



January 23, 2015

Mr. Thomas J. Elzey, President
South Carolina State University
300 College Street, NE
P. O. Box 7008
Orangeburg, SC 29117

UPS Tracking #: 1ZA879640294365208

RE: Final Program Review Determination
OPE ID: 00344600
PRCN: 201340428430

Dear Mr. Elzey:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on April 3, 2014 covering South Carolina State University's (SCSU'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 2011-2012 and 2012-2013 award years. A copy of the program review report (and related attachments) and SCSU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by SCSU upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

The total liabilities due from the institution from this program review are \$951,509.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

School Participation Division - Atlanta - 61 Forsyth Street, SW, Room 18140, Atlanta, GA 30303-8918
StudentAid.gov

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 (AEA Students), G (Finding #2 Spreadsheet), H (Finding #4 Spreadsheet), J (Finding #5 Sprcadsheet) also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 3, 2014 program review report. If SCSU 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 SCSU receives this FPRD. An original and four copies of the information SCSU 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

SCSU'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 SCSU'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 Vinita Simpson at 404-974-9260. 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)

Christopher Miller
Division Director

Enclosure:

Protection of Personally Identifiable Information

Program Review Report (and appendices)

Final Program Review Determination Report (and appendices)

cc: Ms. Charlotte Sorg, Financial Aid Director
Southern Association of Colleges and Schools Commission on Colleges
SC Commission On Higher Education

Prepared for
South Carolina State
University

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

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OPE ID 00344600
PRCN 201340428430

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

Final Program Review Determination January 23, 2015

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A. Institutional Information

South Carolina State University
300 College Street Northeast
Orangeburg, SC 29117-4427

Type: Public

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on
Colleges

Current Student Enrollment: 4201

% of Students Receiving Title IV: 84%

Title IV Participation (PC Net Funding Report):

Fiscal records: 2011/2012

Federal Pell Grant	\$12,996,657
Federal Direct Loan Program (FDLP)	\$44,231,250
Federal Perkins Loan	\$ 190,250
Federal Supplemental Educational Opportunity Grant (S.E.O.G.)	\$ 626,180
Federal Work-Study (FWS)	\$ 357,794

Default Rate FFEL/DL:	2009 - 15.7%
	2008 - 9.0%
	2007 - 13.0%

Default Rate Perkins:	2012 - 19.0%
	2011 - 23.0%
	2010 - 22.7%

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at South Carolina State University (SCSU) from September 23, 2013 to September 27, 2013. The review was conducted by Oscar Howard and Arva Thomas.

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

A sample of (32) files was identified for review from the 2011/2012 and 2012/2013 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.

Disclaimer:

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

Finding #1, #3, #6 - #15

SCSU has taken the corrective actions necessary to resolve findings 1, 3, and 6 - 15 of the program review report. Therefore, these findings may be considered closed. Appendix F contains the institution's written response related to the resolved findings. Findings requiring further action by SCSU are discussed below.

Findings with Final Determinations

The program review report finding(s) requiring further action are summarized below. At the conclusion of each finding is a summary of SCSU's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on April 3, 2014 is attached as Appendix C.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are included in individual findings. Details of the additional costs to the Department are listed in the summary of liabilities table in Section D of the report.

Finding #2: Unofficial Withdrawals /No System in Place to Determine Last Date of Attendance (LDA) Return To Title IV (R2T4)

***Citation:** An institution is required to take attendance if, an outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance; or the institution itself has a requirement that its instructors take attendance. Without documentation to substantiate a student's enrollment status during a given period, the institution cannot prove that a student was enrolled and eligible to receive Title IV aid. When an FSA recipient withdraws from all classes after establishing eligibility and receiving Title IV funds, a portion of his or her aid may have to be returned. 34 C. F. R. § 668.22*

Withdrawal dates for schools that are not required to take attendance is the midpoint of the payment period or period of enrollment, as applicable. For a student who withdraws without providing notification to the school, for these withdrawals, commonly known as dropouts, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable, or the last date of an academically related activity that the student participated in. The school must determine the withdrawal date no later than 30 days after the end of the payment period or period of enrollment. Good indicators for students that have unofficially withdrawn are students

that have F grades in all classes or had a grade point average of zero for that semester and are no longer attending classes.

