



February 18, 2014

Anthony Kinkel
President
Wichita Area Technical College
4004 N. Webb Rd.
Wichita, KS 67226

UPS: Tracking #:
1ZA879640194981302

RE: **Final Program Review Determination**
OPE ID: 00549800
PRCN: 201230727957

Dear President Kinkel:

The U.S. Department of Education's (Department's) School Participation Division – Kansas City issued a program review report on September 10, 2012 covering Wichita Area Technical College's (WATC) 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 2010-2011 and 2011-2012 award years. WATC's final response was received on November 2, 2012. A copy of the program review report (and related attachments) and WATC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by WATC 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, and (4) notify WATC of a possible adverse action. Due to the serious nature of Finding 14, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse administrative action pursuant to 34 C.F.R. § 668, Subpart G. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. This FPRD contains one or more findings regarding WATC's failure to comply with the requirements of the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. Because this *DFSCA* finding will not result in the assessment of financial liabilities, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about WATC's appeal rights will be provided under separate cover. AAASG's notification will also include information regarding WATC's appeal rights and procedures on how to contest the action.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Kansas City

1010 Walnut Street, Suite 336, Kansas City, MO 64106-2147

StudentAid.gov

The total liabilities due from the institution from this program review are \$12,512.00.

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. In addition, Appendices B, C, and D also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the September 10, 2012 program review report. If WATC 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 WATC receives this FPRD. An original and four copies of the information WATC submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, 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

WATC'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 WATC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Mr. Jim Wyant at 816-268-0431. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,



Ralph A. LoBosco
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Lacey Ledwich, Financial Aid Administrator
Andy Tompkins, Kansas Board of Regents
Sylvia Manning, North Central Association of Colleges and Schools, the
Higher Learning Commission

Prepared for
Wichita Area Technical
College

Federal Student Aid
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OPE ID: 00549800
PRCN: 201230727957

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination

February 18, 2014

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A. Institutional Information

Wichita Area Technical College
4004 North Webb Road
Wichita, KS 67226-8101

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools-CIHE (Higher Education)

Current Student Enrollment: 3689 (2011-2012)

% of Students Receiving Title IV: 54% (2011-2012)

Title IV Participation (G5):

2010-2011

| | |
|---|-------------|
| Federal Pell Grant | \$5,473,301 |
| Academic Competitiveness Grant (ACG) | \$ 12,889 |
| Federal Supplemental Opportunity Grant (SEOG) | \$ 110,000 |
| Federal Subsidized FFEL Loan | \$ 55,568 |
| Federal Unsubsidized Stafford Loan | \$ 57,598 |
| Federal Direct Plus Loan | \$ 26,587 |
| Federal Direct Subsidized Loan | \$3,145,836 |
| Federal Direct Unsubsidized Loan | \$2,633,979 |

| | | |
|-----------------------|------|-------|
| Default Rate FFEL/DL: | 2009 | 11.8% |
| | 2008 | 11.1% |
| | 2007 | 12.5% |

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Wichita Area Technical College (WATC) from June 4, 2012 to June 8, 2012. The review was conducted by Mr. Jim Wyant, Ms. Rhonda Puffer and Ms. Jenny Armontrout.

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

A sample of 30 files was identified for review from the 2010/2011 and 2011/2012 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 9 files were selected based on Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work Study (FWS) awards and 3 files were selected due to escheatment of credit balances. 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 10, 2012.

Disclaimer:

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

Findings 2-13 and 15-16.

WATC has taken the corrective actions necessary to resolve findings 2-13 and 15-16 of the program review report. Therefore, these findings may be considered closed. WATC's response to the program review report resolving these issues can be found in Appendix D. Findings requiring further action by WATC are discussed below.

Resolved Finding with Comments

The following program review finding has been partially resolved by the College and is now considered to be conditionally closed, subject to the College's satisfactory completion of the additional testing elements noted below.

Finding 14: Drug Abuse Prevention Program Requirements Not Met—Part 86

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: *WATC's drug and alcohol prevention program did not include a biennial review. WATC does not do further review to ensure the policies are effective and disciplinary sanctions described for law violations are consistently enforced. In addition, WATC does not distribute information annually to staff which discusses the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.*

Required Action Summary: *WATC must immediately begin reviewing its drug and alcohol prevention program to ensure it includes all regulatory components. Additionally, WATC must distribute these policies to all staff and students, even those who are taking reduced coursework to ensure the entire campus body is aware of the policies and consequences for violations. WATC must conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations.*

WATC's Response: In its response, WATC stated its concurrence with the finding and explained the steps taken to address the deficiencies. After the Department's site visit, the Director of Safety and Security initiated a review of the College's DAAPP. WATC also stated that sexual assault and harassment prevention training has been and will continue to be provided in the first semester of each academic year and that drug and alcohol training sessions will continue to be offered in the second semester. WATC also provided supporting documentation to show that WATC officials reviewed and revised certain aspects of its DAAPP and Drug-Free Campus Policy during the fall of 2012. In addition, the College represented that these policy changes were implemented incrementally after the WATC Leadership Council initially acted on the recommended changes on November 2, 2012. Final approval of the language, inclusive of technical amendments and the clarification of duties for certain WATC officials, was granted on March 1, 2013. WATC also stated that a biennial review would be conducted following the delivery of the spring 2013 drug and alcohol training program.

Final Determination: Finding # 14 of the program review report identified multiple violations of the *DFSCA* and the Part 86 Regulations. Specifically, WATC failed to distribute an annual DAAPP disclosure to all employees and students enrolled for academic credit. In addition, WATC failed to conduct a biennial review to assess the effectiveness of the College's DAAPP and as a result, also failed to produce a report of review findings.

As a result of these violations, WATC 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, WATC was required to conduct a substantive biennial review and produce a detailed report of findings. The review team examined materials submitted with the response and determined that the College failed to fully document the remedial actions that were referenced in the narrative. As a result, the review team also determined that WATC's response was incomplete and as such, WATC will be required to submit additional information for the Department's consideration. This additional testing will be conducted by the Department's Clery Act Compliance Division (CACD). Because the KC SPD will not be involved in the additional analysis, this program review finding will be conditionally closed. The CACD's determinations will supplement the findings and determinations made by the KC SPD and will factor into the Department's determination regarding any appropriate sanctions resulting from these deficiencies.

Although the KC SPD has accepted WATC's partial response and has closed the finding, the following omissions are noted: the College did not provide evidence to show that the new annual DAAPP disclosure was actively distributed as required. In fact, the corrective action plan merely stated that "WATC provides all faculty, staff and student body [with] the policies via www.watc.edu." This passive method of disclosure is not adequate to comply with the active distribution requirement. Moreover, the College did not immediately conduct a biennial review, primarily because a materially-complete

DAAPP was not in place and therefore, a comprehensive study of the program's effectiveness was not possible at the time. Nevertheless, the College's response stated that the biennial review would be completed in spring 2013. As such, the report of findings and supporting documentation should be readily-available.

As a result of these failures to initiate adequate corrective action, WATC must submit records that support its claims of adequate corrective action. At a minimum, these records must include the following: copies of its new and revised DAAPP policies and procedures, its new annual DAAPP disclosure, documented proof of active distribution of the new annual disclosure (e-mail records will suffice), and its biennial review report and supporting documentation to the CACD's clery@ed.gov electronic mailbox within 15 days of WATC's receipt of this FPRD. If any of the requested documents are not available or do not exist, the College must clearly state that fact and to the extent possible explain with particularity the circumstances related to the failure to produce these records. In this context, WATC is specifically advised to not produce any new documents for past periods for the purpose of complying with this document production. WATC's submission must reference its Program Review Control Number (PRCN) and the finding number in the subject line of its e-mail message. Failure to respond to this request for production may result in the imposition of additional adverse administrative actions.

