDaniel receives this FPRD. An original and four copies of the information McDaniel submits must be attached to the request. The request for an appeal must be sent to:

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

McDaniel's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;

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

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to McDaniel's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).** rgrtrt

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Diane Sarsfield at 215.656.6459. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,


Nancy Paula Goltser
Division Director

0110

Enclosure:

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

cc: Zhanna Goltser, Financial Aid Administrator
Middle States – Higher Education
Maryland Higher Education Commission

Prepared for
McDaniel College

OPE ID: 00210900
PRCN: 201420328504

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

Final Program Review Determination Letter
August 25, 2015

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A. Institutional Information

McDaniel College
2 College Hill
Westminster, MD 21157-4390

Type: Private

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Middle States Commission on Higher Education

Title IV Participation (*Per PcNet as of February 14, 2014*):

Title IV Program	2012-2013
Federal Pell Grant	\$2,156,391.00
TEACH	\$26,000.00
Federal Direct Loans	\$12,907,384.00
Federal Perkins Loans	\$364,079.00
Federal Supplemental Educational Opportunity Grant (SEOG)	\$170,880.00
Federal Work Study	\$385,401.00
Total:	\$16,010,135.00

Default Rates:

	FFEL/DL Program	Perkins Loan Program
2011	2.6%	5.2%
2010	2.0%	9.0%
2009	2.9%	9.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at McDaniel College (McDaniel) from February 5, 2014 to February 7, 2014. The review was conducted by Ms. Jean Brennan and Ms. Diane Sarsfield.

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

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.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning McDaniel'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 McDaniel 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 and Final Determinations

Resolved Findings:

Finding # 4: Improper Origination of Direct Loans

Finding # 5: Borrowers Not Notified of Loan Disbursement and Right to Cancel

Finding # 6: Title IV Funds Disbursed to Ineligible Students

Finding # 7: Dependent Student's Eligibility for Unsubsidized Loan
Not Documented

Finding # 8: Exit Counseling Deficiencies

McDaniel has taken the corrective action necessary to resolve findings # 4, 5, 6, 7 and 8 of the program review report. McDaniel implemented practices designed to prevent a recurrence of these findings. Therefore, these findings may be considered closed. The institution's response concerning these findings is included in Appendix C.

Findings with Final Determinations

The program review findings requiring further action are summarized below. At the conclusion of the finding is a summary of McDaniel's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on July 23, 2014 is attached as Appendix B.

Finding # 1: Improper Disbursement of Title IV Funds to Students at Additional Locations Not Reported to the Department

Citation: An institution that wishes to establish its eligibility to participate in any Title IV, HEA program must submit an application to the Secretary, as well as documentation of state licensure and accreditation, to enable the Secretary to determine if the institution satisfies all certification requirements. 34 C.F.R. § 600.20(a). Once the Secretary receives and approves such an application, the Secretary notifies the institution of its eligibility and of the locations and educational programs that qualify as eligible. 34 C.F.R. § 600.20(e).

This eligibility does not extend to any location that an institution establishes after it receives its eligibility designation if the institution plans to offer at least 50 percent of an educational program at that location. 34 C.F.R. § 600.10(b)(3). In order for this location to become eligible, the institution must obtain state licensure and accreditation and report the establishment of the location to the Secretary within 10 days. 34 C.F.R. § 600.21(a)(3). An institution's failure to inform the Secretary of a change described in 34 C.F.R. § 600.21(a) within the 10 days may result in adverse action against the institution. 34 C.F.R. § 600.21(e).

The institution may not disburse Title IV funds to students at a location before it reports to the Secretary about that location. Once the institution reports the location to the Secretary, it may disburse those Title IV funds to those students, provided the location is licensed and accredited. 34 C.F.R. § 600.21(d).

Noncompliance Summary: McDaniel improperly disbursed Title IV funds to graduate students attending classes at eleven additional locations that were not reported to the Department.

On April 22, 2011, McDaniel notified its accreditor, Middle States Commission on Higher Education (MSCHE) that it was offering more than 50% of the coursework for two of its degree programs, the M.S. in Curriculum and Instruction and the M.S. in Human Resources Development, at eleven instructional sites. In this notification, McDaniel requested a substantive change to its accreditation to have the eleven instructional sites reclassified as 'Additional Locations'.