Noncompliance: *SCSU is not required to take attendance according to officials of the institution. Although SCSU is not required to take attendance by an outside entity, SCSU itself has a requirement that its instructors take attendance according to some officials. Some officials stated that the instructors only took attendance for a portion of the semester while others stated that the instructors were to take attendance the entire semester but all instructors were not doing it. What was perfectly clear is SCSU did not have a system in place to identify students who unofficially withdraw/drop from the institution and they did not have a written policy for students who unofficially withdraw/drop from the institution.*

An institution's failure to adequately determine a student's LOA may affect his/her R2T4 calculation, which may deprive these students of funds and cause increased expense for the Department.

Required Action: The institution was required to conduct a file review of all Title IV recipients who withdrew (officially/unofficially) from the institution during the 2011/2012 and 2012/2013 award years. The purpose of the review was to (1) identify and perform a calculation for any student for whom a R2T4 calculation should have been performed but was not; (2) identify outstanding refunds due to the Department; and (3) identify any late R2T4.

SCSU was required to provide a copy of the R2T4 calculation, account ledger and academic transcript for each student identified in the file review. The Department requested the student account ledger to show all aid disbursed to students. The review was also required to include any Title IV recipients who received all "F's", "W's" or "I" (for a semester) on his/her academic transcript, plus documentation to support the student's LOA.

The institution was also required to develop an unofficial withdrawal policy and provide a description of the steps that will be taken to prevent a repeat finding in the future.

SCSU's Response: In its response, SCSU confirms that no unofficial withdrawals were completed for the timeframe reviewed. The documentation provided shows that the R2T4 calculations and refunds were completed for all official withdrawals. The school provided a spreadsheet with the information requested for all the unofficial withdrawals that were subsequently completed. Additionally, the school has revised its policies and catalog to ensure the proper processing of withdrawals in the future.

Final Determination: The school has updated its policies to include an unofficial withdrawal policy. Because the school failed to complete return to Title IV calculations on unofficial withdrawn students, the school must return an ineligible amount of \$310,996 in Title IV aid disbursements, as established in Appendix G. In addition, interest for this liability is \$4,814. The total liability for this finding is \$315,810. This amount includes \$4,842 of Federal Pell Grant Funds (Pell), \$1,898 of Federal Supplemental Educational Opportunity Grant (FSEOG), and \$309,070 of Federal Direct Loans (DL) funds. The Cost of Funds worksheet showing the interest calculation is included as Appendix D.

Finding #4: Ineligible Students-Academic Enhancement Academy

Citation: Pursuant to 34 C.F.R. § 668.32, a student is eligible to receive Title IV, HEA program assistance if the student;

- is a regular student enrolled, or accepted for enrollment, in an eligible program at an institution;
- has a high school diploma or its recognized equivalent;

Noncompliance: In the examination of files and from conversations with officials, it was discovered that SCSU had a program titled "Academic Enhancement Academy" (AEA). The vision of the AEA was to promote the transformation of graduating high school seniors into a successful academic community of college students. Applicants considered for admission who did not meet the minimum course requirement were allowed to enter the AEA program for the summer and take the necessary courses to meet the minimum high school course/units requirements.

Successful completion of the summer program was required for the applicants to continue enrollment at SCSU for the Fall Semester, according to SCSU officials. Although the applicants were not a regular student, enrolled or accepted for enrollment, in an eligible program, the applicants were disbursed Title IV aid.

Required Action: During the program review, the reviewers asked for a list of all students who attended the AEA. The list of students who attended the AEA was provided to the reviewers by the end of the review period. Based on the list (Appendix B) provided by the officials of the institution, SCSU was required to provide the amount of Title IV aid, by program that each student received while attending the AEA.

