

John Muskavitch
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Crafton Hills College
11711 Sand Canyon Rd.
Yucaipa, CA 92399

Nati DeGroot, Acting Manager
Program Compliance Office
California Student Aid Commission
PO BOX 419026
Rancho Cordova, CA 95741-9026

May 13, 2011

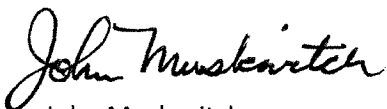
RE: Program Compliance Review ID#81100927200

This letter is in response to CSAC's audit findings conducted in February 2011. Under my direction, the Financial Aid Office of Crafton Hills College makes every effort to be in compliance with all state and federal statutes, rules and regulations. As such we are pleased with the outcome of our program audit. As with any audit, one always learns something new from the findings. Below are our responses to the Commission's findings.

In response to finding A. *Satisfactory Academic Progress Policy Not Meeting Federal Requirements*
After extensive consultation and clarification with the Commission's auditor we are in agreement with this finding. To address this deficiency the FAO has made corrections and additions to its' existing Satisfactory Academic Progress (SAP) policy, which reflects the new federal requirements for SAP. Per our new SAP policy will provide students with a warning period prior to being terminated due to SAP ineligibility. The policy is finalized and will become effective July 1, 2011.

In response to finding D. *Renewal Recipients' Cal Grant Unmet Need Could Not Be Reconstructed*
After speaking with the office coordinator that oversees this portion of the awarding process, it came to light that her mathematical calculation formula factored in, unnecessarily, other aid programs when determining unmet need for Cal Grant. In order to avoid a miscalculation in determining a student's need, the new methodology used to calculate students' financial need will be a mirror image the calculation suggested by CSAC as follows: COA less EFC less PELL. This policy change was enacted immediately after it was brought to our attention during the audit visit.

Thank you for your department's assistance in improving our policies and office operations. We value our relationship and the services you provide for the benefit of our office and the Community Colleges of California.




John Muskavitch
Financial Aid Director

CALIFORNIA STUDENT AID COMMISSION

LEGAL & AUDIT SERVICES

May 2, 2011


CALIFORNIA
STUDENT AID
COMMISSION
1955—2005

YEARS
SERVING
STUDENTS

John Muskavitch
Director of Financial Aid
Crafton Hills College
11711 San Canyon Road
Yucaipa, CA 92399

RE: Program Compliance Review ID#81100927200

Dear Mr. Muskavitch:

The following is the draft report of our program compliance review of your institution's participation in the California Student Aid Commission's grant programs. The report is a compilation of the findings that were observed by the Commission's auditor. The report also contains instructions for any required corrective action or recommended enhancements to your administration of those programs.

A comprehensive explanation of all findings is found in the attached program review report. The findings that require corrective action are summarized below:

Finding No.	Description	Liability
A.	Satisfactory Academic Progress Policy Not Meeting Federal Requirements	\$ 0.00
D.	Renewal Recipients' Cal Grant Unmet Need Could Not Be Reconstructed	0.00
Total		\$ 0.00

Please respond to the item(s) noted in the report and any related questions by the close of business **June 2, 2011**. Please reference the above program review number in all correspondence that relates to this program compliance review report.

If an extension is needed, it must be requested in writing and must state the reason why the response cannot be submitted by the required date. Based on the circumstances, an extension to respond to the report may or may not be granted. The Commission also reserves the right to initiate appropriate administrative action anytime during the program review process when deemed necessary.

Although the program review was thorough, all procedures and practices may not have been reviewed; therefore, the absence of comments regarding institutional practices and procedures should not be construed as acceptance or approval of those practices or procedures.

Please submit your response to:

For deliver through the United States Post Office (non-signature proof of delivery):

**Nati DeGroot, Acting Manager
Program Compliance Office
California Student Aid Commission
P.O. BOX 419026
Rancho Cordova, CA 95741-9026**

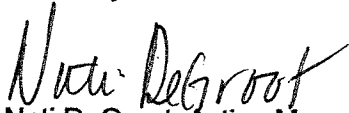
For deliver through a secured service (UPS, Federal Express, etc.):

**Nati DeGroot, Acting Manager
ATTN: Program Compliance Office
California Student Aid Commission
10834 International Drive, 1st Floor
Rancho Cordova, CA 95670**

If the response includes any confidential student information, please send items through either a secured service (UPS, Federal Express, etc.) or WebGrants.

If you have any questions, please contact Ana Marquez at (916) 464-8035.

