February 18, 2014

Anthony Kinkel
President
Wichita Area Technical College
4004 N. Webb Rd.
Wichita, KS 67226

UPS: Tracking #:
1ZA879640194981302

RE: **Final Program Review Determination**
OPE ID: 00549800
PRCN: 201230727957

Dear President Kinkel:

The U.S. Department of Education's (Department's) School Participation Division – Kansas City issued a program review report on September 10, 2012 covering Wichita Area Technical College's (WATC) 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 award years. WATC's final response was received on November 2, 2012. A copy of the program review report (and related attachments) and WATC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by WATC 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) notify WATC of a possible adverse action. Due to the serious nature of Finding 14, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse administrative action pursuant to 34 C.F.R. § 668, Subpart G. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. This FPRD contains one or more findings regarding WATC's failure to comply with the requirements of the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. Because this *DFSCA* finding will not result in the assessment of financial liabilities, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about WATC's appeal rights will be provided under separate cover. AAASG's notification will also include information regarding WATC's appeal rights and procedures on how to contest the action.

The total liabilities due from the institution from this program review are $12,512.00.

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 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, C, and D also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the September 10, 2012 program review report. If WATC 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 WATC receives this FPRD. An original and four copies of the information WATC 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

WATC'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 WATC'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 Mr. Jim Wyant at 816-268-0431. 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); (b)(7(C)

Ralph A. LoBosco
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Lacey Ledwich, Financial Aid Administrator
Andy Tompkins, Kansas Board of Regents
Sylvia Manning, North Central Association of Colleges and Schools, the Higher Learning Commission

Prepared for

Wichita Area Technical College

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

PROUD SPONSOR of the AMERICAN MIND™

OPE ID: 00549800
PRCN: 201230727957

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Final Program Review Determination
February 18, 2014

1010 Walnut Street, Suite 336, Kansas City, MO 64106-2147
StudentAid.gov.

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A. Institutional Information

Wichita Area Technical College
4004 North Webb Road
Wichita, KS 67226-8101

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools-CIHE (Higher Education)

Current Student Enrollment: 3689 (2011-2012)

% of Students Receiving Title IV: 54% (2011-2012)

Title IV Participation (G5):

	2010-2011
Federal Pell Grant	$5,473,301
Academic Competitiveness Grant (ACG)	$ 12,889
Federal Supplemental Opportunity Grant (SEOG)	$ 110,000
Federal Subsidized FFEL Loan	$ 55,568
Federal Unsubsidized Stafford Loan	$ 57,598
Federal Direct Plus Loan	$ 26,587
Federal Direct Subsidized Loan	$3,145,836
Federal Direct Unsubsidized Loan	$2,633,979

Default Rate FFEL/DL:	2009	11.8%
	2008	11.1%
	2007	12.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Wichita Area Technical College (WATC) from June 4, 2012 to June 8, 2012. The review was conducted by Mr. Jim Wyant, Ms. Rhonda Puffer and Ms. Jenny Armontrout.

The focus of the review was to determine WATC'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 WATC'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. In addition, 9 files were selected based on Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work Study (FWS) awards and 3 files were selected due to escheatment of credit balances. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on September 10, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning WATC'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 WATC 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 2-13 and 15-16.

WATC has taken the corrective actions necessary to resolve findings 2-13 and 15-16 of the program review report. Therefore, these findings may be considered closed. WATC's response to the program review report resolving these issues can be found in Appendix D. Findings requiring further action by WATC are discussed below.

Resolved Finding with Comments

The following program review finding has been partially resolved by the College and is now considered to be conditionally closed, subject to the College's satisfactory completion of the additional testing elements noted below.