The institution's response was also to include a description of the steps that will be taken to prevent a repeat finding in the future.

SCSU's Response: The school provided in their response a list of students who were admitted into the Academic Enhancement Academy (AEA). The school indicates in

their response that they do not believe these students are ineligible for Title IV funds due to the student being admitted as regular degree seeking students. Per the Financial Aid Director for the school, the decision was made to discontinue this program.

Final Determination: After reviewing the documentation in the student files and the documentation provided in the school's response, the Department confirmed, as determined during the on-site review, that these students were not admitted as regular students and are not eligible for Title IV funds for the terms in which the students attended this program. Our determination is based on the fact that the students received a letter of acceptance in the AEA program and then a letter of acceptance into the school the following term. There is also a form in the students' files called a Freshmen Admissions Decision Report. Under the accept column on the document, there is an option for Regular and an option for AEA Program. This indicates two separate programs and acceptance terms. Examples of these documents can be found in Appendix I.

Because of the SCSU's admissions process for AEA students, the students enrolled in the AEA program for the Summer 10, 11, and 12 terms are ineligible for Title IV aid for these terms. The school confirms that the AEA program was discontinued after the Summer 12 term. Paying aid for a term in which the student was not yet enrolled or in an eligible program results in a liability of \$618,103. Please see Section D of this report for a breakdown by Title IV funds source. Of this amount, \$14,032 is interest due to the Department. In computing this liability, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount of \$1,545,132, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss for the ineligible loans is based on SCSU's most recent cohort default rate available. As a result, the estimated actual loss that has been included in the \$618,103 liability and that SCSU must pay to the Department for the ineligible loans is \$51,911. Details of these calculations can be found in Appendix D and E.

Finding #5: Ineligible Students-Admission Policy Not Followed

Citation: Pursuant to 34 C.F.R. § 668.32, a student is eligible to receive Title IV, HEA program assistance if the student:

- is a regular student enrolled, or accepted for enrollment, in an eligible program at an institution;
- has a high school diploma or its recognized equivalent;

Noncompliance: The following students were accepted for enrollment, in an eligible program and received Title IV aid without first meeting all of the admission requirements.

Student #2 was admitted to the Master's program. Each applicant for full admission to the School of Graduate Studies for purposes of pursuing any master's degree must submit; official Graduate Record Examination (GRE) General Test. Official Miller Analogies Test (MAT) scores may be filed in lieu of the GRE except for applicants to the degree programs in Transportation and Business. The student file did not contain a GRE or MAT test, therefore; the admission requirements were not met. The institution must provide a copy of the GRE or MAT for student #2 in its response to this finding.

Student #4 was admitted to the Master's program. Each applicant for full admission to the School of Graduate Studies for purposes of pursuing any master's degree must submit; official Graduate Record Examination (GRE) General Test. Official Miller Analogies Test (MAT) scores may be filed in lieu of the GRE except for applicants to the degree programs in Transportation and Business.

The student file did not contain a GRE or MAT test, therefore; the admission requirements were not met. The institution must provide a copy of the GRE or MAT for student #4 in its response to this finding.

Student #7 failed to meet the admission requirements. Student #7 failed to provide a final high school transcript showing a graduation date. The student also failed to provide acceptable SAT (830 or higher) and ACT (18 or higher) scores. The institution must provide the missing documentation for student #7.

Student #11 failed to meet the minimum SAT (830 or higher) score for admission. The student was placed in the AEA program and was awarded financial aid. The student failed the admission requirement.

Student #13's file did not contain a Final High School Transcript showing the graduation date and grade point average. The institution requested the transcript from the student by letter dated 3/8/2011. Student #13 failed to provide documentation to meet the admission requirement. Student #13 is an ineligible student.