Sincerely,



Nati DeGroot, Acting Manager
Program Compliance Office

ND:am

Enclosure

c. Program File



***Program Compliance Office
Cal Grant Program Review Report***

2008-09 Award Year

**Crafton Hills College
Program Review ID#81100927200**

**11711 Sand Canyon Road
Yucaipa, CA 92399**

Program Review Dates:

February 2011

Auditor:

Anadelia Marquez
(916) 464-8035

Report Approved by:

Nati DeGroot, Acting Manager
Program Compliance Office
(916) 464-8912

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AUDITOR'S REPORT

SUMMARY

We reviewed Crafton Hills College's administration of California Student Aid Commission (Commission) programs for the 2008-09 award year.

The institution's records disclosed the following deficiencies:

- Satisfactory academic progress policy not meeting quantitative federal requirements
- Unable to reconstruct reported renewal unmet need

BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

B and C

The following information, obtained from the institution and the Commission's database, is provided as background on the institution:

A. Institution

- Type of Organization: Public Institution of Higher Education
- President: Gloria Harrison
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 5,600

B. Institutional Persons Contacted

- John Muskavitch: Director of Financial Aid
- Juanita Sousa: Financial Aid Coordinator
- Noemi Elizalde: Accountant

C. Financial Aid

- Date of Prior Commission Program Review: November 1999
- Branches: None
- Financial Aid Programs: Federal: Work-Study, Pell, SEOG, and ACG
State: Cal Grants B and C
- Financial Aid Consultant: None

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and complied with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility for Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluating the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluating the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 40 students who received a total of 37 Cal Grant B awards and 3 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 178 recipients.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers.

AUDITOR'S REPORT (continued)

CONCLUSION In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commission's grant programs.

March 3, 2011

Nait DeGroot, Acting Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL
ELIGIBILITY:

FINDING: Satisfactory Academic Progress Policy Not Meeting Federal Requirements

A review of the institution's written satisfactory academic progress (SAP) policy revealed that the institution is not in compliance with federal regulations.

DISCUSSION:

To be eligible for aid a student must make satisfactory academic progress, which you must check at least once per year. To be considered administrative capable, your school must establish and publish a SAP policy and apply it equally to all FSA programs and to all FSA recipients within identifiable categories of students (such as full-time or part-time, graduate or undergraduate, or students in different academic programs). The policy must be at least as strict as that used for students who do not receive FSA. It may contain whatever standards your school finds acceptable, including those set by a state, accrediting agency, or some other organization, as long as those standards meet the minimum statutory and regulatory requirements. These requirements include both a qualitative measure of the student's progress, such as a cumulative grade point average, and a quantitative measure, such as a maximum time frame for completion.

Quantitative Standards:

To accurately measure a student's progress in a program, more than a qualitative standard is needed. A student who is maintaining a high GPA by withdrawing from every course he attempts after the first year would meet a qualitative standard but wouldn't be progressing towards graduation. Therefore, the SAP policy must also include a quantitative measure to determine the number or percentage of courses, credit hours, or clock hours completed.

To quantify academic progress your school must set a maximum time frame in which a student is expected to finish a program. As soon as it is clear that a student will not graduate within this period, she becomes ineligible for aid. For an undergraduate program the time frame cannot exceed 150% of the published length of the program measured in academic years or terms, credit hours attempted, or clock hours completed, as determined by your school. For instance, if the published length of an academic program is 120 credit hours, the maximum period must not exceed 180 (120 × 1.5) attempted credit hours. The schedule established by the institution designating the minimum percentage or amount of work that a **student must successfully complete at the end of if each increment** to complete his or her educational program within the maximum timeframe.

FINDINGS AND REQUIRED ACTIONS (continued)

Quantitative standard examples:

Four-year program: Students in a bachelor's degree program at Brandt College's are required to complete 120 credits and to **enroll in 15 credits each semester**. The maximum time frame is six years (150% of the published length of four years), and Brandt reviews a student's academic progress after increments of one year. **Students must successfully complete at least 21 credits each year**. There is a one-year probationary period.

Lydia fails all her courses in her first semester at Brandt. Though she successfully completes all her courses in the second semester, **she isn't making satisfactory progress by the end of the first increment because she completed only 15 credits, not 21**. She is put on probation for her second year and successfully completes all but one of her courses (27 out of 30 credits), so she is then meeting the SAP standard of 42 credits completed by the end of the second year.

CRAFTON HILLS COLLEGE SAP POLICY

Federal and state regulations require all colleges to establish a policy to determine whether a student is making satisfactory academic progress toward his or her educational goal (A.A/A.S, Certificate or Transfer). This policy must apply to all students whether or not they were recipients of financial aid previously at Crafton Hills College or at any other college. All students receiving Title IV aid are required to meet the following standards.

