



FILE COPY

August 1, 2013

Dr. Tim B. Hardee
President
Central Carolina Technical College
506 North Guignard Drive
Sumter, SC 29150-2499

UPS
Tracking # 1Z A54 67Y 01 9727 6560

RE: **Final Program Review Determination**
OPE ID: #00399500
PRCN: #201230427951

Dear Dr. Hardee:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on November 16, 2012 covering Central Carolina Technical College's (CCTC's) 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 2004/2005, 2005/2006, 2006/2007, 2007/2008, 2008/2009, 2009/2010 and 2010/2011 award years. CCTC's final response was received on March 11, 2013. A copy of the program review report (and related attachments) and CCTC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CCTC 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.

The total liabilities due from the institution from this program review are **\$1,095,987**.

This FPRD contains detailed information about the liability determination for all findings.

Federal Student

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Atlanta

61 Forsyth Street, S.W., Suite 18T40, Atlanta, GA 30303

StudentAid.gov

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the November 16, 2012 program review report. If CCTC 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 CCTC receives this FPRD. An original and four copies of the information CCTC 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

CCTC'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 CCTC'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).

If the institution has any questions regarding this letter, please contact Pat Gilbert at (404) 974-9292. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Charles Engstrom
Division Director

Enclosure:

Protection of Personally Identifiable Information

cc: Ms. Sarah S. Dowd, Director of Student Financial Aid
Southern Association of Colleges and Schools Commission on Colleges
SC Commission on Higher Education

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. 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).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

**Central Carolina
Technical College**

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

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the AMERICAN MIND™

OPE ID #00399500
PRCN #201230427951

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

Final Program Review Determination August 1, 2013

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A. Institutional Information

Central Carolina Technical College
506 North Guignard Drive
Sumter, SC 29150-2499

Type: Public

Highest Level of Offering: Associates Degree

Accrediting Agency: Southern Association of Colleges and Schools

Current Student Enrollment: 2417 (2011/2012)

% of Students Receiving Title IV, HEA funds: 66.28% (2011/2012)

Title IV, HEA Program Participation: G5

	2011/2012
Federal Pell Grant	\$12,964,443
Federal Supplemental Educational Opportunity Grant	\$ 146,861
William D. Ford Federal Direct Loan	\$ 7,054,236
Federal Work Study Program	\$ 169,849

Default Rate FFEL/DL:	2009	8.1%
	2008	7.6%
	2007	5.8%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Central Carolina Technical College (CCTC) from June 25, 2012 to June 28, 2012. The review was conducted by Pat Gilbert.

The focus of the review was to identify Title IV funds that were disbursed from any unreported additional locations and/or unaccredited additional locations. The review consisted of an examination of CCTC's documentation submitted to the Southern Association of Colleges and School (SACS) requesting approval to offer 50% or more of an educational program and the approval received from SACS.

A Recipient Data Spreadsheet was submitted by the institution identifying students who received aid from unreported and unaccredited additional locations during the award years in question. A program review report was issued on November 16, 2012 which includes the data submitted by the institution.

Disclaimer:

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

C. Findings and Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of CCTC's response to the finding, and the Department's final determination for the finding. A copy of the program review report issued on November 16, 2012 is attached as Appendix E.

Finding #1: Additional Location/Untimely Reporting

Citation Summary: An eligible institution must report to the Secretary in a manner prescribed by the Secretary no later than 10 days after the change occurs, of any changes in the following:

1. Its name, the name of a branch, or the name of a previously reported location
2. Its address, the address of a previously reported location.

3. *Its establishment of an accredited and licensed additional location at which it offers or will offer 50 percent or more of an educational program if the institution wants to disburse Title IV, HEA program funds to students enrolled at that location, under the provisions in paragraph (d) of this section.*

34 C.F.R. § 600.21(a)(3)

Further 34 C.F.R. § 600.21(d) states that when an institution must report to the Secretary about an additional location under paragraph (a)(3) of this section, the institution may not disburse Title IV, HEA funds to students at that location before it reports to the Secretary about that location. Unless it is an institution that must apply to the Secretary under 600.200(c)(1), once it reports to the Secretary about that location, the institution may disburse those funds to those students if that location is licensed and accredited.