Student #16 failed to meet the minimum required course requirement for admission. The student was short one unit of science. The student also failed to meet the minimum test requirements for SAT I and ACT. Student #16 was admitted to the 2010 AEA and received Title IV funds. The AEA program is not eligible for Title IV aid.

Student #18's file has no documentation to show that the student was ever accepted for admission at the institution. There is a letter in the file dated 4/19/10 stating "not recommending admission to SCSU at this time". There are Freshman Admission Decision Reports, dated 5/13/10 and 5/18/10 basically saying, admission is not recommended. Finally, there is a letter dated 5/31/10 saying, we are unable to approve

your application at this time. Nowhere in the file is there any documentation stating that the student is accepted for admission.

The student started receiving Title IV beginning with the 2010/2011 award year. The file also shows the student was referred to the AEA program which is not eligible for Title IV aid.

Student #25 has no documentation in the file to show the student met the admission requirements. There is no final high school transcript in the student file showing the graduation date and grade point average. There is a letter in the file dated 8/1/12 from SCSU requesting the student to provide a final transcript. There is also a letter in the file dated 5/29/12 informing the student that he is being offered admittance to the 2012 AEA program which is not eligible for Title IV aid. The Freshman Admission Decision Report, dated 4/24/12 shows the student accepted in the AEA program. The file indicates no final high school transcript received, no passing ACT scores, and all required high school courses completed.

Student #29 was admitted as a transfer student. According to SCSU requirements, if you have fewer than 30 semester hours of college credit, you must submit an official copy of your high school transcript, GPA, rank-in-class and SAT I or ACT score. You must also submit a complete, official transcript from each college/university attended. Student #29 earned less than 30 semester hours credit and provided a high school transcript, but there is no documentation in the file to show the student submitted a copy of the SAT I or ACT which is a requirement. There is no documentation to show that the student met the minimum test score requirement. Documentation must be provided to show that the minimum test score requirement was met.

Student #31, failed to meet the admission requirements. Student #31 failed to meet the minimum course requirement for incoming freshman as mandated by the South Carolina Commission on Higher Education. The student was offered admittance to the 2012 AEA program by letter dated 5/14/12. The AEA program was from 6/20/12 to 7/31/12. The student was not an eligible student during this period and received Title IV aid. The AEA admits applicants who failed to meet all of the incoming freshman admission requirements.

Required Action: For each student mentioned above, SCSU was required to provide missing documentation that shows the students met all admission policy requirements. In response to this finding, SCSU was required to conduct a file review of all students admitted during the 2011/2012 and the 2012/2013 award years and identify all students who were admitted without meeting the institution's written admission policy requirements. The institution was also required to identify all students who were admitted to the AEA for the 2011/2012 and 2012/2013 award years and were paid financial aid while enrolled in the AEA summer program. SCSU was to include any AEA students not included in the list provided in response to Finding #4.

Admitting students other than by the school's written admission policy requirements does not constitute an eligible student for Title IV purposes. The institution's response was to also provide a description of the steps that will be taken to prevent a repeat finding in the future.

SCSU's Response: The school provided the required spreadsheets. The school also provided detailed policies and procedures and updates that will be occurring in the future to prevent future issues. The school was subsequently required to provide a list of students, and the Title IV aid paid for these students, that were missing required documents needed for admission into the university.

Final Determination: As indicated on page 17 of the 2010-2012 School Catalog, the school reserves the right to look beyond the basic credentials to grant admission to applicants. In further conversation with the school and in an email dated November 6, 2014, it was determined that the criteria in the catalog are what are needed for a student to be automatically admitted without further review of their student file. If a student does not meet all of the listed criteria, SCSU uses a formula to decide whether it will nevertheless admit the student (for instance, a student may be admitted if the student has a 4.0 grade point average or ranks #1 in his or her class even if he or she has an ACT score of 16). These students are conditionally (provisionally) admitted but are admitted by SCSU as Regular Degree Seeking Students. Some of these students do not meet one of the course pre-requisites set by the state of South Carolina, but the State allows an institution to admit a small percentage of students who have not met these requirements. This is where the institution's Admissions committee is used and the decision is documented both in Banner and in the students' file.

