Prepared for

Lebanon Valley College

OPE ID: 00328800
PRCN: 201840329890

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

Final Program Review Determination

April 8, 2019

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

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A. Institutional Information

Lebanon Valley College
101 North College Avenue
Annville, Pennsylvania 17003-1400

Type: Private, Nonprofit

Highest Level of Offering: Master's or Doctoral Degree

Accrediting Agency: Middle States Commission on Higher Education

Current Student Enrollment: 2,139 (2017-2018)

% of Students Receiving Title IV: 66% (2017-2018)

Title IV Participation:

2016-2017 Award Year	
Federal Pell Grant Program	$1,764,850.00
William D. Ford Federal Direct Loan Program	$16,624,157.00
Federal Perkins Loan Program	$74,142.00
Federal Supplemental Educational Opportunity Grant	$167,378.00
Federal Work Study	$255,904.00

Default Rate FFEL/DL: FY2014, 4.3%
FY2013, 3.1%
FY2012, 2.2%

Default Rate Perkins: FY2016, 9.09%
FY2015, 8.77%
FY2014, 8.28%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Lebanon Valley College (LVC) from July 30, 2018 to August 3, 2018. The review was conducted by Jean Brennan and Deborah Marsh.

The focus of the review was to determine LVC's compliance with specific regulation(s) as they pertain to the institution's administration of the Federal student aid programs under Title IV of the Higher Education Act of 1965, as amended, U.S.C. §§ 1070 et seq. (Title IV programs). The review was focused on an examination of LVC's compliance with 34 C.F.R. § 668.22.

The Department identified a sample of 30 files for review from the 2016-2017 and 2017-2018 award years through August 3, 2018. The Department randomly selected the files from a statistical sample of the withdrawn students for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

The Department issued its Program Review Report (PRR) on October 25, 2018. LVC submitted its first written response to the PRR on December 14, 2018, included in Appendix F. With its response, LVC requested an extension for submitting its response for Findings # 4 and 5. An extension was granted until February 22, 2019.

LVC submitted a subsequent written response for Finding #5 on March 8, 2019. This response identified the students whose Common Origination and Disbursement (COD) records were to be updated. The institution indicated that the records would be updated in COD by April 4, 2019.

Disclaimer:

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

C. Final Determinations

<u>Resolved Findings/Findings without Liabilities</u>

Finding #1: Failure to Follow Withdrawal Policy/Return to Title IV Calculation Errors
Finding #2: Return of Unclaimed Title IV Funds Policy Inadequate
Finding #6: Authorization to Hold Credit Balance Inadequate
Finding #7: Notification of Title IV Disbursement and Right to Cancel Not Documented
Finding #8: Common Origination and Disbursement Reporting Late
Finding #9: Notification of Direct Loan Exit Counseling Delivered Late
Finding #10: Notification of Perkins Loan Exit Counseling Requirements Inadequate
Finding #11: Notice of Availability of Consumer Information Not Provided to Students

LVC's response to the Program Review Report was received December 14, 2018. In its response, LVC submitted a copy of its revised policies and procedures for Findings #1, 2, 6, 7, 8, 9, 10, and 11.

LVC has taken the corrective actions necessary to resolve Findings #1, 2, 6, 7, 8, 9, 10, and 11 of the Program Review Report. Therefore, these findings may be considered closed.

Finding #4: Inaccurate and/or Late National Student Loan Data System (NSLDS) Reporting

The Department determined that LVC reported inaccurate and/or late student enrollment status information, including inaccurate beginning and ending term dates, to NSLDS for the 2016-2017 and 2017-2018 award years. In addition, the institution reported inaccurate published program length information to NSLDS.

LVC was required to conduct two separate file reviews of all students who participated in the Title IV programs and who were enrolled in the 2016-2017 and 2017-2018 award years. The file reviews included the updating and correcting of the:

- Beginning and Ending Dates of each term enrolled; and
- Published program length.

LVC attempted to correct the beginning and ending dates of the term; however, it became apparent that the process required extensive, manual updating which proved to be time consuming and created an undue burden on the institution. As the reporting of the term dates is optional and not required, the Department instructed the institution on February 8, 2019, to cease updating the records. No further action is required for this file review.

LVC attempted to correct the published program length for each student; however, it became apparent that the process required extensive, manual updating which proved to be time consuming. However, as the published program length has a direct impact on Subsidized Usage Limit Applies (SULA) eligibility, the institution is required to continue updating the published program length for each student.

LVC must continue updating the published program length for each student and provide a monthly status report to the Department until all records have been corrected.