Subsequent to the program review on-site visit, McDaniel submitted an application through the Department's E-App¹ system on April 1, 2014 to report to the Department the existence of the eleven additional locations. The Department is currently reviewing the application.

Required Action Summary: McDaniel was required to continue working with the Department to update its application for the eleven additional locations.

McDaniel was also required to complete a file review to identify all Title IV funds disbursed to students enrolled in the M.S in Curriculum and Instruction and the M.S. in Human Resources Development and who attended classes at the eleven instructional sites from the April 22, 2011, the date of notification to the accreditor, through April 1, 2014. McDaniel was to compile the results of this file review in a spreadsheet and submit the spreadsheet in both hardcopy and electronic formats with its response to the program review report.

In addition, McDaniel was required to review and update its policies and procedures to ensure that all future changes to its application were reported to the Department within the regulatory timeframe. McDaniel was to submit a copy of its updated policies and procedures with its response to the program review report.

McDaniel's Response Summary: In its October 23, 2014 response to the program review, McDaniel stated the eleven additional locations were approved by the Department on May 13, 2014.

In its January 29, 2015 response, McDaniel submitted the results of its file review which identified the Title IV funds disbursed to students at each additional location during the period of April 22, 2011 through April 1, 2014.

McDaniel also submitted updated procedures which stated that the responsibility for updating the Department is now shared between the Office of the Provost, the Registrar's Office, the Graduate Off-Campus Program Office and the Financial Aid Office. The updated policies and procedures are intended to provide a process regarding the establishment of additional locations, as well as notifying the Department.

Final Determination: The Department reviewed the results of the file review and the supporting documentation that McDaniel submitted in response to this finding. The institution's file review identified that Title IV funds totaling \$289,566.00 were improperly disbursed to students enrolled in graduate level courses at the eleven locations prior to the Department's approval of the sites.

¹ The E-App is the Department's on-line system through which schools apply for initial certification to participate in the Title IV programs, apply for recertification, and notify the Department of changes, such as those required in 34 C.F.R. § 600.21.

The chart below summarizes the Title IV funds improperly disbursed to students during each award year.

Award Year	Subsidized Loans	Unsubsidized Loans	Total
2011-2012	\$23,552.00	\$28,586.00	\$52,138.00
2012-2013		\$108,659.00	\$108,659.00
2013-2014		\$128,769.00	\$128,769.00
Totals	\$23,552.00	\$266,014.00	\$289,566.00

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated loss to the Department that has resulted or will result from those ineligible loans is based on McDaniel's most recent 3-year cohort default rates available. The total estimated loss that McDaniel must pay to the Department for the ineligible loans is \$2,604.50. Copies of the results of those calculations are included in Appendix D.

Finding # 2: Incomplete Verification

Citation: An institution shall require an applicant selected for verification to verify the number of family members in the household and the number enrolled in postsecondary institutions by submitting to it a statement signed by the applicant and one of the applicant's parents if the applicant is a dependent student. 34 C.F.R. § 668.57(b) & (c).

Noncompliance Summary: McDaniel failed to complete verification for students #16, 18 and 27. For each student, the statement to verify household size and number in college was not signed and dated by the student and parent.

Additionally, McDaniel's verification procedures required students selected for verification to complete an on-line form to verify household size and number in college. However, this on-line system did not have a mechanism for students and parents to sign and date the form before transmitting it back to the financial aid office.

Required Action Summary: McDaniel was required to obtain the proper signatures and dates on the verification worksheet for students #16, 18, and 27.

McDaniel was also required to conduct a file review of all students who were selected for verification during the 2012-2013 and 2013-2014 award years, in order to ensure that the form used to verify the household size and number in college contained the proper signatures and dates.

Additionally, McDaniel was required to review and update its policies and procedures to ensure that adequate measures are in place for students and parents to complete the verification process.

McDaniel's Response Summary: In its response submitted on January 29, 2015, McDaniel submitted completed verification worksheets for students #16, 18 and 27.

McDaniel also submitted the results of its file review of all students selected for verification by the central processor during the 2012-2013 and 2013-2014 award years. McDaniel identified 398 students selected during the 2012-2013 award year and 423 students selected during the 2013-2014 award year. The results of the file review were compiled in a spreadsheet and submitted in both hardcopy and electronic format.