Notwithstanding the KC SPD's conditional closure of the finding, WATC officials are reminded that they must initiate all necessary corrective actions to ensure that the deficiencies identified in this finding do not recur. Although the finding is now closed, WATC is reminded that the exceptions identified above constitute serious violations of the *DFSCA* that by their nature cannot be cured. WATC was required to initiate corrective actions and has taken some steps to address the conditions that led to these violations. While this is an important step, WATC officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment.

Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. WATC's failure to conduct comprehensive biennial reviews deprives the College of important information about the effectiveness of any drug and alcohol programs that are in place. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime. For these reasons, the College is reminded that corrective 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 as authorized by the *DFSCA* and/or require additional corrective measures as a result.

Finally, the Department strongly recommends that WATC re-examine its campus safety and 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 College's new policies and procedures.

Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of WATC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on September 10, 2012 is attached as Appendix D.

Finding 1. Incorrect Calculation of Cost of Attendance

Citation Summary: *The amount of need of any student for financial assistance is equal to—*

- (1) the cost of attendance of such student, minus*
- (2) the expected family contribution for such student, minus*
- (3) estimated financial assistance not received under the Title IV, Higher Education Act of 1965 Sec.471*

For the purpose of calculating Title IV, HEA assistance, the term "cost of attendance" means—

- (1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;*
- (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a half-time basis, as determined by the institution;*

(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—

- (a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;*
- (b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and*

(c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;

(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;

- (5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;
- (6) for incarcerated students only tuition and fees and, if required, books and supplies;
- (7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);
- (8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents;
- (9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;
- (10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;
- (11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and
- (12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan. Higher Education Act of 1965 Sec.472

Noncompliance: WATC does not make adjustments to the Cost of Attendance (COA) for students that are enrolled less than full time.

The following students were enrolled less than full-time but were assigned full-time budgets which results in potential over-awarding of Title IV, HEA funds.

Student # 9 was enrolled three-quarter time for Fall 2010.

Student # 12 was enrolled less than half-time for Fall 2010.

Student #s 2,3,6,7 and 11 were enrolled half-time for Spring 2011.

Student # 12 was enrolled less than half-time for Spring 2011.

Student #s 4 and 9 were enrolled half-time for Summer 2011.

Student #s 5 and 6 were enrolled three-quarter time for Summer 2011.

Student # 10 was enrolled less than half-time for Summer 2011.

Student # 30 was enrolled three-quarter time for Fall 2011.

Student #s 20, 25, 27 and 29 were enrolled half-time for Fall 2011.

Student #s 20,24, and 27 were enrolled half-time for Spring 2012.

Student #s 23 and 26 were enrolled half-time for Summer 2012.

Student # 24 was enrolled less than half-time for Summer 2012

Required Action Summary: *In response to this finding, WATC must provide the following:*

1. *Revised COA determinations for each student that was not full time for any term in 2010-2011 and 2011-2012 to demonstrate whether the students would have been over-awarded if correct COA figures had been used. WATC must review the student files of all Title IV, HEA recipients that were enrolled less than full-time in any term in the 2010-2011 and 2011-2012 award years and provide the following information in spreadsheet format as shown in Appendix D, along with the required hard copy documentation (items j and k listed below):*
 - a. *Student's first and last name;*
 - b. *Social Security number (last four digits only);*
 - c. *Award year;*
 - d. *Date of Disbursement;*
 - e. *Amount of Disbursement;*
 - f. *Title IV, HEA program;*
 - g. *Original COA;*
 - h. *Recalculated COA;*
 - i. *New award amount based on recalculation;*
 - j. *Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;*
 - k. *Legible copy of student's original account card.*

2. *Revised policy and procedures to ensure the proper use of the COA when awarding Title IV to students that are not full-time.*

These items must accompany WATC's response to this report. Instructions for repayment of any identified liabilities will be provided in the FPRD.

WATC's Response: In accordance, to the required action, WATC has successfully reviewed a total of 2911 student records for both the 2010-2011 and 2011-2012 academic years. The students' records were for any students that were enrolled in less than full-time (12 credit hours or more). We have adjusted the cost of attendance and awards to reflect part-time status.

To ensure compliance with this finding, WATC has updated our policy and procedure to include daily monitoring of students' most current enrollment status. Please find attached in Appendix A the updated policy and procedure for FA Assignment of Cost of Attendance/Budget.

Appendix B will include our corrective actions to the 2911 student records. Appendix C is a sample of ten (10) students, five (5) from each academic year.

Final Determination: WATC is liable for repayment of the Federal Pell Grant funds that were erroneously disbursed to the 4 students identified in the institution's file review. WATC is required to return the Federal Grant funds improperly disbursed in the sum of \$3,365.00. Additionally, WATC is liable to the Department for imputed interest charges that accrued from the date the disbursements should have been recalculated to the date of this determination in the sum of \$47.22 (\$47.00 rounded). The interest charges were computed using the Current Value Fund Rate Formula as indicated in Appendix G.

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

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

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

The total amount of Direct Loan funds (subsidized and unsubsidized) disbursed to students who had an incorrect cost of attendance during the 2010-2011 and 2011-2012 award years is \$142,836. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on WATC's most recent cohort default rate available. As a result, the estimated actual loss that WATC must pay to the Department for the ineligible loans is \$9,100.29 (\$9,100.00 rounded). A copy of the results of that calculation is in Appendix E.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review Determination is as follows. The liability amount reflects **unduplicated** liabilities because no student appears in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. The payment instructions in Section E reflect unduplicated liabilities.

| Liabilities | Pell (Closed Award Year) | DL/FFEL | EALF DL | |
|------------------------|---------------------------------|----------------|----------------|---------------|
| Finding 1 | \$3,365.00 | | | |
| Subtotal 1 | \$3,365.00 | | \$9,100.00 | |
| Interest/SA | \$ 47.00 | | | |
| Excess Cash | | | | |
| ACA | | | | |
| Subtotal 2 | \$ 47.00 | \$ | | |
| TOTAL | \$3,412.00 | \$ | \$9,100.00 | |
| Payable To: | | | | Totals |
| Department | \$3,412.00 | | \$9,100.00 | \$12,512.00 |
| COD Adjustments | \$3,412.00 | | | |

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on WATC's most recent cohort default rate available (15.10%).

The total amount of Direct Loan that WATC improperly disbursed during the 2010-2011 and 2011-2012 award years for Finding1 is **\$142,836.00**. The estimated actual loss that WATC must pay to the Department for the ineligible loans is **\$9,100.29 (\$9,100.00 rounded)**. A copy of the results of that calculation is included as Appendix E.

E. Payment Instructions

Liabilities Owed to the Department

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

WATC owes to the Department \$12,512.00. 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 adjustments in COD as required by the applicable finding 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: **\$12,512.00**
DUNS: **036452824**
TIN: **201027060**
Program Review Control Number: **201230727957**

Terms of Payment

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

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

If within 45 days of the date of this letter, WATC 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 WATC from the Federal Government. **WATC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, WATC 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.

Liabilities Owed to FFEL Lenders and the Department in the case of Direct Loans

William D. Ford Federal Direct Loan (Direct Loan) Liabilities:

Direct Loan Estimated Actual Loss

Finding: 1
 Appendix: E

| DL Estimated Actual Loss | |
|---------------------------------|------------|
| Amount | Award Year |
| \$7,135.00 | 2010-2011 |
| \$1,965.00 | 2011-2012 |
| Total: \$9,100.00 | |
| | |

WATC must pay the amount reflected above in Direct Loan estimated loss liabilities for the award years reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

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

Federal Pell Grant – Closed Award Year

Finding: 1
 Appendix: G

WATC must repay:

| Federal Pell Grant Closed Award Year | | | |
|---|-----------------------|--------------------|------------|
| Amount (Principal) | Amount (Interest) | Title IV Grant | Award Year |
| \$3,033.00 | \$44.00 | Federal Pell Grant | 2010-2011 |
| \$ 332.00 | \$ 3.00 | Federal Pell Grant | 2011-2012 |
| Total Principal | Total Interest | | |
| \$3,365.00 | \$47.00 | | |

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

Wichita Area Technical College

OPE ID: 00549800

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

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

F. Appendices

Appendices A through G are attached to this report.