For this reason, and since the liability assessed for finding 4 already includes all enrollment in the AEA program, only the students that were missing required documents in their files have been determined ineligible for the Title IV disbursements received. After review of the student files, student #2, # 4, #7, and #29 are missing the documentation as stated in the PRR and remain ineligible for the funds received. This results in a liability of \$17,596. This liability is comprised of ineligible Pell funds in the amount of \$14,018, FSEOG in the amount of \$1,009 and a DL liability in the amount of \$2,569. Included in the total liability amount for this finding is \$154 in interest due to the Department. This calculation for the Pell and FSEOG programs can be found on the Cost of Funds Spreadsheet in Appendix D. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loans or loan amounts. The estimated actual loss for the ineligible loans is based on SCSU's most recent cohort default rate available. As a result, the estimated actual loss that has been included in the \$17,596 liability and that SCSU must pay to the Department for the ineligible loans is \$2,569. Details of this calculation can be found in Appendix E.

Liabilities of \$1,388 to the Federal Pell Grant Program were established for student #7 in Finding #2; those amounts are not included in the student's liabilities for this finding and are not duplicated in the total liability amount.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects unduplicated liabilities because some students appear in more than one finding. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

The total amount of Direct Loan funds disbursed to students determined in findings 4 and 5 is \$1,584,037. As previously stated, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss for the ineligible loans is based on SCSU's most recent cohort default rate available. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on SCSU's most recent cohort default rate available. As a result, the estimated actual loss that SCSU must pay to the Department for the ineligible loans is \$54,481. A copy of the results of that calculation is included as Appendix E.

Liabilities	Pell	FSEOG	Perkins/ EAL	DL	DL/ EAL	Total	
Finding #2	\$4,772	\$1,890	\$0	\$304,334	\$0	\$310,996	
Finding #4	\$510,115	\$33,688	\$8,357	\$0	\$51,911	\$604,071	
Finding #5	\$13,873	\$1,000	\$0	\$0	\$2,569	\$17,442	
Interest							
Interest	Pell	FSEOG	Perkins/ EAL	DL	DL/ EAL	Total	
Finding #2	\$70	\$8	\$0	\$4,736	\$0	\$4,814	
Finding #4	\$13,601	\$431	\$0	\$0	\$0	\$14,032	
Finding #5	\$145	\$9	\$0	\$0	\$0	\$154	
Totals							
Totals	Pell	FSEOG	Perkins/ EAL	DL	DL/ EAL	Total	
Finding #2	\$4,842	\$1,898	\$0	\$309,070	\$0	\$315,810	
Finding #4	\$523,716	\$34,119	\$8,357	\$0	\$51,911	\$618,103	
Finding #5	\$14,018	\$1,009	\$0	\$0	\$2,569	\$17,596	

						Total	
TOTAL Payable To: Department	\$542,576	\$37,026	\$8,357	\$309,070	\$54,481	\$951,509	

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department \$100,000 or More

SCSU owes to the Department \$951,509. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. SCSU 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 SCSU'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.

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 applicable).

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. SCSU 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 SCSU'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, SCSU 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 SCSU from the Federal Government. **SCSU may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, SCSU 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. Direct Loan Closed Award Years (Request Extended Processing)

Finding: 2

Appendices: G

SCSU must repay the following Direct Loan liabilities:

List each program by principal, interest, and award year on separate rows

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$178,425	\$3,504	2011-2012
\$125,909	\$1,232	2012-2013
Total Principal	Total Interest	
\$304,334	\$4,736	

The disbursement record for each student identified in Appendix G must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the/these appendix/appendices. A copy of the adjustment to each student's COD record must be sent to Vinita Simpson within 45 days of the date of this letter.