

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

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Ms. Lisa E. Pamintuan
President
New York College of Health Professions
6801 Jericho Turnpike
Syosset, NY 11791

Dr. Guillermo Linares
Acting President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Ms. MaryEllen Elia
Commissioner
State Education Department
State Education Building
89 Washington Avenue
Albany, NY 12234

Re: Audit of the State Financial Aid
Program at New York College of Health
Professions
Report 2016-T-4

Dear Ms. Pamintuan, Dr. Linares, and Ms. Elia:

The Office of the State Comptroller audits postsecondary institutions to verify that only eligible students receive State-funded Tuition Assistance Program (TAP) awards and other State financial aid. The objective of this audit was to determine whether New York College of Health Professions (College of Health) officials complied with the State Education Law (Law) and the Commissioner of Education's Rules and Regulations (Regulations) when certifying students for State financial aid.

Summary

We tested the accuracy of College of Health's TAP certifications by reviewing a statistical sample of 150 randomly selected awards, totaling \$194,353, issued during the three academic years ended June 30, 2015. We determined that College of Health was overpaid a total of

\$298,224 because its financial aid staff incorrectly certified certain students as eligible for State financial aid.

We disallowed 33 of the sampled awards totaling \$40,029. The disallowed awards were made on behalf of 32 students. Our statistical projection of these 33 awards to the school's award population for the three-year review period results in an audit disallowance of \$295,249. We also disallowed another two awards, totaling \$2,975, relating to awards made on behalf of some of the sampled students outside of the three-year review period (after June 30, 2015).

We recommend that the Higher Education Services Corporation (HESC) recover from College of Health the \$298,224 in overpayments, plus applicable interest, for its incorrect certifications (see table on page 3). We also recommend that College of Health officials take steps to comply with the Law and the Regulations when certifying students for State financial aid. We further recommend that State Education Department (SED) and HESC officials work with College of Health officials to help ensure their future compliance with all of the State financial aid requirements cited in our report.

Background

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to help eligible students pay tuition charges in postsecondary New York schools. HESC also administers a variety of State scholarship programs. Schools receiving State financial aid payments are responsible for certifying student eligibility. For the three academic years ended June 30, 2015, College of Health officials certified 1,553 awards totaling \$2.1 million on behalf of 637 students.

College of Health was established in 1981 as the New Center for Holistic Health Education and Research. The school operates five locations – a campus in Syosset, Long Island; three locations in Manhattan; and one in China. College of Health offers graduate and undergraduate degrees in Acupuncture, Oriental Medicine, Advanced Asian Bodywork, and Massage Therapy. For the 2016-2017 academic year, the school enrolled 554 students. College of Health's undergraduate tuition is \$390 per credit.

We provided draft copies of this report to HESC, SED, and College of Health officials for their review and comment. We considered their comments in preparing this final audit report. In their response, HESC officials agreed with our disallowances pertaining to awards not properly credited to the student's account and the student not meeting citizenship requirements. HESC officials deferred to SED on the remaining recommended disallowances, which relate to SED's regulatory issues. SED officials agreed with the recommendation addressed to them. College of Health officials agreed with certain findings and disallowances. However, they disagreed with nine disallowances regarding students not demonstrating academic preparedness and two regarding full-time related disallowances.

Audit Results

The following table summarizes our audit disallowances:

Disallowed Payments During the 3-Year Sample Period		
Reason	Awards	Amount
Students Not Demonstrating Academic Preparedness	12	\$ 20,517
Students Not in Full-Time Attendance	8	7,451
Students Not Eligible for Accelerated TAP	6	3,550
Awards Not Credited to the Student's Account	6	5,620
Students Not in Good Academic Standing	3	4,237
Student Not Meeting Citizenship Requirement	1	1,356
Total Disallowance From the Sample Period	<u>36</u>	<u>\$ 42,731</u>
Minus Awards Disallowed for Multiple Reasons	3	(2,702)
Net Disallowance Amount for the Sample Period	<u>33</u>	<u>\$ 40,029</u>
Projected Net Disallowance Amount for the Sample Period		<u>\$ 295,249</u>

Disallowed Payments Outside the 3-Year Sample Period		
Reason	Awards	Amount
Student Not Demonstrating Academic Preparedness	1	\$ 1,512
Student Not in Full-Time Attendance	1	1,463
Total Disallowance From Outside the Sample Period	<u>2</u>	<u>\$ 2,975</u>

Total Disallowance	
Total Disallowance (Projected Amount + Net Disallowance From Outside the Sample Period)	<u>\$ 298,224</u>

The disallowed payments are detailed in the following paragraphs. Student names and related information were provided to school officials under separate cover.