As part of its review, the institution contacted current and former students to obtain the proper signatures and dates on the verification worksheets. The institution identified Title IV funds totaling \$35,962.91 that were improperly disbursed to four students for whom verification was not completed.

Finally, McDaniel provided a copy of its revised policy and procedures to ensure that the proper signatures and dates are obtained on the students' verification worksheets.

Final Determination: The Department reviewed McDaniel's response to the program review report. McDaniel provided adequate documentation that verification was completed for students # 16, 18 and 27. No further action is required for these students.

In addition, the Department reviewed McDaniel's file review which consisted of an examination of 821 students who were selected for verification during the two award years. The Department determined that McDaniel did not obtain the proper signatures and dates to complete verification for three students in the 2012-2013 award year and for one student in the 2013-2014 award year.

The Department reviewed the results of the file review and the supporting documentation that McDaniel submitted in response to this finding. The chart below summarizes the Title IV funds improperly disbursed to the four students for whom verification was not completed.

Award Year	Subsidized Loans	Unsubsidized Loans	PLUS Loans	Federal Pell Grant	FSEOG
2012-2013	\$11,388.00	\$3,960.00	\$8,741.00	\$10,450.00	\$1,100.00
2013-2014				\$ 73.91	\$ 250.00
Totals	\$11,388.00	\$3,960.00	\$8,741.00	\$10,523.91	\$1,350.00

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated loss to the Department that has resulted or will result from those ineligible loans is based on McDaniel's most recent 3-year cohort default rates available.

The total estimated loss that McDaniel must pay to the Department for the ineligible loans is \$280.54. Copies of the results of those calculations are included in Appendix E.

The total amount of Federal Pell Grant disbursed to students for whom verification was not completed is \$10,523.91 and the total amount of the federal share of the Federal Supplemental Opportunity Grant (FSEOG) is \$1,012.50. The Department incurs a cost when it makes funds available to an institution, because it borrows those funds from the U.S. Treasury and must pay interest charges on those funds. The Department has determined that the cost to the government for the ineligible Federal Pell Grant is \$123.83 and for the ineligible FSEOG funds is \$10.12. The results of that calculation are included as Appendix F.

Finding # 3: Inaccurate Enrollment Reporting to NSLDS

Citation: Federal regulations require an institution to complete and return a student status confirmation report 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, an institution is required to notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who is enrolled at that school but has ceased 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). A school participating in the William D. Ford Direct Loan Program (Direct) shall ensure that any information it provides to the Secretary in connection with loan origination is complete and accurate. 34 C.F.R. § 685.301(a)(1).

Noncompliance Summary: McDaniel College reported inaccurate enrollment information to NSLDS for 23 of the 30 students in the sample. Specifically, McDaniel reported an inaccurate enrollment status for students # 4 and 17. Additionally, the institution reported inaccurate effective dates and term start dates for students #1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, 17, 18, 19, 20, 22, 23, 26, 27, 29 and 30.

Required Action Summary: McDaniel was required to conduct a review of all data previously reported to NSLDS for students enrolled at the institution during the 2012-2013 and 2013-2014 award years. McDaniel was required to update any inaccurate enrollment data and to summarize the results of its file review in a spreadsheet.

In addition, McDaniel was required to review its NSLDS reporting policies and procedures and submit a copy of its updated policies and procedures with its response to the program review report.

McDaniel's Response Summary: McDaniel provided its response to Finding # 3 on February 17, 2015. In its response, the institution stated that it reviewed data previously reported to NSLDS for students enrolled at the institution during the 2012-2013 and 2013-2014 award years. McDaniel stated that the corrected data for these award years was uploaded to NSLDS, and all accurate data should be visible and fully verifiable upon final acceptance by NSLDS of all corrected submission.

McDaniel submitted a spreadsheet with the results of its file review of enrollment data reported to NSLDS for students enrolled at the institution during the 2012-2013 and 2013-2014 award years. McDaniel reviewed 8,428 enrollment records in NSLDS; 5,892 records for the undergraduate students and 2,536 records for the graduate students

McDaniel also submitted a copy of its revised policy and procedures to ensure compliance with the institution's enrollment reporting requirements.