Final Program Review Determination
PRCN: 201230727957

Appendix C
Program Review Report

Wichita Area Technical College

OPE ID: 00549800

PRCN: 201230727957

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Prepared for

**Wichita Area Technical
College**

OPE ID 00549800

PRCN 201230727957

Prepared by:

U.S. Department of Education

Federal Student Aid

Kansas City School Participation Division

Program Review Report

September 10, 2012

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A. Institutional Information

Wichita Area Technical College
4004 North Webb Road
Wichita, KS 67226-8101

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools-CIHE (Higher Education)

Current Student Enrollment: 3689 (2011-2012)

% of Students Receiving Title IV: 54% (2011-2012)

Title IV Participation (G5):

| | 2010-2011 |
|---|-------------|
| Federal Pell Grant | \$5,473,301 |
| Academic Competitiveness Grant (ACG) | \$ 12,889 |
| Federal Supplemental Opportunity Grant (SEOG) | \$ 110,000 |
| Federal Subsidized FFEL Loan | \$ 55,568 |
| Federal Unsubsidized Stafford Loan | \$ 57,598 |
| Federal Direct Plus Loan | \$ 26,587 |
| Federal Direct Subsidized Loan | \$3,145,836 |
| Federal Direct Unsubsidized Loan | \$2,633,979 |

| | | |
|-----------------------|------|-------|
| Default Rate FFEL/DL: | 2009 | 11.8% |
| | 2008 | 11.1% |
| | 2007 | 12.5% |

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Wichita Area Technical College (WATC) from June 4, 2012 to June 8, 2012. The review was conducted by Mr. Jim Wyant, Ms. Rhonda Puffer and Ms. Jenny Armontrout.

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

A sample of 30 files was identified for review from the 2010/2011 and 2011/2012 (year to date) award years. In addition, 9 files were selected based on Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work Study (FWS) awards and 3 files were selected due to escheatment of credit balances. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendices A, B, and C lists the names and partial 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 WATC'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 WATC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

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

C. Findings

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

Finding 1: Incorrect Calculation of Cost of Attendance

Citation: The amount of need of any student for financial assistance is equal to—

- (1) the cost of attendance of such student, minus
- (2) the expected family contribution for such student, minus

(3) estimated financial assistance not received under the Title IV, Higher Education Act of 1965 Sec.471

For the purpose of calculating Title IV, HEA assistance, the term “cost of attendance” means—

- (1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;
- (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;
- (3) an allowance (as determined by the institution) for room and board costs incurred by the student which—
 - (a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;
 - (b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and
 - (c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
- (4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;
- (5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;
- (6) for incarcerated students only tuition and fees and, if required, books and supplies;
- (7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student’s home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);

(8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents;

(9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;

(10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;

(11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and

(12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan. Higher Education Act of 1965 Sec.472

Noncompliance: WATC does not make adjustments to the Cost of Attendance (COA) for students that are enrolled less than full time.

The following students were enrolled less than full-time but were assigned full-time budgets which results in potential over-awarding of Title IV, HEA funds.

Student # 9 was enrolled three-quarter time for Fall 2010.

Student # 12 was enrolled less than half-time for Fall 2010.

Student #s 2,3,6,7 and 11 were enrolled half-time for Spring 2011.

Student # 12 was enrolled less than half-time for Spring 2011.

Student #s 4 and 9 were enrolled half-time for Summer 2011.

Student #s 5 and 6 were enrolled three-quarter time for Summer 2011.

Student # 10 was enrolled less than half-time for Summer 2011.

Student # 30 was enrolled three-quarter time for Fall 2011.

Student #s 20, 25, 27 and 29 were enrolled half-time for Fall 2011.

Student #s 20,24, and 27 were enrolled half-time for Spring 2012.

Student #s 23 and 26 were enrolled half-time for Summer 2012.

Student # 24 was enrolled less than half-time for Summer 2012

Required Action: In response to this finding, WATC must provide the following:

3. Revised COA determinations for each student that was not full time for any term in 2010-2011 and 2011-2012 to demonstrate whether the students would have

been over-awarded if correct COA figures had been used. WATC must review the student files of all Title IV, HEA recipients that were enrolled less than full-time in any term in the 2010-2011 and 2011-2012 award years and provide the following information in spreadsheet format as shown in Appendix D, along with the required hard copy documentation (items j and k listed below):

- a. Student's first and last name;
 - b. Social Security number (last four digits only);
 - c. Award year;
 - d. Date of Disbursement;
 - e. Amount of Disbursement;
 - f. Title IV, HEA program;
 - g. Original COA;
 - h. Recalculated COA;
 - i. New award amount based on recalculation;
 - j. Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;
 - k. Legible copy of student's original account card.
4. Revised policy and procedures to ensure the proper use of the COA when awarding Title IV to students that are not full-time.

These items must accompany WATC's response to this report.

Instructions for repayment of any identified liabilities will be provided in the FPRD.

Finding 2: Improper Origination of Direct Loans

Citation: Effective for loans first disbursed on or after July 1, 2008, for loan periods that include July 1, 2008 or begin on or after that date, dependent undergraduate students (excluding dependent undergraduates whose parents are unable to obtain PLUS loans) are eligible for an additional \$2,000 in Unsubsidized Loan funds each academic year.

For these students, the annual loan limits are:

- \$3,500 combined subsidized and/or unsubsidized plus \$2,000 additional unsubsidized for dependent first-year undergraduates;
- \$4,500 combined subsidized and/or unsubsidized plus \$2,000 additional unsubsidized for dependent second-year undergraduates; and
- \$5,500 combined subsidized and/or unsubsidized plus \$2,000 additional unsubsidized for dependent third-, fourth-, or fifth-year undergraduates.

There are higher additional unsubsidized annual loan limits for independent undergraduate students. These higher additional unsubsidized loan limits also apply to

dependent undergraduate students whose parents are unable to borrow PLUS loans due to adverse credit or other documented exceptional circumstances.

- \$3,500 combined subsidized and/or unsubsidized plus \$6,000 additional unsubsidized for independent first-year undergraduates;
- \$4,500 combined subsidized/and or unsubsidized plus \$6,000 additional unsubsidized for independent second-year undergraduates; and
- \$5,500 combined subsidized and/or unsubsidized plus \$7,000 additional unsubsidized for independent third-, fourth-, or fifth-year undergraduates.

The annual maximum loan amount an undergraduate student may borrow must be prorated in certain situations, including:

- when the student is enrolled in a program that is shorter than a full academic year; and
- when the student is enrolled in a program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year.

For all types of programs, where there is a remaining portion less than an academic year, the annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

$$\frac{\text{Semester, trimester, quarter, or clock hours enrolled in program}}{\text{Semester, trimester, quarter, clock hours in academic year}}$$

Ensuring Continued Access to Student Loans Act of 2008 (ECASLA); Dear Colleague Letter GEN-08-08; 34 C.F.R. § 685.203; *2010-11 FSA Handbook, Volume 3, Chapter 6*, *2011-12 FSA Handbook, Volume 3, Chapter 5*.

Noncompliance: The financial aid staff, by their own admission, indicated to the reviewers that all Federal Direct Student Loans for WATC students were initially originated at grade level one even if the student had progressed to grade level two. Only if a grade level two student requested additional funds, would the loan be reprocessed at the higher grade level.

The following students had Federal Direct Student Loans originated at grade level one when the academic transcript indicated the students had completed enough credit hours to be at grade level two:

Student #1: The student had completed 52 credit hours. A 2010-2011 Federal Direct Loan was originated at grade level 1.