Finding 14: Drug Abuse Prevention Program Requirements Not Met—Part 86

Citation Summary: *The Department's regulations and the Drug Free Schools and Campus Act require participating institutions of higher education to conduct a biennial review of its program to (1) determine its effectiveness and implement changes to the program if they are needed; and (2) ensure that the disciplinary sanctions described in paragraph (a)(5) of this section are consistently enforced. 34 C.F.R. §86.100(b)(1)(2). In addition, an institution's drug prevention program must include an annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit. 34 C.F.R. § 86.100(a).*

Noncompliance Summary*: WATC's drug and alcohol prevention program did not include a biennial review. WATC does not do further review to ensure the policies are effective and disciplinary sanctions described for law violations are consistently enforced. In addition, WATC does not distribute information annually to staff which discusses the institution's policies and the disciplinary sanctions which occur based on the severity of the offense.*

Required Action Summary*: WATC must immediately begin reviewing its drug and alcohol prevention program to ensure it includes all regulatory components. Additionally, WATC must distribute these policies to all staff and students, even those who are taking reduced coursework to ensure the entire campus body is aware of the policies and consequences for violations. WATC must conduct a biennial review of its drug prevention program and provide a copy of that review to the Department to show its compliance with implementing the regulations.*

WATC's Response: In its response, WATC stated its concurrence with the finding and explained the steps taken to address the deficiencies. After the Department's site visit, the Director of Safety and Security initiated a review of the College's DAAPP. WATC also stated that sexual assault and harassment prevention training has been and will continue to be provided in the first semester of each academic year and that drug and alcohol training sessions will continue to be offered in the second semester. WATC also provided supporting documentation to show that WATC officials reviewed and revised certain aspects of its DAAPP and Drug-Free Campus Policy during the fall of 2012. In addition, the College represented that these policy changes were implemented incrementally after the WATC Leadership Council initially acted on the recommended changes on November 2, 2012. Final approval of the language, inclusive of technical amendments and the clarification of duties for certain WATC officials, was granted on March 1, 2013. WATC also stated that a biennial review would be conducted following the delivery of the spring 2013 drug and alcohol training program.

Final Determination: Finding # 14 of the program review report identified multiple violations of the *DFSCA* and the Part 86 Regulations. Specifically, WATC failed to distribute an annual DAAPP disclosure to all employees and students enrolled for academic credit. In addition, WATC failed to conduct a biennial review to assess the effectiveness of the College's DAAPP and as a result, also failed to produce a report of review findings.

As a result of these violations, WATC was required to review and revise its DAAPP and related policies and procedures. The College was also required to actively distribute the annual DAAPP disclosure to all students and employees and to document its distribution efforts. Finally, WATC was required to conduct a substantive biennial review and produce a detailed report of findings. The review team examined materials submitted with the response and determined that the College failed to fully document the remedial actions that were referenced in the narrative. As a result, the review team also determined that WATC's response was incomplete and as such, WATC will be required to submit additional information for the Department's consideration. This additional testing will be conducted by the Department's Clery Act Compliance Division (CACD). Because the KC SPD will not be involved in the additional analysis, this program review finding will be conditionally closed. The CACD's determinations will supplement the findings and determinations made by the KC SPD and will factor into the Department's determination regarding any appropriate sanctions resulting from these deficiencies.

Although the KC SPD has accepted WATC's partial response and has closed the finding, the following omissions are noted: the College did not provide evidence to show that the new annual DAAPP disclosure was actively distributed as required. In fact, the corrective action plan merely stated that "WATC provides all faculty, staff and student body [with] the policies via www.watc.edu." This passive method of disclosure is not adequate to comply with the active distribution requirement. Moreover, the College did not immediately conduct a biennial review, primarily because a materially-complete

DAAPP was not in place and therefore, a comprehensive study of the program's effectiveness was not possible at the time. Nevertheless, the College's response stated that the biennial review would be completed in spring 2013. As such, the report of findings and supporting documentation should be readily-available.

As a result of these failures to initiate adequate corrective action, WATC must submit records that support its claims of adequate corrective action. At a minimum, these records must include the following: copies of its new and revised DAAPP policies and procedures, its new annual DAAPP disclosure, documented proof of active distribution of the new annual disclosure (e-mail records will suffice), and its biennial review report and supporting documentation to the CACD's clery@ed.gov electronic mailbox within 15 days of WATC's receipt of this FPRD. If any of the requested documents are not available or do not exist, the College must clearly state that fact and to the extent possible explain with particularity the circumstances related to the failure to produce these records. In this context, WATC is specifically advised to not produce any new documents for past periods for the purpose of complying with this document production. WATC's submission must reference its Program Review Control Number (PRCN) and the finding number in the subject line of its e-mail message. Failure to respond to this request for production may result in the imposition of additional adverse administrative actions.