Final Determination: McDaniel corrected the enrollment data previously reported in NSLDS for the 23 students identified in the finding. No further action is required for these students.

The Department reviewed the results of the file review McDaniel submitted in response to this finding. The Department conducted an analysis of the file review by reviewing the enrollment records for a sample of 50 students – 25 students from each cohort- to determine if the enrollment data previously reported to NSLDS was corrected for these students. The Department did not identify any discrepancies with the revised information reported to NSLDS.

In addition, the Department reviewed McDaniel's updated policies and procedures, and has determined that the institution has strengthened its process for reporting to the National Student Loan Database System. McDaniel must follow these revised procedures to ensure the institution's compliance with the enrollment reporting requirements.

Finding 9: Crime Awareness Requirements Not Met – Late/Improper Distribution of Annual Security Report/Annual Fire Safety Report and Incomplete Fire Statistics

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, prepare, publish and distribute to its current students and employees through appropriate

publications and mailings, an annual security report (ASR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. §668.46(b).

As of October 1, 2010, all institutions that maintain an on-campus student housing facility must prepare, publish, and distribute 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, any 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 ASR and AFSR must each be published and distributed as materially-complete documents. If both reports 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 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 ASR and/or AFSR. 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: McDaniel failed to compile and publish accurate and complete crime statistics in the 2013 ASR and, in doing so, submitted inaccurate and incomplete data to the Department's online campus crime statistics database, also known

as the “Campus Safety and Security Data Analysis Cutting Tool (CSSDACT).” This finding is based on the fact that the crime statistics that the institution submitted to the Department did not match those that were published in McDaniel’s “2013 Annual Security & Fire Safety Report,” meaning that one or both data sets were flawed.

In addition, the Department requested clarification of the reporting of crime statistics for its Budapest campus and the institution’s additional locations/instructional sites.

Required Action Summary: McDaniel was required to provide information pertaining to the data discrepancies in the ASR and an explanation regarding how the error occurred. Furthermore, McDaniel was required to submit documentation of its good faith effort to collect crime statistics from the local police for its additional education locations/instructional sites, as well as, submit the last two ASR’s for its Budapest campus.

As a result of the violations, McDaniel was required to review and improve its existing internal policies, procedures, internal controls, and training programs to ensure that all crime statistics are disclosed accurately and completely, in its ASR, AFSR, and data submission to the Department’s CSSDACT.

McDaniel’s Response Summary: In its official response, McDaniel concurred with the finding and stated that remedial action was taken as directed in the program review report. In summary, the College’s management made the following admissions and assertions: McDaniel submitted several documents to support its claims that corrective action was taken. These include: (1) Appendix 9.A—an explanation and correction to the data discrepancies in the ASR; (2) Appendix 9.B—documentation of the institution’s good faith effort to collect crime statistics from the local police for its additional education locations/instructional sites; (3) Appendix 9.C—Annual Security Reports for the Budapest Campus; and (4) Appendix 9.D—Revised Policies and Procedures.

Final Determination: Finding #9 of the program review report cited McDaniel for including crime statistics in the 2013 ASR that did not match the statistics that were submitted to the Department’s Campus Safety and Security Data Analysis Cutting Tool (CSSDACT). Specifically, the review team found that McDaniel properly disclosed three (3) incidents of burglary that occurred on campus in calendar year 2010 in its 2013 ASR but reported only two (2) burglaries in its reporting to the CSSDACT for the same time period. In addition, the College disclosed one (1) liquor law violation which occurred on Public Property in calendar year 2012 in its 2013 ASR and reported that zero (0) liquor law violations occurred on Public Property to the CSSDACT for the same period. Discrepancies of this type cause confusion for a wide array of users of the ASR and the CSSDACT including students, employees, parents, researchers, and the media. As a result of this violation, the College was required to provide information pertaining to the data discrepancies in the ASR and an explanation regarding how the violations

occurred. Additionally, the College was required to submit the last two ASRs for its Budapest campus.

In its response, McDaniel concurred with the findings and stated that the violations were the result of administrative errors caused by College personnel and that all statistical errors were identified and corrected. Per the response, the revised crime statistics were included in the 2014 ASR and CSSDACT data table. Furthermore, the College submitted documentation intended to support its good faith effort to collect and disclose accurate and complete crime statistics and to document improvements to its existing internal policies and procedures.