Student #9: The student had completed 33 credit hours. A 2010-2011 Federal Direct Loan was originated at grade level 1.

Student #15: the student had completed 45 credit hours. A 2010-2011 Federal Direct Loan was originated at grade level 1.

Student #21: The student had completed 32 credit hours. A 2011-2012 Federal Direct Loan was originated at grade level 1.

Student #35: The student had completed 47 credit hours. A 2010-2011 Federal Direct Loan was originated at grade level 1.

Required Action: Since WATC's policy on originating Federal Direct Loans at grade level one for all students does not create over-awarding of Title IV aid, WATC will not be required to review and correct any files for the academic years reviewed or any prior years. However, as part of its response to this report, WATC must submit a copy of its policy and procedures that will ensure that Federal Direct Loans are correctly certified at the correct grade level in the future and to ensure that all students are advised of their eligibility to receive the maximum loan funds for which they are entitled.

Finding 3: Financial Need Incorrect-Failure to Coordinate Non-Title IV Resources for Packaging Title IV Funds.

Citation: A student's total financial aid and other estimated financial assistance (EFA) may not exceed a student's financial need as determined under § 428 of the Higher Education Act (HEA). EFA is defined as the estimated amount of assistance for a period of enrollment that a student or a parent will receive from federal, state, institutional, or other sources, such as scholarships, grants, net earnings from need-base employment, or loans, including but not limited to an educational benefit paid because of enrollment in a postsecondary educational institution, or to cover postsecondary education expenses. 34 C.F.R. § 682.200(b).

Noncompliance: The following student was determined to have additional non-Title IV resources that were not used for packaging Title IV funds:

Student # 26: The student had a 2011-2012 academic year budget of \$14,460, an EFC of 1793 and need of \$12,667. The student was awarded need-based aid of Federal Direct Subsidized Loan for \$3,500 and Federal Pell Grant for \$3,800 for a total of \$7,300. Additionally, the student received a Federal Direct Unsubsidized Loan for \$6,000 for total need and non-need based aid of \$13,300. However, the student also received Veterans Workforce Investment Program funds of \$2,312 that was not included as other resources in the student's aid package. Although the student's need was not over-awarded the cost of attendance was over-awarded by \$1,152.

Required Action: In response to this report, WATC must correct the over-award for Student #26 by returning \$1,152 of the student's Federal Direct Unsubsidized Loan and provide documentation of the correction. Additionally, WATC must revise its packaging methodology to include all required resources regardless of which office processes those resources. A copy of the policy must be submitted as part of the response to this finding.

Finding 4: Exit Counseling Deficiencies

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

The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student borrower may be provided with written counseling materials within 30 days after the student borrower completes the program.

If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

The exit counseling must—

- Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers who have obtained Direct Subsidized Loans and Direct Unsubsidized Loans, student borrowers who have obtained only Direct PLUS Loans, or student borrowers who have obtained Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loans, depending on the types of loans the student borrower has obtained, for attendance at the same school or in the same program of study at the same school;
- Review for the student borrower available repayment plan options including the standard repayment, extended repayment, graduated repayment, income contingent repayment plans, and income-based repayment plans, including a description of the different features of each plan and sample information showing the average anticipated monthly payments, and the difference in interest paid and total payments under each plan;

- Explain to the borrower the options to prepay each loan, to pay each loan on a shorter schedule, and to change repayment plans;
- Provide information on the effects of loan consolidation including, at a minimum—
 - i. The effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;
 - ii. The effects of consolidation on a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities;
 - iii. The options of the borrower to prepay the loan and to change repayment plans; and
 - iv. That borrower benefit programs may vary among different lenders;
- Include debt-management strategies that are designed to facilitate repayment;
- Explain to the student borrower how to contact the party servicing the student borrower's Direct Loans;
- Meet the requirements of explaining a Master Promissory Note (MPN); emphasizing to the borrower the seriousness and importance of the repayment obligation the student borrower has assumed; and emphasizing that the student borrower is obligated to repay the full amount of the loan even if the student borrower does not complete the program, does not complete the program within the regular time for program completion, is unable to obtain employment upon
 - completion, or is otherwise dissatisfied with or does not receive the educational or other services that the student borrower purchased from the school;
 - Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;
 - Provide—
 - i. A general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or discharge of principal and interest, defer repayment of principal or interest, or be granted forbearance on a Title IV loan; and
 - ii. A copy, either in print or by electronic means, of the information the Secretary makes available pursuant to section 485(d) of the HEA;
 - Review for the student borrower information on the availability of the Department's Student Loan Ombudsman's office;
 - Inform the student borrower of the availability of Title IV loan information in the National Student Loan Data System (NSLDS) and how NSLDS can be used to obtain Title IV loan status information;
 - A general description of the types of tax benefits that may be available to borrowers; and
 - Require the student borrower to provide current information concerning name, address, social security number, references, and driver's license number and State of issuance, as well as the student borrower's expected permanent address, the

address of the student borrower's next of kin, and the name and address of the student borrower's expected employer (if known).

If exit counseling is conducted through interactive electronic means, a school must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the exit counseling.

The school must maintain documentation substantiating the school's compliance with applicable regulations for each student borrower. 34 C.F.R. §685.304(b).

Noncompliance: In three instances, WATC failed to perform exit counseling timely or ensure that the student had completed exit counseling or had been notified of the requirement to do so.

Student #7: The student withdrew on 08/01/2011 but the Exit Counseling was not done until 09/20/2011, 20 days late.

Student #25: The student withdrew on 09/15/2011. There was no record of Exit Counseling having been completed.

Student #31: The student withdrew on 03/24/2011. There was no record of Exit Counseling having been completed.

Required Action: In response to this report, WATC must provide student #s 25 and 31 with exit counseling materials, in a manner consistent with the Department's requirements. A discussion of WATC's resolution of this finding, with supporting documentation, should be included in its response.

Additionally, WATC must provide the Department with assurance that WATC will perform all required exit counseling to student borrowers in the future.

Finding 5: Return of Title IV Funds Calculation Errors

Citation: Federal regulations state that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance (not including Federal Work Study or the non-Federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date. If the total amount of Title IV grant or loan assistance, or both, that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. If the total amount of

Title IV grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. *34 C.F.R. § 668.22(a)*.

A student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform a Return calculation. *2010-2011 Federal Student Aid Handbook, Volume 5, Chapter 2*.

A student who leaves a school does not always notify the school of his or her withdrawal. There are two categories of these unofficial withdrawals for purposes of the Return of Title IV Funds calculation. First, if the school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control, the withdrawal date is the date the school determines that the student ceased attendance because of the aforementioned applicable event.

The second category of unofficial withdrawal encompasses all other withdrawals where official notification is not provided to the school. This rule applies only to schools that are not required to take attendance. For these withdrawals, commonly known as dropouts, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity that the student participated in. *2010-2011 Federal Student Aid Handbook, Volume 5, Chapter 2*.

Noncompliance: In one instance, WATC calculated a Return to Title IV incorrectly:

Student #32: The beginning and ending dates of the Fall 2010 semester per WATC's academic calendar were 08/16/2010 and 12/18/2010 respectively. The student's last date of attendance for the Fall 2010 semester was 10/13/2010. The resulting Return to Title IV calculation required WATC to return \$867 in Federal Unsubsidized Direct Loan funds. However, the institution used 08/17/2010 as the semester beginning date and 12/15/2010 as the semester ending date which created an incorrect number of days in the enrollment period (112 versus the actual 116 days which are applicable to the term), causing the student's calculation to be skewed. Consequently, WATC returned \$836 in Federal Unsubsidized Direct Loan funds--\$31 less than the required amount.

