



May 16, 2013

PCCenter  
Ms. Dalphna Curtis, CEO  
1229 E. Pleasant Run Road  
Suite 302  
DeSoto, TX 75115

Certified Mail  
Return Receipt Requested  
7012 3460 0001 9207 6046

**RE: Final Program Review Determination**  
OPE ID: 04136500  
PRCN: 201220627768

Dear Ms. Curtis:

The U.S. Department of Education's (Department's) Dallas School Participation Team issued a program review report on March 28, 2012 covering PCCenter's (PCC'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 2010-2011 and 2011-2012 (year to date) award years. PCC's final response was received on March 27, 2013. A copy of the program review report (and related attachments) and PCC's responses are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by PCC 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, and, (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are \$23,976.39.

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

## **Federal Student Aid**

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Dallas

1999 Bryan Street, Suite 1410, Dallas, TX 75201-6817

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 (Finding 1-File Review), G (Students with Federal Direct Loan Liabilities used in Estimated Actual Loss Calculation) and H (Students with Federal Pell Grant Liabilities) also contain PII. The appendices are included as part of the Final Program Review Determination Letter.

**Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the March 28, 2012, program review report. If PCC wishes to appeal to the Secretary for a review of monetary 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 PCC receives this FPRD. An original and four copies of the information PCC 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

**PCC'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 PCC'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 Jackie Shipman at 214.661.9489. 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)

Cynthia Thornton, Director  
Dallas School Participation Division

Enclosure:  
Protection of Personally Identifiable Information

cc: LaSonya Bryant, Financial Aid Administrator  
Texas Workforce Commission-Division of Proprietary School & Veterans Education  
Accrediting Commission of Career Schools and Colleges  
Robert James, Liaison for Career Institutions

Prepared for  
PCCenter

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OPE ID 04136500  
PRCN 201220627768

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

# Final Program Review Determination

## May 16, 2013

1999 Bryan Street, Suite 1410, Dallas, TX 75201-6817  
[StudentAid.gov](http://StudentAid.gov).

## Table of Contents

<b>A. Institutional Information.....</b>	<b>3</b>
<b>B. Scope of Review .....</b>	<b>4</b>
<b>C. Findings and Final Determinations.....</b>	<b>4</b>
Resolved Findings.....	4
Findings with Final Determinations.....	4
Finding 1. Verification Violations .....	5
Finding 10. Incorrect Federal Pell Grant Calculation/Clock Hour Institution.....	8
<b>D. Summary of Liabilities .....</b>	<b>10</b>
<b>E. Payment Instructions .....</b>	<b>11</b>
<b>F. Appendices .....</b>	<b>14</b>
<b>Appendix A- Student Sample</b>	
<b>Appendix B - Finding 1-File Review</b>	
<b>Appendix C- PCC's Responses to the Program Review Report</b>	
<b>Appendix D- Program Review Report</b>	
<b>Appendix E- Cost of Funds</b>	
<b>Appendix F- Estimated Actual Loss</b>	
<b>Appendix G- Students with Federal Direct Loan Liabilities used in Estimated Actual Loss Calculation</b>	
<b>Appendix H- Students with Federal Pell Grant Liabilities</b>	

**A. Institutional Information**

PCCenter  
1229 East Pleasant Run  
Suite 302  
DeSoto, TX 75115-4214

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year (900-1799 hours)

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: 48

% of Students Receiving Title IV: 96%

Title IV Participation: Common Origination & Disbursement System

	2010-2011
Federal Pell Grant Program	\$285,286.00
Federal Direct Loan (DL) Program	\$319,232.00

Default Rate DL:	2010 – 13.9%
	2009 – 14.2%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted an onsite program review at PCCenter (PCC) January 9, 2012, through January 12, 2012. The review was conducted by Jackie Shipman, MaEsther Francis, and Michael Williams.

The focus of the review was to determine PCC'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 PCC'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. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on March 28, 2012.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning PCC'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 PCC 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 2-9 and 11-22

PCC has taken the corrective actions necessary to resolve these findings of the program review report. Therefore, these findings may be considered closed. Appendix C contains PCC's written responses related to the findings. Findings requiring further action by PCC are discussed below.

### **Findings with Final Determinations**

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of PCC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on March 28, 2012 is attached as Appendix D.

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 and attached as Appendix E.