This finding will remain open until all corrective actions necessary to resolve this finding are completed.

Finding #5: Improper Origination of William D. Ford Federal Direct Loans – Loan Periods Do Not Match Period of Enrollment

The Department determined that LVC did not adjust correctly full year loans (August 29, 2016 to May 11, 2017) reduced to a fall semester only loan (August 29, 2016 to December 16, 2016) during the 2016-2017 award year. Rather, the loans were adjusted to a loan period of August 29, 2016 to January 15, 2017.

LVC was required to conduct a file review of all students who participated in the Direct Loan program for the 2016-2017 award year and for whom a fall only Direct Loan was originated and disbursed by the institution to determine if the loan period matched the period of enrollment. The institution was to review the loan period originated for each student and correct the origination record so that the loan period matched the period of enrollment.

LVC submitted the results of its file review on March 8, 2019. The Department reviewed the results and accepted the institution's response. As there are no liabilities associated with this finding, this finding may be considered closed.

Findings with Established Liabilities

The program review report findings with liabilities requiring further action are summarized below. At the conclusion of each finding is a summary of LVC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on October 25, 2018 is attached as Appendix F.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding #3: Satisfactory Academic Progress Policy (SAP) Inadequate

Summary of Noncompliance: The institution must have written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary. 34 C.F.R. § 668.16(b)(4).

An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs.

The Department considers the institution's policy to be reasonable if, among other things, that the policy specifies the grade point average (GPA) that a student must achieve at each evaluation, or if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm; and if a student is enrolled in an educational program of more than two academic years, the policy specifies that at the end of the second academic year, the student must have a GPA of at least a "C" or its equivalent, or have academic standing consistent with the institution's requirements for graduation. 34 C.F.R. § 668.34(a).

LVC's Satisfactory Academic Progress (SAP) is inadequate. The institution's policy did not require that a student have at least a "C" or its equivalent at the end of the second academic year, or have an academic consistent with the institution's requirements for graduation.

Specifically, LVC required that an undergraduate student must have at least a 1.7 grade point average (gpa) at the end of the second academic year; a 1.8 gpa at the end of the third academic year; and a 1.9 gpa through graduation. In addition, the SAP policy did not have an academic standing consistent with the institution's academic requirement of a 2.0 gpa for graduation.

Directives from PRR: LVC was required to conduct a file review of all 2016-2017 and 2017-2018 undergraduate students who participated in the Title IV programs to determine if each student's cumulative gpa was a 2.0 by the end of the second academic year and maintained throughout the remainder of the program.

Although the file review examined SAP standards and eligibility for the 2016-2017 and 2017-2018 award years, SAP is cumulative and students, therefore, were required to be evaluated based on their entire enrollment.

Analysis of Liability Determination: During the on-site visit, LVC provided to the Department a copy of its revised policies and procedures in which the student must earn a cumulative gpa of 2.0 at the end of the second academic year through graduation. This updated policy went into effect after the award years reviewed in the program review.

LVC's response to the Program Review Report for this finding was received December 14, 2018. In its response, LVC concurred with the finding.

The Department determined that LVC's Satisfactory Academic Progress (SAP) was inadequate for the 2016-2017 and 2017-2018 award years. The institution's policy did not require that a student have at least a "C" or its equivalent at the end of the second academic year, or have an academic consistent with the institution's requirements for graduation.

LVC submitted the results of its file review with its response to the program review report. The Department reviewed the results of the file review and its supporting documentation. The Department accepted the institution's response.

LVC originated and disbursed a total of $262,670.04 in Title IV funds to 16 students in excess of their eligibility. The chart below identifies the Title IV funds disbursed by program and award year:

Award Year	Federal Pell Grant	FSEOG	Federal Work Study	Federal Perkins Loan Program	Direct Loan Program
2015-2016	$12,987.00	$4,000.00	$98.34		$66,827.00
2016-2017	$13,928.00	$6,000.00	$84.70	$4,500.00	$87,300.00
2017-2018	$8,350.00	$4,000.00		$1,000.00	$47,076.00
2018-2019	$3,048.00				$3,471.00
Total by Program:	**$38,313.00**	**$14,000.00**	**$183.04**	**$5,500.00**	**$204,674.00**
Total of all Programs:	**$262,670.04**				

Student specific details may be found in Appendix B.

The U.S. Government incurs a cost when it makes funds available for an institution because those funds are borrowed from the U.S. Treasury and interest is charged to the Department on those funds. The Department is asserting a liability for the interest due as a result of aid in excess of the students' eligibility. As a result of the calculation, LVC owes the Department a total amount of $185.91 in interest for the FSEOG Program. Appendix D contains the results of the calculation of the Cost of Funds.