Required Action: WATC must recalculate the Return to Title IV for Student #32 using the correct number of days in the semester. The additional funds must be returned to the Federal Unsubsidized Direct Loan fund. A copy of the corrected Return to Title IV calculation worksheet and documentation of the return to the Federal Unsubsidized Direct Loan program must be submitted as part of the response to this finding.

Additionally, WATC must review the Department's Return of Title IV Funds regulations and revise its own policies and practices in such a way as to ensure that Title IV Returns

are calculated correctly for all Title IV recipients who withdrew from the institution after having begun a period of enrollment. A discussion of these revisions should accompany WATC's response.

Finding 6: Verification Violation

Citation: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's ISIR. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. § 668.16 (f), 34 C.F.R. § 6682.24 (c)(1)(i), 34 C.F.R. §668.56; the Department's 2010/11 and 2011/12 Application and Verification Guides.

Noncompliance: For the one student outlined below, WATC failed to complete the requirements of the Department's verification process.

Student #29: The student's mother filed as the responsible "separated" parent on the 2011-2012 FAFSA. However, the parents had completed a joint 2010 federal tax return

which required the mother's 2010 income to be determined through submission of all 2010 W-2s. All submitted 2010 W-2s for the student's mother totaled \$55,566, however, only \$50,803 total income for the mother was reported on the FAFSA. One W-2 for \$4,763 had been overlooked in the verification process.

Required Action: WATC must correct the student's FAFSA to determine if the student was over-awarded Title IV, HEA funds. If the student was over-awarded, WATC must return the applicable amount of the over-award to the appropriate Title IV program. A discussion of WATC's resolution of this finding, with supporting documentation, should be included in its response.

Additionally, WATC must provide the Department with assurance that WATC will perform all verification requirements accurately in the future.

Finding 7: Cost of Attendance Not Documented

Citation: Federal law defines the term "cost of attendance" as—

- (1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;
- (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;
- (3) an allowance (as determined by the institution) for room and board costs incurred by the student which—
 - (a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;
 - (b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and
 - (c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
- (4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;
- (5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;
- (6) for incarcerated students only tuition and fees and, if required, books and supplies;
- (7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);
- (8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that—
 - (a) such allowance shall not exceed the reasonable cost in the community in which such student resides for the kind of care provided; and
 - (b) the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time;
- (9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;

- (10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;
- (11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and
- (12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan, as the case may be. SEC. 472, 20 U.S.C. 1087.

Federal regulations state that an institution shall establish and maintain, on a current basis, all documentation relating to its administration of the Title IV programs in accordance with all applicable requirements. 34 C.F.R. § 668.24.

Noncompliance: WATC failed to document the components of its cost of attendance determinations for the Title IV budgets that were used in the 2010-2011 and 2011-2012 award years. WATC could not provide documentation to substantiate the amounts for the books, personal expenses, transportation, room and board components of the cost of attendance.

Required Action: WATC must devise and implement procedures to ensure that, in the future, its cost of attendance determinations will be fully documented. The procedures should also require that the cost of attendance figures be periodically reviewed and, as necessary, updated. A copy of these procedures must accompany WATC's response to this report.

Finding 8: Student Not Notified of Title IV Grant Repayment

Citation: Within 30 days of the date of the institution's determination that the student withdrew, an institution must send a notice to any student who owes a Title IV, HEA grant overpayment as a result of the student's withdrawal from the institution in order to recover the overpayment. 34 C.F.R. § 668.22(h)(C)(ii).

Noncompliance: In one instance, the reviewers identified a student who owed a Federal Pell Grant overpayment as a result of the student's withdrawal where the student had not been provided the required notification.

Student #39: The student withdrew on 08/17/2011. The Return to Title IV calculation determined that the student had a Federal Pell Grant overpayment of \$609 that the student was responsible for repaying. There was no documentation in the student's file indicating that WATC had notified the student of the repayment requirement.

Required Action: In response to this report, WATC must develop and implement a procedure to assure, that when a student's Return to Title IV calculation determines an overpayment of Federal Pell Grant funds that the student must repay, the student is notified of the amount of funds to be returned. A copy of the written procedures addressing this finding must be provided with the response to this report.

Finding 9: Admission Policy Not Followed

Citation: A student is eligible to receive Title IV, HEA program assistance if the student has a high school diploma or its recognized equivalent. 34 C.F.R. § 668.32(e)(1).

Noncompliance: WATC's admission policy requires that a student provide proof of high school graduation. Many students apply for admission at WATC prior to graduating from high school. At that time, WATC accepts a 7th Semester high school transcript to complete the admission process. Interviews with Admission staff by the reviewers confirmed that WATC does not require these students to provide a final high school transcript or diploma to confirm that the student has actually completed high school.

Required Action: WATC must devise and implement procedures that will ensure that, in the future, Title IV, HEA funds will only be disbursed to eligible students who have provided valid documentation to substantiate the student has a high school diploma or its recognized equivalent. A copy of these procedures must be submitted with WATC's response to this report.

Finding 10: Student Credit Balance Deficiencies

Citation: Federal regulations stipulate that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible, but no later than 14 days after the balance occurred. 34 C.F.R. § 668.164(e).

An institution may hold on behalf of a student any Title IV funds that would otherwise be paid directly to the student, if the institution obtains a written authorization from the student [34 C.F.R. § 668.165(b)(1)(ii)]. In obtaining such authorization, the institution (1) may not require or coerce the student to provide the authorization; (2) must allow the student to cancel or modify the authorization at any time; and (3) must clearly explain how it will hold those funds on behalf of the student. 34 C.F.R. § 668.165 (b)(2).

If an institution holds excess student funds, the institution must (1) identify the amount of funds it holds for each student in a subsidiary ledger account designed for that purpose; (2) maintain cash in its bank account at all times at least equal to the amount of funds the institution holds for the student; and (3) notwithstanding any authorization, must pay any

remaining balance on loan funds by the end of the loan period and any remaining other Title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded. 34 C.F.R. § 668.165(b)(5).

Noncompliance: During interviews with staff from the financial aid office and business office, reviewers determined that, on occasion, WATC had held student's Title IV credit balances on behalf of students to be applied to the next term's charges. WATC does not utilize a formal written authorization from the student as required by federal regulations to hold a student's Title IV credit balance.

Required Action: WATC must decide whether it will retain Title IV credit balances on behalf of students and provide written notice to the Department regarding the outcome. If WATC decides to allow retention of credit balances, it must devise a Title IV authorization form compliant with federal regulations. The required policy and procedures must detail how the process will be handled. A written response regarding the institution's decision in this matter, and a copy of the policy and procedures must accompany WATC's response to this report.

Finding 11: Failure to Meet Factors of Financial Responsibility—Escheatment of Credit Balance Checks

Citation: Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent but the student or parent does not receive or negotiate those funds. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement.

If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check.

- If a check is returned to the institution, or an Electronic Funds Transfer (EFT) is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45 day period; and
- No later than the 240 day period described above, the institution must cease any additional disbursement attempts and immediately return those funds. 34 C.F.R. § 668.164(h).

Noncompliance: WATC failed to return Title IV, HEA credit balances to the Department in a timely manner after attempts to pay the credit balances to students were unsuccessful. During the on-site portion of the program review, WATC officials

identified 3 students (Appendix C) with Title IV, HEA credit balance funds that the institution was unable to return to the students.

Required Action: Since WATC has already reviewed the accounts of all Title IV recipients whose checks have been returned, a file review will not be required. However, WATC must review the 3 student accounts in Appendix C and return the funds to the appropriate Title IV, HEA account. Proof of the return must be provided as part of the response to this finding. Additionally, WATC must devise and implement procedures that will ensure that, in the future, undeliverable Title IV credit balances will be returned to the appropriate Title IV account in compliance with federal regulations. A copy of these procedures must be submitted with WATC's response to this report.