Students Not Demonstrating Academic Preparedness

Section 661 of the Law requires that students who received their first financial aid award in academic year 2007-2008 or after, must have: a certificate of graduation from a school providing secondary education from a state within the United States; the recognized equivalent of such certificate; or received a passing score on a federally approved "ability-to-benefit" test that has been identified by the Board of Regents and that has been independently administered and evaluated as defined by SED. According to guidance issued by SED, a student can earn a high school equivalency diploma through successful completion of 24 college credits distributed among six different academic categories, as prescribed by SED.

We disallowed 13 awards (12 from our statistical sample period and 1 from outside the period) that were paid on behalf of 11 students who did not demonstrate academic preparedness. For these students, College of Health officials did not provide documentation in accordance with Section 661 of the Law.

College of Health officials disagreed with the disallowances for 9 of the 11 students. They state that 5 of the 11 students earned the 24 credits to qualify for a high school equivalency diploma and a sixth student earned 60 credits at College of Health prior to the disallowed term. However, these students did not obtain high school equivalency diplomas. Moreover, SED advised that the five students had not met the criteria for the diploma since they did not complete the required courses in the specific subject areas. For example, for one student, school officials claimed a course in Anatomy & Physiology and two courses in Swedish Massage Technique met the Math and English Language Arts requirements. For two other students, school officials claimed that a course in Accounting and a course in English as a Second Language (ESL) met the Math and English Language Arts requirements, respectively. However, SED officials advised that Anatomy & Physiology and Accounting courses do not meet the Math requirements, and Swedish Massage Technique and ESL courses do not meet the English Language Arts requirements.

In addition, school officials asserted that the three remaining students earned college degrees and/or credits from foreign institutions, which qualified them for financial aid. SED officials disagreed with this assertion. We maintain that these students did not demonstrate academic preparedness, as required by the Law.

Students Not in Full-Time Attendance

Section 661(4) of the Law provides for the Commissioner of Education to define full-time attendance. Section 145-2.1 of the Regulations states, in part, that full-time study at a degree-granting school is defined as enrollment in credit-bearing courses, applicable to the student's individual program of study, for at least 12 semester hours for a semester of not less than 15 weeks or its equivalent.¹

We disallowed nine awards (eight from our statistical sample period and one from outside the period) paid on behalf of eight students who did not meet the full-time requirement. Seven of these students enrolled in fewer than 12 credits. The remaining student, while enrolled in 12 credits, did not enroll in at least 12 credits required for his/her designated program of study.

College of Health officials agreed with the disallowance for six of the eight students but disagreed with the disallowance for two others. They assert that one student, who enrolled in 11 credits, was a part-time student and eligible for an award. However, this student received her first TAP award in 2004. According to Section 667-c(2) of the Law, a part-time student is one who enrolled as a first-time freshman during the 2006-2007 academic year or thereafter. Since this student was enrolled prior to the 2006-2007 academic year, she is not eligible for a part-time award. The other student was enrolled in 13 credits; however, only 10 of those credits were applicable to his/her program of study. A three-credit Chemistry course that the student enrolled

¹ Normally equates to 12 credits.

in was not listed in the school's catalog and was not applicable to the student's AOS Massage Therapy program.

Students Not Meeting Accelerated TAP Requirements

Students are entitled to their annual TAP payment by attending school full-time for two semesters per year. For schools such as College of Health, which have continuous enrollment and allow students to attend three semesters in a 12-month period, a TAP payment for the third semester is considered an additional or "accelerated" payment.

Section 665(2)(c) of the Law allows a student to qualify for an accelerated TAP payment if the student earned 24 credit hours, or the equivalent required for their program of study, from the institution in the two immediately preceding semesters.

We disallowed six awards from our statistical sample period paid on behalf of six students who did not meet the requirements for an accelerated TAP award. These students earned less than 24 credits applicable to their designated program in the two consecutive semesters immediately before the semester in which they received the accelerated award.

Awards Not Properly Credited to the Student's Account

Section 2205.3(e)(1)(iii) of the Regulations requires the account of each student to be credited within seven days of the school's receipt of a State financial aid award or within seven days from the date the applicant incurred a full tuition liability for the semester, whichever is later.