An institution's failure to inform the Secretary of a change described in paragraph (a) of this section within the time period stated in that paragraph may result in adverse action against the institution.

Noncompliance Summary: *Prior to February 24, 2012, CCTC was fully certified and therefore was required to report the additional locations with supporting documentation to the Department. Afterward, CCTC was granted a Provisional Certification due to this open program review. CCTC failed to notify the Secretary in a timely manner regarding its additional locations. Below is the documented time lines viewed by the Department:*

Electronic Application (EAPP): *The EAPP was submitted on February 24, 2012 requesting approval of the additional locations. The Department approved the locations effective June 29, 2012.*

Accrediting Agency Approval:

- ***F.E. Dubose Campus, Manning, SC:*** *The institution notified SACS on February 4, 2004 that this location will begin offering 50% or more of an educational program. SACS approval was received July 11, 2005.*

The spreadsheet submitted by CCTC only reported one student who received loan funds for that time-period (2004/2005 award year). Due to the records retention requirements (34 C.F.R. § 668.24 and 27) of three years from the end of the award year for which the aid was awarded, the data was not available for students receiving grants and campus-based funding. See Appendix A

- ***Kershaw County, Camden, SC:*** *The institution notified SACS on February 4, 2004 that this location will begin offering 50% or more of an educational program. SACS approval was received July 11, 2005.*

The spreadsheet submitted by CCTC only reported two students who received loan funds for that time-period (2004/2005 award year). Due to the records retention requirements (34 C.F.R. § 668.24 and 27) of three years from the end of the award year for which the aid was awarded, the data was not available for students receiving grants and campus-based funding. See Appendix B.

- **Lee County Site, (Bishopville, SC):** *The below statement was referenced in a Compliance Certification to SACS on March 15, 2005*
“The College is also working with Lee County, which has obtained grant money to renovate a building in downtown Bishopville to provide approximately 6000 square feet of space for a limited College site. This site is scheduled to be available during the fall of 2005.”
The Department did not receive any documentation from CCTC when notification was provided to SACS of its intention to offer 50% or more of an educational program. SACS approval was received on July 8, 2011.

The spreadsheet submitted by CCTC reported students for the 2006/2007, 2007/2008, 2008/2009, 2009/2010 and 2010/2011 awards years. See Appendix C - G

Required Action Summary: The Institution was required to review the data below to determine what Title IV aid, if any, was:

- 1) Disbursed to students at an unaccredited additional location prior to approval from the Accrediting Agency.
- 2) Disbursed to students at an unreported additional location prior to February 24, 2012.

Program/Year	Amount
Pell 2004/2005	\$ 6,200
Pell 2006/2007	\$ 10,402
Pell 2007/2008	\$ 57,965
Pell 2008/2009	\$ 263,253
Pell 2009/2010	\$ 387,715
Pell 2010/2011	\$ 386,288
Total	\$1,111,823

Program/Year	Amount
SEOG 2008/2009	\$ 3,000
SEOG 2009/2010	\$ 5,250
SEOG 2010/2011	\$ 4,500
Total	\$12,750

Program/Year	Amount
FFEL Sub 2004/2005	\$ 7,324
FFEL Sub 2006/2007	\$ 1,968
FFEL Sub 2007/2008	\$43,885
FFEL Sub 2008/2009	\$ 51,872
FFEL Sub 2009/2010	\$ 95,849
D/L Sub 2010/2011	\$139,671
Total	\$340,569

Program/Year	Amount
FFEL UnSub 2004/2005	\$ 114
FFEL UnSub 2006/2007	
FFEL UnSub 2007/2008	\$ 9,862
FFEL UnSub 2008/2009	\$14,700
FFEL UnSub 2009/2010	\$22,307
D/L UnSub 2010/2011	\$28,909
Total	\$75,892

To assist CCTC, the Department's reviewer checked each student identified by CCTC with the Common Origination & Disbursement (COD) system to identify Federal Pell Grant and Campus Based Aid disbursed to the student.