The Department carefully examined all available information including McDaniel's narrative response and supporting documentation. Based on that review and McDaniel's admissions, each of the violations noted in the noncompliance section of the initial finding are sustained. The review team's examination also showed that the identified violations were addressed in the College's 2014 ASR and its new and revised internal policies and procedures. The Department also notes that McDaniel submitted records that indicate that crime statistics are being requested and disclosed for the Budapest location. As such, the Department has determined that McDaniel's remedial action plan meets minimum requirements. For these reasons, the Department accepts the College's response and considers this finding closed for program review purposes. Nevertheless, the officials and directors of McDaniel's are advised that they must take any additional actions that may be necessary to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the College's response to the Department's report and/or as may otherwise be needed to ensure that these violations do not recur.

McDaniel is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. The requirement to disclose accurate, complete, and fully reconciled campus crime statistics in the ASR and in its reporting to the CSSDACT are among the most foundational requirements of the *Clery Act*. Reporting discrepancies of this type create confusion for readers of the report. McDaniel asserted that it has taken adequate remedial actions and that by doing so, that it has brought its overall campus safety program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). Notwithstanding these actions, College officials are 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.

Due to the seriousness of such violations, the Department strongly recommends that McDaniel re-examine its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are in compliance with Federal regulations. Additionally, McDaniel officials are encouraged to consult the Department's "Handbook for Campus

Safety and Security Reporting” (2011) for guidance on complying with the Clery Act. 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. College officials can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§668.14, 668.41, 668.46, and 668.49.

McDaniel officials are also reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the *Clery Act* to require institutions to compile and disclose statistics for incidents of 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 are currently obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and were required to include all new required content in the 2014 ASR. Because the Department issued the VAWA Final Rule on October 20, 2014, these regulations went into effect on July 1, 2015, per the Department’s Master Calendar. McDaniel officials may access the text of the Final Rule at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>

Finding 10: Drug Abuse Prevention Program Requirements Not Met

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

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

Noncompliance Summary: McDaniel failed to distribute a comprehensive DAAPP to all employees and students. The institution’s DAAPP did not include all the required policies and procedures as set for by 34 C.F.R. §§86.3 and 86.100. In particular, McDaniel’s DAAPP did not include the policy and procedures required for employees, it only contained policy and procedures for students.

McDaniel submitted separate Biennial Reviews for its students and for its employees. Upon separate analysis of the Biennial Reviews, the institution failed to conduct a biennial review showing the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and code of conduct for employees.

Required Action Summary: McDaniel was required to: (1) distribute the DAAPP in accordance with the Part 86 regulations and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA; (2) Conduct a biennial review to assess the effectiveness of its DAAPP which includes all students, staff, and faculty; and (3) revise its policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented.

McDaniel's Response Summary: In its official response, McDaniel concurred with the finding and stated that remedial action was taken as directed in the program review report. In summary, the College's management made the following admissions and assertions: McDaniel submitted several documents to support its claims that corrective action was taken including a revised DAAPP and Drug-Free Campus Policy. The College also submitted a biennial review report covering 2011-2013 time period.

Final Determination: Finding #10 of the program review report cited McDaniel for multiple violations of the *DFSCA* and the Part 86 Regulations, Specifically, McDaniel failed to distribute an annual DAAPP disclosure to all employees and students enrolled for academic credit. In addition, McDaniel failed to conduct a biennial review to assess the effectiveness of its DAAPP and as a result, also failed to produce a report of findings, recommendations, and supporting documentation.

As a result of these violations, McDaniel was required to review and revise its DAAPP and related policies and procedures. The College was also required to actively distribute the annual DAAPP disclosure to all students and employees and to document its distribution efforts. Finally, McDaniel was required to conduct a substantive biennial review and produce a detailed report of its findings. In its response, the College concurred with the finding, stated that remedial action was taken, and submitted documents in support of its claims.