The total amount of Direct Loan funds that LVC disbursed during the 2015-2016, 2016-2017, and 2017-2018 award years was $201,203.00. However, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the Department or asserting a liability for the entire loan amount, the Department has asserted a liability for the Estimated Loss Calculation (EL) that the government may incur with respect to the ineligible loans. The estimated loss is calculated based on the relationship between LVC's cohort default rate and the sector cohort default rate. As a result, the estimated loss that the institution must pay the Department for these ineligible loans is $9,228.56 for the Direct Loan Program. Appendix E contains the results of the calculation of the EL.

The amount of Direct Loan funds for the 2018-2019 award year were not included in the EL as those funds were disbursed during the current award year.

The Department will not establish a liability at this time for the Federal Work Study program as the liability is under $200.00.

The chart below identifies the liability for this finding of $65,823.47.

Program	2015-2016	2016-2017	2017-2018	2018-2019	Total:
Federal Pell Grant	$12,987.00	$13,928.00	$8,350.00	$3,048.00	$38,313.00
FSEOG Program (Federal Share)	$3,000.0	$4,500.00	$3,000.00	$0.00	$10,500.00
FSEOG Cost of Funds	$66.01	$87.96	31.94	$0.00	$185.91
Federal Perkins Loan Program (Federal Share)	$3,375.00	$750.00	$0.00	$0.00	$4,125.00
Direct Loan Program	$0.00	$0.00	$0.00	$3,471.00	$3,471.00
Direct Loan Program Estimated Loss	$3,665.64	$0.00	$5,562.92	$0.00	$9,228.56
Total:					**$65,823.47**
Total by Year:	**$23,093.65**	**$19,265.96**	**$16,944.86**	**$6,519.00**	**$65,823.47**

LVC must follow its revised policy and procedures to ensure that each student's cumulative gpa is a 2.0 by the end of the second academic year and maintained throughout the remainder of the program.

D. Summary of Liabilities

The total amount calculated as liabilities for Finding #3 in the program review determination is as follows.

Program	2015-2016	2016-2017	2017-2018	2018-2019		Payable to the Department via Check	Payable to the Department via G5	Payable Through FISAP Corrections	Payable to the Program
Federal Pell Grant	$12,987.00	$13,928.00	$8,350.00	$3,048.00		$35,265.00	$3,048.00		$0.00
FSEOG Program (Federal Share)	$3,000.0	$4,500.00	$3,000.00	$0.00		$3,000.00		$7,500.00	0.00
FSEOG Cost of Funds	$66.01	$87.96	$31.94	$0.00		$185.91			$0.00
Federal Perkins Loan Program (Federal Share)	$3,375.00	$750.00	$0.00	$0.00		$0.00			$4,125.00
Direct Loan Program	$0.00	$0.00	$0.00	$3,471.00		$0.00	$3,471.00		$0.00
Direct Loan Program Estimated Loss	$3,665.64	$0.00	$5,562.92	$0.00		$9,228.56			$0.00
Total:						**$47,679.47**	**$6,519.00**	**$7,500.00**	**$4,125.00**
Total by Year:	**$23,093.65**	**$19,265.96**	**$16,944.86**	**$6,519.00**		**$65,823.47**			

E. Payment Instructions

1. Liabilities Owed to the Department

LVC owes to the Department $51,150.47.   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.
If the check is sent special delivery (signature/receipt required), the check must be sent to the following address:

U.S. Bank
1005 Convention Plaza
St. Louis, MO 63101
Attn: Govt. Lockbox Tram MO-SL-C2GL
Re: For Dept. of Ed. 979026

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and 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: $51,150.47
DUNS: 069791457
TIN: 231352354
Program Review Control Number: 201840329890

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. LVC 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 & Bank Management Group at (202) 245-8080 and ask to speak to LVC's account representative.

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

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

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

2. William D. Ford Federal Direct Loans

Direct Loan Open Award Years

Finding #3: Satisfactory Academic Progress Policy (SAP) Inadequate
Appendix: B, Student Liability

LVC must repay $3,041.00 for Student #33 to the Direct Loan Program for the 2018-2019 award year.

The 2018-2019 award year will remain open for adjustments until July 31, 2020. Adjustments in the Common Origination and Disbursement (COD) system must be made by this date. The disbursement record for Student #33 must be adjusted in COD based on the recalculated amount identified in Appendix B. A copy of the adjustment to each student's COD record, as well as proof that the funds were returned through G5, if applicable, must be sent to Jean Brennan wi**thin 45 days of the date of this letter**.