We disallowed six awards from our statistical sample period that were paid on behalf of six students whose accounts were not properly credited. The awards for three students (received for the Summer 2012, Spring 2013, and Fall 2014 semesters, respectively) were disallowed in full as they were not posted to the students' accounts as of Spring 2017. The awards for the other three students (for the Summer and Fall 2013 semesters) were not fully credited to the students' accounts as of Fall 2016 and Spring 2017, respectively. Therefore, we disallowed the portions of the awards which had not been credited to the students' accounts.

Students Not in Good Academic Standing

Section 665(6) of the Law requires that students be in good academic standing, as defined by the Commissioner of Education, to qualify for State financial aid. To maintain such standing, students are required by Section 145-2.2 of the Regulations to pursue the program of study in which they are enrolled and to make satisfactory academic progress towards completion of their program.

To maintain satisfactory academic progress, a student must accrue a certain minimum number of credits and earn a specified minimum cumulative grade point average, as required on the school's SED-approved chart of satisfactory academic progress.

A student who fails to maintain good academic standing is not eligible for State financial aid. However, students can regain good academic standing by: pursuing the program of study in which they're enrolled and making satisfactory progress toward the completion of their program's academic requirements; or establishing in some other way, to the satisfaction of the Commissioner, the ability to successfully complete an approved program (e.g., by obtaining a TAP waiver, remaining out of school for at least one calendar year, or transferring to another institution).

We disallowed three awards from our statistical sample period paid on behalf of three students who did not maintain good academic standing. The students who received these awards did not earn a passing or failing grade in enough courses applicable to their designated programs to meet the pursuit of program requirement. Additionally, one of the students did not earn the minimum number of cumulative credits required to maintain TAP eligibility.

Student Not Meeting Citizenship Requirements

Section 661(3) of the Law requires that an applicant for a TAP award be: a citizen of the United States; an alien lawfully admitted for permanent residence in the United States; or an individual of a class of refugees paroled by the attorney general of the United States under his/her parole authority pertaining to the admission of aliens to the United States.

We disallowed one award from our statistical sample period on behalf of a student for whom there was insufficient proof of citizenship. According to the student's Institutional Information Record, based on her application for federal financial aid, the Social Security Administration did not confirm her citizenship. Also, College of Health officials were unable to provide documentation supporting her citizenship.

Recommendation to HESC

1. Recover from College of Health the \$298,224 in TAP overpayments, plus applicable interest, as a result of its incorrect State financial aid certifications.

Recommendation to College of Health

2. Comply with the Law and the Regulations when certifying students for State financial aid.

Recommendation to HESC and SED

3. Work with College of Health officials to help ensure their future compliance with the State financial aid requirements cited in this report.

Audit Scope

According to HESC records, for the three academic years ended June 30, 2015, College of Health officials certified 1,553 awards totaling over \$2.1 million for 637 students. We reviewed a random sample of 150 of these awards (totaling \$194,353) paid on behalf of 138 students to determine whether the awards were certified appropriately. We also reviewed other awards paid to our sampled students through the Spring 2016 semester. These other awards are not included in our projection, but are included in our disallowances as appropriate. Our audit did not include a review of HESC processes to determine student award amounts.

Methodology

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained during this audit provides a reasonable basis for our findings and conclusions based on our audit objective.

In planning and performing our audit of College of Health, we reviewed management's internal control system relating to its State financial aid operations. Our audit was limited to a preliminary review of this system to obtain an understanding of the environment and the flow of transactions through the school's accounting system and other systems that would support claims for student financial aid.

College of Health officials are responsible for complying with the Law and Regulations. In connection with our audit, we performed tests of College of Health's compliance with certain provisions of the Law and Regulations. Our objective in performing these tests was to obtain reasonable assurance that the students who received State awards were eligible for them. Our objective was not to provide an opinion on College of Health's overall compliance with such provisions. Our audit found that, for the transactions and records tested, College of Health officials generally complied with these provisions, except as noted in the report.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government accounting standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

We performed this audit pursuant to: Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Article XIV, Section 665(3) of the State Education Law.

Contributors to This Report

Major contributors to this report were Cindi Frieder, Diane Gustard, Rita Verma-Kumar, Trina Clarke, and Joseph Maniscalco.

We express our appreciation to the management and staff of the New York College of Health Professions for the courtesies and cooperation extended to our examiners during this audit.

Very truly yours,

Kenrick Sifontes
Audit Director