CCTC's Response: CCTC disagreed with Finding 1. CCTC's position is that the pertinent locations were properly licensed and accredited for all programs being offered based on the accrediting agency policy.

- CCTC began offering classes in Clarendon County (F.E. Dubose Campus, Manning SC) in the 2004/2005 award year and has continued to do so to the present.
- CCTC began offering classes in Kershaw County (Camden, SC) during the 2004/2005 award year and has continued to do so to the present.
- CCTC began offering classes in Lee County (Bishopville, SC) during the 2006/2007 award year and has continued to so to the present.

CCTC claimed that all program offerings at all three of the above specified locations were in compliance with the substantive Change Policy in effect during the relevant time period. Specifically, as adopted by SACS in 1999, CCTC stated that the Substantive Change Policy established that prior approval was required when "Establishing an additional off-campus site/location offering programs at which a student can obtain at least 50 percent of credits towards a degree program."

In addition, at the time CCTC began offering classes at the Lee County location, CCTC claimed that SACS had given no clear indication that its Substantive Change Policy should be interpreted as applicable to all programs, including diplomas and certificates, as opposed to only being applicable to degree programs as specifically set forth in the SACS policy.

Final Determination: All schools are required to report changes in certain information on its approved application. Some changes require the Department's written approval before the school may disburse federal student aid funds; others do not.

All schools are required to report to the Department when adding an additional location (accredited and licensed) where they will be offering 50% or more of an eligible program if the school wants to disburse Title IV funds to students enrolled at that location.

Prior to February 24, 2012, CCTC was fully certified and therefore only required to report an additional location (using the electronic application) with supporting documentation (accreditation/licensure) to the Department, and could begin disbursement without written approval from the Department. However, the institution must comply with all program statutes and regulations of the Department as stated in its Program Participation Agreement (PPA). In this case, CCTC did not have approval from its accrediting agency. Therefore, the locations were ineligible for Title IV funds.

Due to the records retention period, the Department is only establishing liabilities for award years 2008/2009, 2009/2010 and 2010/2011.

CCTC disbursed \$1,403,314 in Title IV, HEA program funds to students enrolled at the Lee County ineligible location during the 2008/2009, 2009/2010 and 2010/2011 award years.

In lieu of requiring the institution to assume the risk of default by purchasing 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 total amount of FFEL and Direct Loan funds (subsidized and unsubsidized) disbursed to students who attended an unaccredited institution during the 2008/2009, 2009/2010 and 2010/2011 award years is \$353,308.00. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on CCTC's most recent cohort default rate available. As a result, the estimated actual loss that CCTC must pay to the Department for the ineligible loans is \$22,434.45. A copy of the results of that calculation is included as Appendix (B).

The total amount of Pell and SEOG funds that CCTC improperly disbursed for this finding is \$1,050,006.

CCTC is responsible for returning the \$1,050,006 in ineligible grant funds to the Department. In addition the institution is liable for \$23,546.56 due to the Department for the cost of funds (COF) on the ineligible grant disbursements. The COF is the expense the Department incurred as a result of the institution disbursing ineligible funds. The rate of interest is based on when the funds should have been returned to the Department. Copies of the COF calculation are attached as Appendix (C).

The Total liability for this finding is \$1,095,987.

D. Summary of Liabilities

Established Liabilities

Initial Liabilities	Pell (Closed Award Year)	SEOG	DL/ FFEL/EAL	
Liabilities	\$1,037,256.00	\$12,750.00	\$22,434.45	
Interest/SA	\$23,327.79	\$ 218.77		
TOTAL	\$1,056,819.70	\$12,918.77	\$22,434.45	
Payable To U. S. Department of Education:				\$1,095,987

E. Payment Instructions

CCTC owes to the Department \$1,095,987. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. CCTC must make this transfer within 45 days of the date of this letter. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If CCTC's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

The following identification data must be provided with the payment

Amount: \$1,095,987
 DUNS# 073708414
 TIN# 570425905
 PRCN# 201230427951

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

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. CCTC 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 asks to speak to CCTC'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, CCTC 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 CCTC from the Federal Government. **CCTC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CCTC 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.