Finding 12: Third Party Servicer Not Reported on ECAR

Citation: An institution that participates in a Title IV, HEA program shall notify the Secretary within 10 days of the date that the institution enters into a new contract or significantly modifies an existing contract with a third-party servicer to administer any aspect of that program. 34 C.F.R. § 668.25(e).

Noncompliance: WATC entered into a written "Commerce DirectCheck Card Agreement" with Commerce Bank, N.A. to provide debit cards to students as an alternative to receiving Title IV credit balances by check or direct deposit. As of the date of the program review, WATC had not notified the Department of the contract with Commerce Bank, N.A.

Required Action: WATC must submit the third party servicer to the Department. The notification must be submitted using the Department's electronic application located on the Application for Approval to Participate in the Federal Student Financial Aid Programs website at www.eligcert.ed.gov. An acknowledgement that the notification has been submitted should accompany WATC's response to this report.

Finding 13: Account Records Not Reconciled Timely

Citation: Federal regulations require an institution to establish and maintain on a current basis financial records that reflect each Title IV program transaction, and general ledger control accounts and related subsidiary accounts that identify each Title IV program transaction and separate those transactions from all other institutional financial activity. An institution shall account for the receipt and expenditure of Title IV program funds in accordance with generally accepted accounting principles and reconcile its oversight of Title IV funds on at least a monthly basis. 34 C.F.R. § 668.24(a) and (b), 34 C.F.R. § 674.19(d)(1), 34 C.F.R. § 675.19(b)(2)(iv), 34 C.F.R. § 676.19(b)(2), 34 C.F.R. § 682.610(a), 34 C.F.R. § 690.81(a); *The Blue Book, October 2005, Chapter. 12*

Noncompliance: WATC considers reconciliation of COD, G5, Institutional Ledgers, bank accounts and FISAP to be a joint effort between the Financial Aid Office and Business Office. Bank accounts appear to be reconciled on a monthly basis. However, by their own admission, WATC staff indicated that reconciliation between COD, G5 and Institutional Ledgers do not occur more than two to three times per year.

Required Action: WATC posts Title IV awards to students' accounts and then draws down the funds through G5. Although the institution may experience fewer reconciliation issues by using this procedure, the potential for posting errors still exists. WATC must devise and implement procedures that will ensure that, in the future, Title IV, HEA funds will be reconciled on at least a monthly basis. A copy of these procedures must be submitted with WATC's response to this report.

Finding 14: Drug Abuse Prevention Program Requirements Not Met—Part 86

Citation: 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: WATC's drug and alcohol prevention program did not include a biennial review. WATC does not do further review to ensure the policies are effective and disciplinary sanctions described for law violations are consistently enforced. In addition, WATC does not distribute information annually to staff which discusses the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.

Required Action: WATC must immediately begin reviewing its drug and alcohol prevention program to ensure it includes all regulatory components. Additionally, WATC must distribute these policies to all staff and students, even those who are taking reduced coursework to ensure the entire campus body is aware of the policies and consequences for violations. WATC must conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations.

Finding 15: Crime Awareness Requirements Not Met

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) and the Department's regulations requires that institutions

receiving Title IV funds publish and disseminate an annual security report that describes policies and statistics relating to campus crime. 34 C.F.R. § 668.46. The annual security report must be distributed to all enrolled students and current employees by October 1st of each year. 34 C.F.R. § 668.41(e)(1). Among the policies that must be included in the annual security report are:

- (1) Policies for making timely warnings to members of the campus community regarding the occurrence of those crimes required to be reported in the crime statistics section of the annual report. 34 C.F.R. § 668.46(b)(2)(i);
- (2) Policies for preparing the annual disclosure of crime statistics. 34 C.F.R. § 668.46(b)(2)(ii);
- (3) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others. 34 C.F.R. § 668.46(b)(5);
- (4) A description of programs designed to inform students and employees about the prevention of crimes. 34 C.F.R. § 668.46(b)(6);
- (5) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws. 34 C.F.R. § 668.46(b)(8);
- (6) A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws. 34 C.F.R. § 668.46(b)(9);
- (7) A description of any drug or alcohol-abuse education programs. 34 C.F.R. § 668.46(b)(10);
- (8) A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include:
 - (i) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses;
 - (ii) Procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported;

- (iii) Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel;
 - (iv) Notification to students of existing on-and off-campus counseling, mental health, or other student services for victims of sex offenses;
 - (v) Procedures for campus disciplinary action in cases of an alleged sexual offense, including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary hearing and that both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense; and
 - (vi) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or non-forcible sex offenses. 34 C.F.R. §668.46(b)(11);
- (9) A statement advising the campus community where law enforcement agency information concerning registered sex offenders may be obtained, such as a local law enforcement agency with jurisdiction for the campus or a computer network address. 34 C.F.R. § 668.46 (b)(12);
- (10) Statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority.
- (a) Criminal homicide
 - (b) Murder and non-negligent manslaughter
 - (c) Negligent manslaughter
 - (d) Sex offenses:

- i. Forcible sex offenses
- ii. Non-forcible sex offenses
 - (e) Robbery
 - (f) Aggravated assault
 - (g) Burglary
 - (h) Motor vehicle theft
 - (i) Arson
 - (j) Arrests for liquor law violations, drug law violations, and illegal weapons possession. 34 C.F.R. § 668.46(c)(1); and

The institution must provide a geographic breakdown of the statistics reported under paragraphs (c)(1) and (3) of 34 C.F.R. § 668.46 by crimes that occur (1) on campus; (2) residential facilities for students that are located on campus; (3) non-campus buildings or property; and (4) public property. 34 C.F.R. § 668.46(c)(4).

Noncompliance: Although WATC compiled and appropriately distributed the 2008, 2009 and 2010 campus crime statistics to students and staff, the data did not appear on the Department of Education's Campus Safety and Security Data website for the 2008 and 2009 reporting years. WATC's Safety and Security staff, who had responsibility for collecting the data, indicated there were problems submitting the data to the Department of Education website. WATC was able to produce e-mails from the Campus Security

Help Desk indicating that assistance had been requested in reporting the crime statistics. However, the issue had not been resolved at the time of the Program Review.

Required Action: When WATC accesses the U.S. Department of Education's Campus Safety and Security Data website to report campus crime statistics for the 2011 year, the institution must also report data for the 2009 year. Since the 2008 data fields will drop from the website reports, no updates will be required for that year.

In response to this finding, WATC must provide documentation that the 2009 campus crime statistics have been updated and available on the U.S. Department of Education's website.

Finding 16: Credit/Clock Hour Conversion Improper

Citation: 34 C.F.R. § 668.8(k) states, if an institution offers an undergraduate educational program in credit hours, the institution must use the clock/credit hour formula to determine whether that program(s) satisfies the requirement contained in paragraph (c)(3) or (d) of this section, and the number of credit hours in that educational program for purpose of Title IV, HEA programs unless that program is at least two academic years in length and provides an associates, bachelor's or professional degree or an equivalent degree as determined by the Secretary.

Noncompliance: At the time of the Program Review, WATC had three Vocational/Non-degree programs that did not apply as full credit to a degree and did not meet the clock to credit hour conversion requirements:

Auto Collision Repair: 1170 clock hours/39 credit hours

Aerospace Quality Control: 600 clock hours/20 credit hours

Practical Nursing: 960 clock hours/32 credit hours

Required Action: Following the Program Review, WATC submitted an update application and has appropriately corrected the clock to credit hour conversions for all three programs. All corrections are now showing on WATC's ECAR. No further action is needed for this finding.

D. Recommendations

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

Federal Work Study (FWS)

Federal regulations, 34 C.F.R. § 675.19(b) states an institution must follow the record retention and examination provisions in this part and in 34 C.F.R. § 668.24. The institution must also establish and maintain program and fiscal records that include certification by the student's supervisor, an official of the institution or off-campus agency that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence or the total hours worked per day. These records must be reconciled monthly.