### **Finding 1. Verification Violations**

**Citation:** *An institution is required to establish written policies and procedures for verifying applicant information. 34 C.F.R. § 668.51 through § 668.61*

**Noncompliance:** *PCC failed to accurately verify the following students who were selected for verification.*

*Student #4- The tax return was not signed and the tax paid on the tax returns showed \$51.00 but \$5121.00 was listed on the Institutional Student Information Record (ISIR).*

*Student #5- The ISIR indicated \$0 tax liability and the 1040 tax return indicated that \$493.00 was the tax liability.*

*Student #11- The student listed two in college on the verification worksheet but only one on the ISIR.*

*Student #12- There was no verification documentation in the file.*

*Student #13- The household size was listed as seven on the verification worksheet and six were listed on the ISIR. There was no signature on the parent's tax return – page 2 was missing. There was \$400.00 of untaxed income listed on the student's tax return but was not reported on ISIR. Page 2 of the student's tax return was missing from the file but was submitted after the end of the on-site portion of the program review*

*Student #19- The \$400.00 in untaxed income (Making Work Pay Tax Credit) reported on the 1040 tax return was not listed on ISIR.*

*Student #21- The 1040 tax return was not in the student's file. Also, PCC used a 2010-2011 verification worksheet for the 2011-2012 award year.*

*Student #25- The verification worksheet was missing and the tax return was not signed. There was \$800.00 of untaxed income (Making Work Pay Tax Credit) listed on 1040 tax return but was not included on the ISIR. The ISIR lists \$28,739.00 in taxes paid on the ISIR but \$486.00 was listed on the 1040 tax return*

*Student #29- The household size listed on verification worksheet was but a household size of three was listed on ISIR. There was \$400.00 in untaxed income (Making Work Pay Tax Credit) on the tax return not reported on the ISIR.*

**Required Action:** *For all the students listed above, PCC was required to submit the missing documents as well as a recalculation of the expected family contribution (EFC). PCC was also required to review the files of all remaining students, not part of the sample of 30 students, who were selected for verification and who received aid during the 2010-2011 and 2011-2012 award years. For the 2011-2012 award year, the list was to include students who were selected for verification through February 29, 2012. PCC was required to submit a list of all students and note whether verification had been completed. Documentation supporting the determination as well as a recalculation of the EFC was to be submitted with the response.*

*PCC was also required to provide a description of the steps that would be taken to prevent a repeat of the finding in the future.*

**PCC's Response:** The responses to the original report and three additional requests for information are found in Appendix C. In addition, an email received on March 27, 2013 addressed this finding, specifically in regard to Student #12. PCC's responses addressed the individual student noncompliance issues. The response and the supporting documentation provided were acceptable for Student #4, Student #5, Student #11, Student #19, and Student #29 from the sample. In regard to the remaining students, the responses have been summarized by the reviewer.

**Student #12-** In the responses, conflicting statements were made regarding how a student is selected for verification by the institution. In one response, PCC refers to using the 30% verification option, while another response states that all applicants are verified. Since this was the only student for whom PCC claimed that the 30% verification option was used, PCC was required to submit documentation regarding how it tracked applicants to determine when 30% had been verified. The last response via email contained the following statements:

*We have not changed our policy or retracted anything in our prior audit report concerning verification. The policy and the law requires Title IV schools to verify 30% of students selected for verification. As a practice to ensure proper disbursements, PCCenter asks every student selected for verification to submit verifying documentation. However, we follow policy \_\_\_\_ In addition, as per our policy and the law, by the date of Student 12's enrollment, PCCenter had already verified well over 30% of the students who were selected for verification. Verification of student 12 was not required by the law at the time that she enrolled.*

*The only change that we have made to our verification process was as a result of our conversation with Jan Shipman on March 6. She informed us that we should select the letter (S) in EdExpress when we were asked if the student had been verified. When we first started accepting Title IV funding, Daphna Curtis was told to select the letter (V) to indicate that a student had been verified. Ms. Shipman informed us that by selecting the letter (V) we were saying that 100% of our students were being verified. We have made that adjustment as per her request. That is the only change that we have made and it was solely based on the clarification from Ms. Shipman. An attachment to the email listed 12 students with dates. (sic).*

Student #13- In prior responses, PCC stated the student was no longer in contact with the parents and would be unable to obtain Page 2 of the parent's tax return with a signature. In the final response, PCC included an e-file summary of the parent's tax information (Form 8879).

Student #21- The 2011-2012 award year verification worksheet was not included as part of any of the responses as required. No other information supporting the data on the ISIR was submitted. In its last response, PCC indicated that it was unable to contact the student.

Student #25- In its first response, PCC did not submit a corrected ISIR showing the changed tax amount and the Making Work Pay credit. In the August 16, 2012 response, a corrected ISIR was submitted that indicated an increase of the EFC from 0 to 2648. However, the Making Work Pay credit of \$800.00 was not included as untaxed income. A revised EFC was calculated using the correct data and submitted showing that the EFC was 3534.