Notwithstanding the KC SPD's conditional closure of the finding, WATC officials are reminded that they must initiate all necessary corrective actions to ensure that the deficiencies identified in this finding do not recur. Although the finding is now closed, WATC is reminded that the exceptions identified above constitute serious violations of the *DFSCA* that by their nature cannot be cured. WATC was required to initiate corrective actions and has taken some steps to address the conditions that led to these violations. While this is an important step, WATC officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment.

Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. WATC's failure to conduct comprehensive biennial reviews deprives the College of important information about the effectiveness of any drug and alcohol programs that are in place. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime. For these reasons, the College is reminded that corrective measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action as authorized by the *DFSCA* and/or require additional corrective measures as a result.

Finally, the Department strongly recommends that WATC re-examine its campus safety and drug and alcohol abuse prevention policies, procedures, and programs on at least an

annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with the *DFSCA*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the College's new policies and procedures.

Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of WATC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on September 10, 2012 is attached as Appendix D.

Finding 1. Incorrect Calculation of Cost of Attendance

Citation Summary: *The amount of need of any student for financial assistance is equal to—*
(1) the cost of attendance of such student, minus
(2) the expected family contribution for such student, minus
(3) estimated financial assistance not received under the Title IV, Higher Education Act of 1965 Sec.471

For the purpose of calculating Title IV, HEA assistance, the term ''cost of attendance'' means—
(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;
(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a halftime basis, as determined by the institution;

(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—
(a) shall be an allowance determined by the institution for a student without dependents residing at home with parents;
(b) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and

(c) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board;
(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses;

(5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;
(6) for incarcerated students only tuition and fees and, if required, books and supplies;
(7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study
(as determined by the institution at which such student is enrolled);
(8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents;
(9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;
(10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs;
(11) for a student engaged in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and
(12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan. Higher Education Act of 1965 Sec.472

Noncompliance: *WATC does not make adjustments to the Cost of Attendance (COA) for students that are enrolled less than full time.*
The following students were enrolled less than full-time but were assigned full-time budgets which results in potential over-awarding of Title IV, HEA funds.

Student # 9 was enrolled three-quarter time for Fall 2010.
Student # 12 was enrolled less than half-time for Fall 2010.
Student #s 2,3,6,7 and 11 were enrolled half-time for Spring 2011.
Student # 12 was enrolled less than half-time for Spring 2011.
Student #s 4 and 9 were enrolled half-time for Summer 2011.

Student #s 5 and 6 were enrolled three-quarter time for Summer 2011.
Student # 10 was enrolled less than half-time for Summer 2011.

Student # 30 was enrolled three-quarter time for Fall 2011.

Student #s 20, 25, 27 and 29 were enrolled half-time for Fall 2011.
Student #s 20,24, and 27 were enrolled half-time for Spring 2012.
Student #s 23 and 26 were enrolled half-time for Summer 2012.
Student # 24 was enrolled less than half-time for Summer 2012

Required Action Summary: *In response to this finding, WATC must provide the following:*

1. *Revised COA determinations for each student that was not full time for any term in 2010-2011 and 2011-2012 to demonstrate whether the students would have been over-awarded if correct COA figures had been used. WATC must review the student files of all Title IV, HEA recipients that were enrolled less than full-time in any term in the 2010-2011 and 2011-2012 award years and provide the following information in spreadsheet format as shown in Appendix D, along with the required hard copy documentation (items j and k listed below):*

    a. *Student's first and last name;*
    b. *Social Security number (last four digits only);*
    c. *Award year;*
    d. *Date of Disbursement;*
    e. *Amount of Disbursement;*
    f. *Title IV, HEA program;*
    g. *Original COA;*
    h. *Recalculated COA;*
    i. *New award amount based on recalculation;*
    j. *Legible copy of recalculation of student's Title IV, HEA eligibility, if applicable;*
    k. *Legible copy of student's original account card.*

2. *Revised policy and procedures to ensure the proper use of the COA when awarding Title IV to students that are not full-time.*

These items must accompany WATC's response to this report. Instructions for repayment of any identified liabilities will be provided in the FPRD.