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.

Direct Loan Estimated Loss

Finding #3: Satisfactory Academic Progress Policy (SAP) Inadequate
Appendix E: Estimated Loss Calculation Worksheet

Direct Loan Estimated Loss	
2015-2016	$3,665.64
2016-2017	$0.00
2017-2018	$5,562.92
Total:	**$9,228.56**

LVC 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.

3. Federal Pell Grants

Federal Pell Grant – Current Award Year

Finding #3: Satisfactory Academic Progress Policy (SAP) Inadequate
Appendix C: Student Liability

LVC must repay $3,048.00 for Student #33 to the Federal Pell Grant program for the 2018-2019 award year.

The disbursement record for Student #33 must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the Appendix B applicable to the finding.

If the adjustment to the disbursement records create a negative balance, the difference (principal) must be returned to G5 electronically. Note that the Department collects a liability from a program review via G5 only for liabilities owed for the Pell or TEACH currently open award year.

A copy of the adjustment to each student's COD record, as well as proof that the funds were returned through G5, if applicable, must be sent to Jean Brennan **within 45 days of the date of this letter**.

Federal Pell Grant – Closed Award Year

Finding #3: Satisfactory Academic Progress Policy (SAP) Inadequate
Appendix C: Student Liability

LVC must repay:

Federal Pell Grant	
Award Year	**Amount**
2015-2016	$12,987.00
2016-2017	$13,928.00
2017-2018	$8,350.00
Total:	**$35,265.00**

The disbursement record for each student identified in Appendix B to the applicable finding 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 Jean Brennan **within 45 days of the date of this letter**.

<u>4. Campus Based Programs</u>

Finding 3: Satisfactory Academic Progress Policy Inadequate
Appendix C: Student Liability

Funds Repaid Through the FISAP Correction Process:

LVC must return $7,500.00 in FSEOG funds utilizing the FISAP correction process. Depending on the results of the FISAP correction process, LVC will be required to return some or all of the liabilities via G5 in accordance with the fifth bullet point of the instructions below:

LVC must make corrections to its FISAP for the 2015-2016 and 2016-2017 award years as follows:

- Log into COD and select the Campus-Based menu option from the School tab. Select 'FISAP' from the left navigation menu, then 'FISAP Dashboard', and select the appropriate FISAP from the drop down menu. Click 'Edit' and make and save all required changes in the FISAP.

- LVC must also make the corresponding updates to Part VI of the FISAP and confirm the amount of ACA, if any, that must be returned.

- Once all changes have been made and validated, click 'Submit' and complete the process to submit a 'Change Request'. Provide the justification for the changes in the comment box, indicating which Parts were changed and that the changes are a result of a program review and include the Program Review Control Number (201840329890).

- LVC's Financial Aid Administrator (FAA) will be notified via email from a member of the Campus-Based Division when the request is approved. Once approved, the FISAP must be resubmitted within 5 business days.

- To confirm the FISAP changes are correct and for any questions about the process, LVC can contact the COD School Relations Center at 1-800-848-0978 prior to submitting the change request. Note that certain changes to the FISAP may result in changes to subsequent FISAPs; the COD School Relations Center can assist in making this determination as well.

- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 as instructed in the FISAP change request approval email from the Campus-Based Division. If the school has not drawn down its full authorization, the authorization will be reduced.

LVC must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation to Jean Brennan within 45 days of the date of this letter.

Liability Repaid Through Accounts Receivable and Bank Management Group (ARBMG)

LVC must pay $3,000.00 in FSEOG funds for the 2017-2018 award year for Students #31 and 35. The liability will be applied to the general FSEOG fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

5. Institutional Accounts

Finding 3: Satisfactory Academic Progress Policy Inadequate
Appendix C: Student Liability

LVC must deposit $4,125.00 in its Federal Perkins Loan Revolving Fund. NSLDS must be corrected for each borrower to reflect the cancelled Perkins Loan amount.

As a result of the ineligible disbursements, LVC must pay the total amount of $4,125.00 by crediting each borrower's Perkins loan for the amount identified in Appendix C.

LVC must submit the following within 45 days of the date of this letter to Jean Brennan:

- A copy of the front and back of the cancelled check(s), or copies of an electronic transfer of funds, to verify that the payment has been made to the Federal Perkins Loan Account;
- Documentation that the individual NSLDS loan records have been updated: and
- Documentation that the students' Perkins loan account at the institution has also been properly credited, as applicable.

F. Appendices

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

Appendices B, C, D, E, F, and G are attached to this report.