PCC was required to submit a file review (Appendix B) of all students selected for verification with documentation to support the determination of whether verification had been completed. The resulting submission indicated that PCC would be liable for the Title IV funds disbursed to Student #1.23. A recalculation worksheet and a verification worksheet were submitted, but nothing was submitted to verify the income information. The student indicated on the verification worksheet that a tax return was filed.

**Final Determination:** Student #12- PCC's claim that the 30% verification option was used for this student is unacceptable. The 30% verification option was available for use by institutions through the 2011-2012 award year. A school had to either verify all applications the Central Processing System selected for verification or up to 30% of the school's total number of federal aid applicants in an award year.

In its response, PCC stated that schools are required, "*to verify 30% of students selected for verification*". Based on the statement, it appears that school officials believe only 30% of the applications selected by the CPS must be verified. Because PCC did not have a process in place for verifying 30% of an applicant pool, this cannot be the explanation for not verifying Student #12.

In addition, the response stated that the reviewers instructed officials to change the Verification Status code from "V" to "S" because that is the code used for verified students when the 30% verification option is utilized. School officials stated that they were not aware that there were two different codes used under the 30% verification option. The student's record in the Common Origination Disbursement (COD) system was changed from a "V" to an "S".

The reviewers did not instruct school officials to make that change. Information regarding the Verification Status codes was provided simply to explain that if PCC did not define the applicant pool and was unaware of the correct code to use for denoting the students' verification status under the 30% option, then the explanation provided for Student #12 was invalid.

The explanation provided is not acceptable. Therefore, verification was not completed for Student #12 and PCC is liable for the Title IV funds disbursed to the student. The student received \$2,713.50 in Federal Pell Grant funds for the 2010-2011 award year.

Student #13 – Form 8879, the Internal Revenue Service e-file Signature Authorization, is not an acceptable substitute for a signature on the tax return, per the 2010-2011 Application and Verification Guide. Therefore, PCC is liable for the Title IV funds disbursed to the student during the 2010-2011 award year. The student received \$4,400.00 in Federal Pell Grant funds, \$2,786.00 in Federal Direct Loan (Subsidized) funds, and \$4,776.00 in the Federal Direct Loan (Unsubsidized) funds.

Student #21 – PCC did not submit the applicable verification worksheet nor did it submit any other documentation to verify the information reported on the ISIR. Therefore, PCC will be liable for the Title IV funds disbursed to the student for the 2011-2012 award year. The student received \$2,775.00 in Federal Pell Grant funds, \$1,742.00 in Federal Direct Loan (Subsidized) funds, and \$2,985.00 in Federal Direct Loan (Unsubsidized) funds.

Student #25- The total amount of funding from the Federal Pell Grant Program that should have been awarded based on the correct EFC is \$2,000.00. According to the COD system, Student #25 received \$5,550.00 resulting in a \$3,550.00 liability to the Federal Pell Grant Program for the 2011-2012 award year.

Student #1.23- The student received \$5,182.00 from the Federal Pell Grant Program for 2010-2011 award year. PCC did not submit any verification of the reported income on the ISIR, therefore, PCC must repay the funds. (Appendix H)

#### **Finding 10. Incorrect Federal Pell Grant Calculation/Clock Hour Institution**

***Citation:** An academic year is a period that begins on the first day of classes and ends on the last day of classes. To complete an academic year, a clock hour student must complete, at a minimum, 900 hours and 26 weeks. After completion of the first academic year, the remaining period is awarded Federal Pell based on the lower of the proportion of weeks remaining in the program to the weeks in an academic year or the proportion of clock hours remaining in the program to the number of clock hours in an academic year. 34 C.F.R. § 668.3; 34 C.F.R. § 690.63(e)*

***Noncompliance:** PCC did not correctly calculate the Federal Pell Grant disbursements for the students below.*

*Student #3- A Federal Pell Grant over-award of \$1663.00 was disbursed due to the incorrect calculation of the second disbursement because the student transferred 264 clock hours into an 880 clock program.*

*Student #13- The Federal Pell Grant was under awarded by \$1027.00. The 0 EFC would have made the student eligible for \$5427.00 instead of the \$4400.00 awarded.*

*Student #19- The second Federal Pell Grant disbursement was not prorated to reflect the number of hours in the payment period.*

**Required Action:** *PCC was required to recalculate the Federal Pell Grant disbursements for the students above and submit the documentation to support the correct awards. Any repayment will be addressed in the Final Program Review Determination letter (FPRD).*

**PCC's Response:** PCC officials stated in the first response that because Student #3 had an EFC of "0", and was considered a full time student, the award did not need to be prorated based on the reduced hours needed to complete the program.