WATC's FWS timesheets show only the total hours worked per day. Although the regulation above indicates that an FWS time sheet needs to show only total hours worked per day, the review team feels that the FWS program could be more accurately and effectively reconciled if the time sheet recorded time in and time out for each period of time that the student worked.

Final Program Review Determination
PRCN #: 201230727957

Appendix D

WATC's Response to the Program Review Report

Wichita Area Technical College

OPE ID: 00549800

PRCN: 201230727957

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November 2, 2012

Mr. Jim Wyant
U.S. Department of Education
Federal Student Aid/Kansas Participation Division
8930 Ward Parkway, Suite 2028
Kansas City, MO 64114-3392

RE: Program Review Response
OPE ID: 00549800
PRCN: 201230727957

Dear Mr. Wyant:

On September 14, 2012, Wichita Area Technical College began actions to address issues of non-compliance in the Program Review Report. As you will see throughout this response, we have received feedback from numerous departments within the College to help ensure our compliance with your report. In accordance to the Program Review Report, we have successfully identified the areas that needed attention and have included the corrective action that was required and also any supporting documentation.

In addition to the corrective actions, we have made a conscious effort to improve our policies and procedures. Furthermore, we have added an Assistant Director of Financial Aid to help with the work load and ensure that the Director's time is adequately spent on compliance and monitoring of federal regulation.

Given our sincere efforts at transparency, timeliness and commitment to cooperate fully with this program review; WATC respectfully requests that penalties and interest be waived as you consider a final response. As you can imagine, our concern is with our students and any such punitive measures would reduce resources available to fulfill our mission of helping our students achieve their hopes and dreams.

It is our intention to remain vigilant and maintain full compliance. We hope this has been evidenced by the comprehensive nature of our response and the commitment of everyone at WATC to adhere to all regulations.

Sincerely,

Dr. Anthony Kinkle
President, Wichita Area Technical College

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Appendix V: Clery Reporting

Finding 1: Incorrect Calculation of Cost of Attendance

Response: In accordance, to the required action, WATC has successfully reviewed a total of 2911 student records for both the 2010-2011 and 2011-2012 academic years. The students' records were for any students that were enrolled in less than full-time (12 credit hours or more). We have adjusted the cost of attendance and awards to reflect part time status.

To ensure compliance with this finding, WATC has updated our policy and procedure to include daily monitoring of students' most current enrollment status. Please find attached in Appendix A the updated policy and procedure for FA. Assignment of Cost of Attendance/Budget.

Appendix B will include our corrective actions to the 2911 student records. Appendix C is a sample of ten (10) students, five (5) from each academic year.

Finding 2: Improper Origination of Direct Loans

Response: Students' grade level will be monitored on a monthly basis. If it is determined that a student has progressed to a higher grade level, the student will be notified in writing. This notification will inform the student of the new loan amount and provide them options for accepting or declining the additional loan funds. The updated policy and procedure is included in Appendix D.

Finding 3: Financial Need Incorrect-Failure to Coordinate Non-Title IV Resources for Packaging Title IV Funds.

Response: In the required action, it included that WATC was to correct the over-award for Student #26, (Michael Bickell). After further research into the student's financial aid package, it was discovered that he was not budgeted to include his summer semester and therefore was not over-awarded. We have successfully included the students Veteran's Workforce Investment Program funds as part of his Estimated Financial Assistance.

Attached is the student's revised financial aid package (Appendix E), as well as verification of his summer enrollment (Appendix F).

The updated policies and procedures for FA. Packaging Requirements is included to validate our corrective action to ensure our packaging methodology includes all required resources to accurately compute a student's Estimated Financial Assistance,

see Appendix G.

Finding 4: Exit Counseling Deficiencies

Response: WATC has provided Exit Counseling documentation to students' #25 and #31 (Jessica Heath, Brianna Zerger); copies of documentation are included in Appendix H.

To ensure compliance with the Department of Education's regulation in response to Exit Counseling, WATC will receive monthly reports from our IT department indicating students that are enrolled in less than six (6) credit hours, but attended six (6) or more credit hours the prior semester. Attached is a copy of our updated policy and procedure FA. Exit Interviews see Appendix I.

Finding 5: Return of Title IV Funds Calculation Errors

Response: According to the WATC academic calendar for 2010-2011, we have updated the start and end dates to ensure the Return to Title IV calculation was correct for Student #32 (Alvin Pete). In the initial calculation, WATC returned \$836.00 in Federal Unsubsidized Loan. However, from the Program Review Response, it was noted that the correct amount should be \$867.00 in Federal Unsubsidized Loan.

When verifying that \$867.00 was the correct amount to return, WATC found that there was a rounding error performed during the Program Review. The Reviewers calculated the return amount at 50.0%; conversely, WATC is required to take attendance therefore WATC calculated the return amount at 50.9%. With our Banner module for Financial Aid, it computes the student to the nearest tenth, allowing the student to be entitled to additional funds earned. According to the 2012-2013 FSA Federal Student Handbook, monetary amount should be in dollars and cents (rounded to the nearest penny). When calculating percentages, round to three decimal places.

In Appendix J, you will see the corrected Return to Title IV calculation per our Banner module for start and end dates, and also the calculation per CPS. According to the latest calculation, WATC has returned an additional \$16.00 to the Federal Unsubsidized Loan fund, for a total of \$852.00.

Finding 6: Verification Violation

Response: For Student #29 (Angelica Harris), WATC verified her 2010-2011 financial aid file again and included the mother's missing W2. The amount that was originally missed was for \$21,291, not \$4,763 that was indicated on the Program Review Report. However,

when adding
in the missing W2, the total amount does not differ from the total income listed on the
Program
Review Report of \$55,566.

After our review, the student's new EFC had increased to 10,218; originally figured at
5,751. This increase eliminates the student's eligibility for Federal Subsidized Loan
funds; therefore, requiring WATC to reallocate \$3500.00 Federal Subsidized into
Federal Unsubsidized. The student's new award is shown in Appendix K.

WATC may manually have internal audits for the verification process to ensure the
compliance with Federal regulations. WATC will also continue to have third party
audits on an annual basis to also review this process.

Finding 7: Cost of Attendance not documented

Response: WATC has reviewed and updated our Cost of Attendance determination
procedures. As noted in the policy FA. Cost of Attendance (See Appendix L), WATC
will now gather information from reliable sources and maintain all records. WATC
may also review the Cost of Attendance figures periodically to ensure amounts are
relevant.

Finding 8: Student Not Notified of Title IV Grant Repayment

Response: To ensure WATC is in compliance with the notification of Title IV Grant
Repayment, we have successfully updated our policy and procedures. As noted in the
updated policy (See Appendix M), once the Return to Title IV calculation is
completed, the Financial Aid Office will send correspondence to the student informing
them of the funds required to be returned by the college and also the students
obligations to repay any overpayments on their behalf (see Sample Letter in Appendix
N).

Finding 9: Admission Policy Not Followed

Response: In accordance with the WATC Admission's Policy, WATC does not
require high school transcripts for acceptance. In order to be eligible for Title IV,
HEA funds, WATC Financial Aid Office will allow students to self-certify on the Free
Application for Federal Student Aid that they have received a high school diploma or
GED. Per the Admission's Policy, if a student is a concurrent enrollee per completion
of high school, the student will be required to submit official documentation certifying
their high school or GED completion before they are fully accepted as a first time
freshman.

Please see revised Admission Policy in Appendix O. This policy is pending

Leadership Council approval, which is set for the next meeting.

Finding 10: Student Credit Balance Deficiencies

Response: A new policy has been created to identify the Retention of Student Credit Balances. At WATC, we will not retain Title IV credit balances on behalf of students. Please refer to Appendix P for the entire policy regulation. This policy is pending Leadership Council approval, which is set for the next meeting.