WATC's Response: In accordance, to the required action, WATC has successfully reviewed a total of 2911 student records for both the 2010-2011 and 2011-2012 academic years. The students' records were for any students that were enrolled in less than full-time (12 credit hours or more). We have adjusted the cost of attendance and awards to reflect part-time status.

To ensure compliance with this finding, WATC has updated our policy and procedure to include daily monitoring of students' most current enrollment status. Please find attached in Appendix A the updated policy and procedure for FA Assignment of Cost of Attendance/Budget.

Appendix B will include our corrective actions to the 2911 student records. Appendix C is a sample of ten (10) students, five (5) from each academic year.

Final Determination: WATC is liable for repayment of the Federal Pell Grant funds that were erroneously disbursed to the 4 students identified in the institution's file review. WATC is required to return the Federal Grant funds improperly disbursed in the sum of $3,365.00. Additionally, WATC is liable to the Department for imputed interest charges that accrued from the date the disbursements should have been recalculated to the date of this determination in the sum of $47.22 ($47.00 rounded). The interest charges were computed using the Current Value Fund Rate Formula as indicated in Appendix G.

The disbursement record for each student identified in the Appendix B must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Mr. Jim Wyant within 45 days of the date of this letter.

The total amount of Direct Loan funds (subsidized and unsubsidized) disbursed to students who had an incorrect cost of attendance during the 2010-2011 and 2011-2012 award years is $142,836. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on WATC's most recent cohort default rate available. As a result, the estimated actual loss that WATC must pay to the Department for the ineligible loans is $9,100.29 ($9,100.00 rounded). A copy of the results of that calculation is in Appendix E.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review Determination is as follows. The liability amount reflects **unduplicated** liabilities because no student appears in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. The payment instructions in Section E reflect unduplicated liabilities.

Liabilities	Pell (Closed Award Year)	DL/FFEL	EALF DL	
Finding 1	$3,365.00			
Subtotal 1	$3,365.00		$9,100.00	
Interest/SA	$ 47.00			
Excess Cash				
ACA				
Subtotal 2	$ 47.00	$		
TOTAL	$3,412.00	$	$9,100.00	
Payable To:				**Totals**
Department	$3,412.00		$9,100.00	$12,512.00
COD Adjustments	$3,412.00			

Estimated Actual Loss (EAL):

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 loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on WATC's most recent cohort default rate available (15.10%).

The total amount of Direct Loan that **WATC** improperly disbursed during the 2010-2011 and 2011-2012 award years for Finding1 is **$142,836.00.** The estimated actual loss that **WATC** must pay to the Department for the ineligible loans is **$9,100.29 ($9,100.00 rounded).** A copy of the results of that calculation is included as Appendix E.

E. Payment Instructions

Liabilities Owed to the Department

Liabilities Owed to the Department $1,000 or More but Less Than $100,000

WATC owes to the Department $12,512.00. 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 finding 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: **$12,512.00**
DUNS: **036452824**
TIN: **201027060**
Program Review Control Number: **201230727957**

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

Liabilities Owed to FFEL Lenders and the Department in the case of Direct Loans

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

Direct Loan Estimated Actual Loss

Finding: 1
Appendix: E

DL Estimated Actual Loss	
Amount	Award Year
$7,135.00	2010-2011
$1,965.00	2011-2012
Total: $9,100.00	[redacted]
	[redacted]

WATC 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

Federal Pell Grant – Closed Award Year

Finding: 1
Appendix: G

WATC must repay:

Federal Pell Grant Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
$3,033.00	$44.00	Federal Pell Grant	2010-2011
$ 332.00	$ 3.00	Federal Pell Grant	2011-2012
Total Principal	Total Interest	[redacted]	
$3,365.00	$47.00	[redacted]	

The disbursement record for each student identified in the appendix to the applicable finding must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Mr. Jim Wyant within 45 days of the date of this letter.

F. Appendices

Appendices A through G are attached to this report.