In the third response, PCC submitted documentation that Student #13 was actually enrolled in a 720 hour program and that the proration was correct.

In regard to Student #19, PCC stated in the first response that the Federal Pell Grant awards had increased from 2010-2011 to 2011-2012 and that the student was paid based on the higher amount. In the second response, the statement was made that the student discussed taking another course in a related program with more clock hours. In the third response, PCC submitted an Award/Expected Fund Notification that showed the student would be disbursed funds for two payment periods, each 440 clock hours, and a copy of an enrollment agreement with the same information available to the reviewers while on site. The enrollment agreement indicated the student was enrolled in the Medical Office Assistant program consisting of 880 clock hours.

**Final Determination:** Student #3- The student's enrollment agreement and other documents showed that PCC accepted 264 clock hours that were taken at another institution toward the 880 clock hours required for the program. The Title IV funding awarded to the student from the Federal Pell Grant Program and the Federal Direct Loan Program should have been prorated accordingly. The student received \$5,427.00 in Federal Pell Grant funds. If the proration had been completed using the actual hours in which the student was enrolled (616), the student would only have been entitled to \$3,798.00 in Federal Pell Grant funds. The student was overpaid \$1,629.00.

The student received funds from the Federal Direct Loan Program totaling \$9,245.00 (Subsidized-\$3,406.00 and Unsubsidized-\$5,839.00). After proration, the student was only eligible for \$2,389.00 in subsidized loans and \$4,078.00 in unsubsidized loans. PCC is liable for \$1,629.00 in Federal Pell Grant funds and \$2,778.00 in Federal Direct Loan funds (\$1,017.00 subsidized and \$1,761.00 unsubsidized) for the 2010-2011 award year.

Student #13 -The response was acceptable.

Student #19- The maximum Federal Pell Grant award \$5,550.00 was the same for the 2010-2011 and the 2011-2012 award years. According to COD, the student received \$8,201.00 in Federal Pell Grant funds for both award years for the 880 clock hour program. No documentation was submitted that explained or confirmed the validity of the disbursements. The student would have been entitled \$5,427.00 for the 880 clock hour program. PCC is liable for the overpayment of \$2,775.00 in Federal Pell Grant funds for the 2011-2012 award year.

**D. Summary of Liabilities**

The total amount calculated as liabilities from the findings in the program review determination is as follows.

<b>Liabilities</b>	<b>Pell (Closed Award Year)</b>	<b>DL</b>	<b>EALF DL</b>	
<b>Finding 1</b>	\$18,620.50	\$12,289.00		
<b>Finding 10</b>	4,404.00	2,778.00		
<b>Subtotal 1</b>	\$23,024.50	\$15,067.00	\$548.73	
<b>Interest/SA</b>	\$ 403.16	0		
<b>TOTAL</b>	\$23,427.66	\$0	\$ 548.73	
<b>Payable To:</b>				<b>Total</b>
<b>Department</b>	\$23,427.66		\$548.73	\$23,976.39

The total amount of Direct Loan funds (subsidized and unsubsidized) disbursed to students who were not eligible during the 2010 -2011 the 2011-2012 award years is \$15,067.00. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on PCC's most recent cohort default rate available. As a result, the estimated actual loss that PCC must pay to the Department for the ineligible loans is \$548.73. A copy of the results of that calculation is included as Appendix F.

### **E. Payment Instructions**

PCC owes to the Department \$23,976.39. 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 findings 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: \$23,976.39  
DUNS: 103083783  
TIN: 752945534  
Program Review  
Control Number: 201220627768

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

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

**Direct Loan Estimated Actual Loss**

Findings: 1 and 10  
 Appendix: G

PCC must repay:

DL Estimated Actual Loss	
Amount	Award Year
\$455.49	2010-2011
93.24	2011-2012
<b>Total</b>	
<b>\$ 548.73</b>	

PCC 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:**

**Pell– Closed Award Year**

Findings: I and 10  
 Appendix: H

PCC must repay:

<b>Pell Closed Award Year</b>		
Amount (Principal)	Amount (Interest)	Award Year
\$13,924.50	\$281.19	2010-2011
9,100.00	121.97	2011-2012
<b>Total Principal</b>	<b>Total Interest</b>	
\$23,024.50	\$403.16	

The disbursement record for each student identified in the applicable findings must be adjusted in the COD system based on the recalculated amount identified in the appendices.

**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 Jackie Shipman **within 45 days of the date of this letter.**

This amount above is also reflected in the total amount owed to the Department in Section 1 above. Upon payment, the funds will be returned to the applicable G5 award for the applicable Title IV program.