Finding 11: Failure to Meet Factors of Financial Responsibility-Escheatment of Credit Balance Checks

Response: WATC has successfully reviewed the three (3) student accounts that were noted in

the Program Review. After review, WATC is required to return funds for one (1) student. For Student #42 Amanda Yates, WATC returned \$198.00 to the FFEL Subsidized Loan. Confirmation of this return will be listed in Appendix Q. However, WATC is still waiting for verification from the Department of Education on how the funds should be returned. Ms. Yates is deceased and her loans have been discharged, resulting in a zero balance in loan debt. Student #40 Rasheed Smith had a returned check in the amount of \$1.00. Per WATC's Accounts

Payable policy, when a student's refund check requires a stop payment order, a \$25.00 stop payment fee is assessed. In this student's case, the stop payment fee would zero the account. For Student #41 Kyler Snow, the student had a refund check of \$693.00; however WATC was required to complete a Return to Title IV calculation at the end of the semester which caused a balance on the student's account of \$2,233.00. Since the refund check of \$693.00 was not cashed after 240 days, WATC has credited the refund check back to the student's account balance to offset the balance due to the College because of Return to Title IV calculation.

At this time, WATC is finalizing the review of all unclaimed checks and check returns to Title IV, HEA Funds. Please see Appendix R for the Accounts Payable policy and procedures outlining our Unclaimed Checks and Student Refunds Returned by Post Office for Insufficient Delivery Information.

Finding 12: Third Party Servicer Not Reported on ECAR

Response: On October 25, WATC updated via electronic application, the College's ECAR to reflect our third party servicers. The update included Commerce Bank, State

of Kansas, and Williams & Fudge Inc. Please see Appendix S, for confirmation of the submission.

Finding 13: Account Records Not Reconciled Timely

Response: After reviewing our policy, WATC has now revised our Reconciliation policy and procedures to include monthly reconciliation of Pell Grant, SEOG and Direct Loan funds with COD, 05, and Institutional Ledgers. Please see Appendix T for the updated policy FA. Reconciliation

Finding 14: Drug Abuse Prevention Program Requirement Not Met-Part 86

Response: Concluding the Program Review in June, WATC's Director of Safety and Security began to review our Drug and Alcohol Prevention Program. WATC offers two training sessions by per year. First semester WATC offers Sexual Harassment and Assault training, and Second semester we offer Drug and Alcohol Abuse training. Appendix U includes verification from WATC Director of Safety and Security about the training opportunities. It will also include training materials that were supplied during the Sexual Harassment and Assault training and policies pertaining to Drug Free Awareness.

Concluding the final training in the spring, WATC will conduct a biennial review of these programs. WATC provides all faculty, staff and student body the policies via www.watc.edu.

Finding 15: Crime Awareness Requirements Not Met

Response: After further review of WATC's reporting for the 2009 Clery Reporting, we are compliant with the federal requirement. On September 17, WATC's Director of Safety and Security called a representative (Lisa) from the Department of Education Help Desk to assist with the requirements set from the Program Review Report. Lisa from the Department of Education advised that the official crime statistics reflect (and have reflected) the correct numbers. Lisa noted that WATC's crime statistics not reflected on the Clery Reporting Statistics are non-reported stats (Simple Assault, theft/Larceny, vandalism). Please see Appendix V for verification of Clery Reporting Statistics and email confirmation.

Finding 16: Credit/Clock Hour Conversion Improper

Response: As noted in the recommendation from the Program Review Report, WATC has successfully updated our ECAR to reflect the correct credit/clock hour conversion for the three (3) Vocational/Non-degree programs.

Appendix F—Estimated Actual Loss Formula

The Estimated Actual Loss Formula (EALF) is used for only certain types of findings on ineligible FFEL and Direct Loan liabilities. The EALF estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EALF uses an institution’s applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution’s latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example: Ineligible Principal Loan Amount \$100,000
 Cohort Default Rate 10.0%
 Estimated Default Amount Due \$ 10,000

The EALF calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

| Period | School Type | One-Year | Two-Year | Four-Year | Rate Types |
|---------------------------|-------------|----------|----------|-----------|---------------|
| Disbursement to Repayment | | 584 | 774 | 969 | Interest & SA |
| Repayment to Default | | 418 | 498 | 619 | SA |
| Repayment to Paid In Full | | 1659 | 1580 | 1712 | SA |

The EALF uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EALF divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EALF also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-05)

Variable Rate Ineligible Loans: \$40,000 subsidized and \$60,000 unsubsidized
 Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
 SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)
 $\$40,000/2 \times (451 \times (.0422/365))$
 $+ \$40,000/2 \times (730 \times (.0625/365))$
 $+ \$40,000/2 \times (367 \times (.0707/365)) = \$4,964.61$
 Unsubsidized Loan Amount (Special Allowance Only)

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$$\begin{aligned} & \$60,000/2 \times (451 \times (.0145/365)) \\ & + \$60,000/2 \times (730 \times (.0155/365)) \\ & + \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36 \end{aligned}$$

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.

Appendix G: Cost of Funds Calculation-Finding 1
Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance

Name of Institution: Wichita Area Technical College-00549800-Finding #1

| No. | Description/ Name | Ineligible Disbrsmn t | Program | Disbursement Date | Return Paid Date | No. of Days | Imputed CVFR | Federal Share | To ED | To Inst Accounts |
|------|----------------------|-----------------------------|------------|----------------------|---------------------|----------------|-----------------|---------------|---------|---------------------|
| 1-43 | | | Pell Grant | 7/5/2011 | 9/10/2012 | 433 | 1.00% | \$ 1,388.00 | \$16.47 | \$ - |
| 1-44 | | | Pell Grant | 2/17/2011 | 9/10/2012 | 571 | 1.00% | \$ 540.00 | \$ 8.45 | \$ - |
| 1-45 | | | Pell Grant | 9/16/2010 | 9/10/2012 | 725 | 1.00% | \$ 411.00 | \$ 8.16 | \$ - |
| 1-45 | | | Pell Grant | 2/17/2011 | 9/10/2012 | 571 | 1.00% | \$ 694.00 | \$10.86 | \$ - |
| 1-46 | | | Pell Grant | 9/15/2011 | 9/10/2012 | 361 | 1.00% | \$ 332.00 | \$ 3.28 | \$ - |

Total Ineligible **\$3,365.00**

Totals **\$47.22** \$ -

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

| | |
|-----------------|------|
| Federal FWS | |
| Federal SEOG | |
| Federal Perkins | |
| Total C-B Spent | \$ - |
| ACA Percentage | |

Interest Breakdown

| | | |
|------------------|----------|------|
| Pell Grants | \$ 47.22 | \$ - |
| ACG | \$ - | \$ - |
| SMART | \$ - | \$ - |
| TEACH | \$ - | \$ - |
| FWS | \$ - | \$ - |
| FSEOG | \$ - | \$ - |
| Perkins | \$ - | \$ - |
| FWS-50% Match | \$ - | \$ - |
| FWS-No Match | \$ - | \$ - |
| FSEOG-No Match | \$ - | \$ - |
| Perkins-No Match | \$ - | \$ - |

| | Total | Federal Share |
|------------------|-------------|---------------|
| Pell | \$ 3,365.00 | \$ 3,365.00 |
| ACG | \$ - | \$ - |
| SMART | \$ - | \$ - |
| TEACH | \$ - | \$ - |
| FWS | \$ - | \$ - |
| FSEOG | \$ - | \$ - |
| Perkins | \$ - | \$ - |
| FWS-50% Match | \$ - | \$ - |
| FWS-No Match | \$ - | \$ - |
| FSEOG-No Match | \$ - | \$ - |
| Perkins-No Match | \$ - | \$ - |

ACA Breakdown

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

Total Campus-Based **\$ -** \$ -