The Department carefully examined all available information including McDaniel's narrative response and supporting documentation. Based on that review and McDaniel's admissions, each of the violations noted in the noncompliance section of the initial finding are sustained. The review team's examination also shows that the identified violations were addressed by the College's revised DAAPP, its inaugural biennial review report, and new internal policies and procedures. As such, the Department determined that McDaniel's remedial action plan meets minimum requirements. For these reasons, the Department accepts the College's response and considers this finding closed for purposes of this program review. Nevertheless, the officers and directors of McDaniel are advised that they must take any additional actions that may be necessary to address the deficiencies identified by the Department as well as any other deficiencies and weaknesses that were detected during the preparation of the response and/or as may otherwise be needed to ensure that these violations do not recur.

Finally, the Department strongly recommends that McDaniel re-examine its drug and alcohol abuse prevention policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the institution's new policies and procedures.

D. Summary of Liabilities

	Pell	FSEOG	Direct Loans Estimated Loss Formula	Total Liability Owed to the Department by Check (Refer to Payment Instructions 1)	Total Liability Owed to the Department via G5 (Refer to Payment Instructions 2)
Finding 1			\$ 2,604.50	\$ 2,604.50	
Finding 2	\$ 10,523.91	\$1,012.50	\$ 280.54	\$ 10,804.45	\$1,012.50
Interest/SA	\$ 123.83	\$ 10.12		\$ 133.95	
Payable To:					
Department	\$ 10,647.74	\$ 1,022.62	\$ 2,885.04	\$ 13,542.90	\$1,012.50

E. Payment Instructions

Section 1: Liabilities Owed to the Department via Check

McDaniel owes to the Department \$13,542.90. 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. The following identification data must be provided with the payment:

Amount: \$ 13,542.90
 DUNS: 074935248
 TIN: 520591694
 PRCN: 201420328504

- **Federal Pell Grants – Closed Award Year**

Of the amount owed to the Department via check, McDaniel must make adjustments in the Common Origination and Disbursement (COD) system for the Federal Pell Grants improperly disbursed to the four students identified in Appendix G. **The adjustments in COD totaling \$10,523.91 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. A copy of the COD adjustment record for each student must be sent to Ms. Diane Sarsfield within 45 days of the date of this letter.

- **Federal Direct Loans - Estimated Loss Formula**

The estimated loss that McDaniel must pay to the Department for Federal Direct Loans improperly disbursed to students is \$2,885.04. The estimated loss calculation for Finding #1 is included in Appendix D; and, the estimated loss calculation for Finding #2 is included in Appendix E. The Estimated Loss Formula (ELF) is explained in Appendix H.

If ED does not receive a payment of \$13,542.90 within the 45-day period, interest will accrue in monthly increments until the date of receipt of your payment. If you have any questions regarding interest accruals or payment credits, you may telephone (202) 377-3843 and ask to speak to your institution's account representative.

If within forty-five days of the date of this letter, your institution has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the U.S. Department of Education, the Department intends to collect the amount due and payable by administrative offset against payments due your organization from the Federal Government. Your institution may object to the collection by offset only by challenging the existence or amount of the debt. Your institution makes this challenge by timely appealing this determination under the procedures described in the "Appeal Procedures" section of this 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 in 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.

If full payment cannot be made within 45 days of the date of this letter, contact the Debt Management Group at (202) 245-8080 to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
Office of the Chief Financial Officer
Accounts Receivable Group
550 12th Street, SW, Room 6114
Washington, DC 20202-4461

Section 2: Liabilities Owed to the Department via G5

McDaniel must repay \$1,012.50 in FSEOG funds to the Department via G5. This amount represents the federal share of the FSEOG funds improperly disbursed to the four students identified in Appendix G.

In addition, McDaniel must make corrections to its FISAP for the 2012-2013 and 2013-2014 award years, as follows:

- Log into eCB and make change(s) to the Working Copy, click on Submit and choose "Change Request". Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number.
- Once the request is approved, submit the changes within 5 days.
- Changes to the FISAP may result in changes to subsequent FISAPs. Contact the eCB Call Center at (877) 801-7168 for assistance in making this determination.
- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 in accordance with the automated notification from eCB. If the school has not drawn down its full authorization, the authorization will be reduced.

McDaniel must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to Diane Sarsfield within 45 days of the date of this letter.

F. Appendices

Appendix A and Appendix G contain personally identifiable information and will be emailed to McDaniel in 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. Appendices A, B, C, D, E, F, G and H are attached to this report.