- Be enrolled in an eligible program for the purpose of completing an AA/AS Degree, transfer requirements, or certificate program. It is the student's responsibility to enroll in courses that lead toward his or her educational goal.
- Maintain a minimum cumulative 2.0 Grade Point Average (GPA). Grades for a maximum of 30 units of remedial coursework will not be used in the calculation of the cumulative GPA.
- Complete at least 2/3 or 67 % of all units attempted
- Complete their educational goal within 150% of the published unit requirement.

Frequency of Evaluation

Students will be evaluated at least once per academic year if not more, to determine if they are meeting the standards listed above. Students in non-term programs will be evaluated at the completion of half of their coursework each academic year.

FINDINGS AND REQUIRED ACTIONS (continued)

Grades

Grades of, W, NC, I, IP and F (if unearned) will not count as units completed, but will count as units attempted. Federal financial aid is not available for credit-by-examination courses. The Financial Aid Office will assume that students who receive F's in all of their classes actually withdrew from those classes and therefore the units for those classes will not be considered as units "completed". Students will not be paid retroactively for those units. **If the student did, in fact, complete these classes and "earned" F's, the student is required to have their instructors certify this. Once certified, these classes will then be included in the total number of units completed.**

While reviewing the institution's SAP policy and student's records it was revealed that the school's policy allows earned F's as completed units. Students must successfully complete their units with a passing grade to earn units as an F earns zero units and thus the student would not progress towards graduation.

Student No. 2, attempted 12 units during fall 2008, successfully completed 2 units and failed 10 units. For spring 2009, student attempted 12 units, successfully completed 9 units and failed 3 units. The Student was not making satisfactory progress by the end of academic year because she only successfully completed 11 units and not 16 as required (67% of 24 units). The student was placed on probation for a low cumulative GPA of 1.97 (qualitative standard) but not for the quantitative standard since the failing courses were considered units completed.

For student No. 36, the student attempted 13 units during fall 2008, successfully completed 3 units, failed 6 units, and withdrew 3 units. For spring 2009, the student attempted 12 units, successfully completed 12 units. The student was not making satisfactory progress by the end of academic year because she only completed 15 units and not 16 as required (67% of 24 units). The student attended the next award year 2009-10, received financial aid, and was not placed on probation for not meeting quantitative standards.

In both cases, there was no documentation in the student's file indicating that a certification of "F's" was obtained by the instructors as required by the institution's policy.

REFERENCES:

HEA SECTION 484 (c)
34 CFR 668.16 (e) (2) (ii) (C)
34 CFR 668.32 (f)
34 CFR 668.34
Cal Grant Manual, Chapter 6, November 2003, page 3
Cal Grant Manual, Chapter 8, November 2005, page 5
Institutional Participation Agreement, Article IV, A, 13
Crafton Hills College's Satisfactory Academic Progress Policy

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The institution **is required** to revise their SAP policy so that it clearly defines that an "F" is not considered a successful completion of coursework when calculating the quantitative measurement of SAP. The school is advised to reference the above-cited regulations. Please submit a copy of the revised policy, as well as, the method by which the institution's revised policy will be disseminated to all current and prospective students.

D. ROSTERS AND REPORTS:**FINDING: Renewal Recipients' Cal Grant Unmet Need Could Not Be Reconstructed**

A review of 17 renewal Cal Grant student files disclosed four students' unmet need could not be reconstructed.

DISCUSSION:

For renewal students, schools must calculate a student's annual unmet need as a full-time student and report that figure to the Commission, retaining the supporting documentation within the student's record. Schools may use the Commission's annually established student expense budget or the school may adopt its own student budget for determining renewal financial eligibility provided the budgets do not exceed those used for campus-administered aid. The school must report the resulting net unmet need amount on WebGrants or the Commission's G-21 Form.

The Commission's renewal unmet need formula is defined as follows:

$$COA - EFC - PELL = \text{Cal Grant Need}$$

The following unmet needs reported to the Commission for the 2008-09 award year could not be reconstructed from documentation within the student's file during the on-site review.

ID	Need
27	\$10,077
38	\$4,569
39	\$8,456
40	\$4,712

REFERENCES:

Higher Education Act, Part F – Need Analysis
Cal Grant Manual, Chapter 6, November 2003, pages 2-4
Cal Grant Manual, Chapter 8, November 2005, pages 1-2

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

Although no liability resulted due to the institution's high cost of attendance and need, the institution **must** submit in response to this Report, the procedures implemented to ensure that the reported unmet need is correctly calculated, documented and retained in the students file.